

The University of Manitoba

AN EXAMINATION OF INNER CITY DECLINE AND REGENERATION

A Dissertation Submitted to
The Faculty of Architecture
In Candidacy for the Degree of
Master in City Planning
Department of City Planning

by

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Winnipeg, Manitoba

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AN EXAMINATION OF INNER CITY DECLINE AND REGNERATION

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CLAUDETTE MARIE C. TOUPIN

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

MASTER OF CITY PLANNING

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ABSTRACT

An Examination of Inner City Decline and Regeneration

By Claudette M. C. Toupin

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This project examines the problems and nature of inner-city decline in Canada, Great Britain, and the United States and discusses the policies and programs developed by local and central governments to foster inner-city regeneration. The method utilized is that of an extensive review and analysis of the relevant literature on inner cities in the three above mentioned countries.

The first section of the study defines and describes the inner-city in the past ten years, outlines the various explanations of its decline, identifies key revitalization factors, and forecasts some of the critical issues facing it over the next ten years. In the second section, various policies and programs needed to alleviate inner-city problems are outlined and discussed.

The results of this examination reveal the following. Inner-city decline is the spatial concentration of social, economic, and physical problems in cities. Decreasing population and employment levels, deteriorating environment and infrastructure, and the increasing concentration of society's most disadvantaged are often indicators of urban decline problems. The ability to arrest inner city decline is dependent on the fundamental cause of the problems to be addressed, be it changes in technology, industrialization, urbanization, government actions, class relations, and consumer preferences. In principle, the revitalization of the inner-city will require a variety of policy responses, targetted at people, institutions and declining places, directed in a coordinated manner toward a successful adaptation to economic and social change at that time and place. In the 1980's, these policies will have to be pursued in the context of non-inflationary economic growth and limited government intervention. The key tasks for governments will be to work with the private and voluntary sectors to create positive conditions under which the physical and economic base of cities can be rebuilt, to develop and implement social programs designed to empower and meet the needs of inner-city residents, to diversify the economic, social and spatial structure of cities, and to monitor the course of urban decline and the effects of policies in the pursuit of revitalization.

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INTRODUCTION

The inner city represents both a geographic area and a cluster of social problems. The term has become the overarching category for urban issues in housing, poverty, unemployment, and crime. Historically, the inner city has provided a recognizable focus of social concern for advanced capitalist societies ever since the industrial revolution. This interest has fluctuated over time, intensifying when economic forces have produced changes in inner city life that threaten the social and economic order. For example, the inner city became an area of social concern during the period of massive industrial growth in nineteenth century Britain, when working-class and often poor-quality housing districts expanded dramatically¹ and in late and early twentieth century America when immigration swamped the older cities.

In the decade that followed World War II, governments throughout Western Europe and North America adopted and began to implement major programs designed to revive and reshape the man-made environment of their older cities. Whether spurred on by extensive wartime destruction or simply by the accumulation of deteriorated neighbourhoods and their associated social ills, planners and politicians began offering the dream of replacing existing slums and blighted areas with orderly, healthful, modern cities.

Although these redevelopment efforts often began with similar mixtures of crowded, badly deteriorated housing, dirty, obsolete

¹ For a good history of the inner city in Great Britain prior to 1950 see Michael Hebbert, The Inner City in Historical Context (London: Social Science Research Council, 1980).

industry, and decaying commercial centers, they produced widely varying results. In some cities, the narrow streets and small shops of the central business district gave way to convention centers, shopping malls, and parking garages. In others, decaying residential neighbourhoods were upgraded through the construction of luxury apartments or public housing. Ex post analyses of the effectiveness of these programs reveals that certain programs were relatively successful in revitalizing a particular neighbourhood of certain city at a specific time, but they were relatively ineffective or even exacerbated decline when applied elsewhere or at another time.²

Under recent pressures of inflation, high unemployment and economic uncertainty, central governments have become uninterested in the plight of the inner city. As part of a campaign of reduced spending, they have withdrawn some of their financial assistance, leaving the lower-tier governments to cope with the current trends and problems associated with the inner city -- those of an obsolete infrastructure, poverty, a declining economic and demographic base, crime, social pathologies, and fiscal difficulties.

Nevertheless, the inner city and its problems should remain relevant and important to policy-makers and scholars. First, the problems of the

² One example of this is the widely varying degrees of success experienced by subsidized housing programs in the early 1970s. In certain cities and neighbourhoods, these programs had their intended effect of providing suitable shelter and homeownership opportunities for low-income households. Elsewhere they resulted in dispersal of decline and forced abandonment.

inner city have not been satisfactorily resolved. The policy initiatives of the past thirty years have improved the physical fabric of the inner city, but they have not arrested the decline of its economic and demographic base, nor redressed the deprivation of people living there. In time, these problems will re-surface in the political forefront as socio-economic conditions worsen. Secondly, the solutions to these problems will become more difficult to find. Given a future scenario of increasing limited resources and competing interests, policy-makers will be called upon to identify the most cost-effective and politically viable methods of dealing with the problems of the inner city. To do this will require an indepth knowledge of the nature of the inner city, the causes of decline, and the forces of regeneration.

Enter the academic researcher and scholar. The last thirty years has yielded a smattering of writings on the inner city, outlining both the scale and the complexity of the problems and processes involved, and the broadening context within which explanations and solutions are sought for these problems. The latter has resulted in the formulation of new explanations of inner city decline and revitalization. These have shifted from simplistic assertions attributing inner city problems either to the moral character or culture of its residents, or to the physical surroundings of home and workplace, towards an attempt to link the inner city to changes in the urban economy, in demographic structure and in

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social attitudes, as well as to the direct and indirect effects of government and institutional policies. There is a need to sift through this assortment of rather somewhat disconnected information and to evolve a more coherent theoretical and analytical base out of which the scholar may test the validity of various generalizations and the policy-maker may fashion more effective strategies.

The purpose of this thesis is to review what the past thirty years of policy initiative and academic research has taught us about the character of the inner city, its problems and policy responses to it. It will seek to identify past, present, and future processes operating to shape the nature of the inner city, and to outline the arguments on what can and should be done in terms of policy and programs. The key questions to be addressed are: what is happening in the inner city; why is it happening; how significant is it; how apt are the policy responses to it, how likely will future change be; and what policies or programs should be pursued.

The approach to be used will draw heavily on local, national, and international experiences of inner city areas. Although generalizations across national boundaries are problematic, the writer has chosen the comparative approach for the following reasons. First, although there now exists a growing base of information on change in Canadian central cities, gaps in the information required the author to refer to sources outside Canada. Secondly, many of the hypotheses formulated to explain inner city decline attribute decline to change in industrialization and

urbanization, government actions, class relations, consumer preferences. To ascertain the validity of these hypotheses, there is a need to compare experiences across national and cultural lines. Thirdly, much of what has been said and written about the inner city in Canada has been heavily influenced by American and British concepts, problems and solutions. Canadian policy-makers have either applied this knowledge without questioning its appropriateness to the Canadian situation, or have rejected it entirely by stating "Canada doesn't have those problems." Neither response is satisfactory. There is a need to understand the differences and similarities in structure and process between American, British, and Canadian cities in order to design inner city strategies that build on the experiences of others, but reflect the peculiarities of the context to which they are applied.

This thesis is organized in two parts --- Part I - Problem Definition and Analysis; Part II - Policy and Program Responses. Part I is subdivided into three chapters. Chapter 1 discusses the nature of the inner city by looking at its subjective definitions and its objective conditions through time. Chapter 2 outlines the many arguments that have been put forward as explanations of inner city decline and revitalization and begins to identify some key factors. Chapter 3 concludes Part I by forecasting the problems and critical issues facing the inner city.

Part II focusses on experiments in inner city policy and programs in Canada, America, and Great Britain. Chapter 4 outlines the various

policies and programs needed to alleviate inner-city problems. The concluding chapter summarizes the insights gained through this exercise.

The synoptic approach of this thesis will mean omissions and oversimplifications, but it is hoped that the reader will gain a better understanding of the scope and complexities of urban processes and policy formulation in the inner city.

PART ONE

PROBLEM DEFINITION AND ANALYSIS

"If we do not adequately define the problem and clearly identify its sources, we cannot design the correct intervention."

Howard J. Sumka

"The Ideology of Urban Analysis"

Journal of the American Planning Association
October 1979, Vol. 45, No. 4, p. 494

CHAPTER 1

THE NATURE OF THE INNER CITY

1.1 Defining Inner Areas

Precision in definition usually leads to precision in problem solving, but even reasonable precision is illusive - if not misleading - in defining inner cities ...¹

There are no clear and consistent definitions of the "inner city". First, the concept is a relatively new one appearing in planning literature in the early 1970's. Thus, it has little tradition of research and discussion to its name and has yet to prove its value as a conceptualization of the realities of life in areas to which it applies. Secondly, the term is relative and value-laden. It has become synonymous with the words "slum" and "ghetto" and has become shorthand for the problems of poverty, substandard housing, social pathologies, crime, etc. The description of these problems are as varied as the disciplines and the theories from which they emanate. Given the prevalence of subjective interpretations of its character, most writers on the inner city have avoided its formal definition.

In general, there are three ways to define the inner city as the basis for research and policy formulation. The most common approach is to identify a contiguous group of urban subdivisions and to designate

¹ Frederick E. Case, ed. Inner-city Housing and Private Enterprise (New York, Washington and London: Praeger Publishers, 1972), p.7.

these as "inner city" on the basis of location and age of development. The inner city then denotes a section of the urban area lying between the central core and the suburbs, which often corresponds to the older areas and the first political units of the urban region. The problem with this approach is to determine where the boundaries of the inner city should be drawn. For some, the inner city should include the central business district (C.B.D.); for others, it should not. Certain writers refer to the "inner city" as the area of transitional land uses between the C.B.D. and the ring of stable neighbourhoods beyond, while others see it as encompassing the political limits of the central city.²

A second approach to defining the inner city is to identify those physical, social and economic problems typically associated with the inner city and to delimit the inner city as those areas which consistently show the highest incidence of some or all of these problems. A list for most western cities would include the following:

- 1) A deteriorating and obsolete physical environment. Reflecting its late nineteenth and early twentieth century birth date, the inner city's aging physical plant is in need of renewal to meet modern day needs and standards. In addition, the inner city's denser physical fabric which contains a wider variety of intermingling and often conflicting land uses is subject to problems of traffic congestion, environmental pollution, and land use competition.

2 L.S. Bourne, Perspectives on the Inner City: Its Changing Character, Reasons for Decline and Revival (Toronto: University of Toronto, Centre for Urban and Community Studies, 1978) p. 5.

- 2) An overall loss of population. Once one of the most dense sections of the urban area, the inner city has witnessed a decline of its population in the last thirty years. On one hand, this may be viewed as an opportunity for reducing the stress associated with overcrowding. On the other, when this decline involves that of the most stable and productive family households, it is seen as undermining the economic and social base needed to maintain a healthy community.
- 3) The disproportionate concentration of society's most disadvantaged. The inner city tends to be the receiving area for immigrant populations both foreign and native, and the departure point for the upwardly mobile. The former group usually consists of low income, poorly educated, less mobile, unskilled individuals for which jobs are becoming increasingly scarce. The latter comprises of younger families with above-average incomes and above-average education. To the extent that the incoming population is different from the in-place population in habits, values, and attitudes, changes in the inner city's population produces social stresses which manifest themselves in increases in crime, alcoholism disease, social pathologies, ethnic or racial tension.
- 4) A declining economic base. Many urban areas are characterized by a loss of jobs from their central areas and a dispersal of employment to outer metropolitan areas. If allowed to continue, the consequences for the remaining inner city residents may be prolonged unemployment or irregular and low paid employment and a diminishing ability to adjust to changes in the local labour market. For the

city, loss of employment compounded by cyclical downturn in the economy, means less revenue from property and business tax sources at a time of increasing need for social services.³

The problem definition seems to be more effective in delineating the inner city from the spatial approach. But its usefulness in policy and program formulation is limited. Research on deprivation in Great Britain reveals that not all social problems can be expressed spatially and that although wards in the inner city may be suffering from above average levels of deprivation in one social indicator or another, there exists no real distinctive set of areas, either in terms of spatial location or social problems within the cities which could be labelled as the most deprived.⁴ In addition, problems of poverty, substandard housing, and crime are not confined to the inner area only and may be found in suburbia, in industrial towns and villages as well as in many rural areas.

Given the limited validity of the two approaches discussed, a third way to define the inner city would be to synthesize the two into a concept of the inner city as a geographic area which is the focus of certain social, economic and physical problems. Such a definition for the purpose of this thesis is as follows: the inner city consists of the zones of older and mixed uses lying between the center and suburbs of the

3 The characteristics outlined are derived from Bourne, pp. 6 - 7 and Reg McLemore, Carl Aass and Peter Keilhofer, The Changing Canadian Inner City, Urban Paper A.75.3 (Ottawa: Ministry of State for Urban Affairs, 1975), p. 2.

4 S. Holtermann, Areas of Urban Deprivation in Great Britain: An Analysis of 1971 Census Data (London: Social Trends, H.M.S.O., 1976).

major conurbations where the most acute physical, social and economic problems associated with the city seem to be concentrated. This definition is by no means ideal; it is offered so that some framework of analysis may be developed. Needless to say, for both research and policy reasons, the whole subject of definition in respect of the inner city areas is one which demands further consideration and should be the topic of a research paper by itself.

1.2 Inner City Characteristics

The primary aim of this chapter is to provide some insights into the nature of the inner city. The first section outlined the various ways the term has been characterized. The next section will compare recent socio-economic trends in America, Britain and Canada concentrating on the special features of Canadian inner cities.

Before outlining these trends, one must appreciate the inadequacies of the information provided. First, statistical information is rarely available on a basis that accurately reflects the underlying dynamics of urban change and structures. Secondly, exactly comparable data do not exist. There are differences in definition, in criteria, and in statistical practice. Thirdly, the literature examined is based on inter-censal data which can be somewhat unreliable due to underenumeration or deficiencies in sampling. Fourthly, the use of aggregate data obscures the diversity of social and physical conditions that exists within and between each inner city area.

1.2.1 A Loss of Population

The most striking feature of inner city areas is their dramatic loss of population since the middle of the twentieth century. In America, the proportion of the total population living in the central cities dropped

from 35.5 per cent in 1950 to 30.0 per cent in 1980 despite the fact that the total population had increased by 50 per cent during that period (see Table 1). In Great Britain, the proportion living in the urban cores fell from 53.4 per cent in 1951 to 47.9 per cent in 1971 (see Table 2). In Canada, the central cities declined from 28.9 per cent in 1971 to 25.7 per cent in 1981, while the inner cities decreased from 17.0 per cent to 12.2 per cent (see Table. 3).

Table 1 Population of the United States by Urban Zones, 1950 to 1980

Urban Zones	1950		1960		1970		1980	
	No. (10 ⁶)	% of Total	No. (10 ⁶)	% of Total	No. (10 ⁶)	% of Total	No. (10 ⁶)	% of Total
SMSAs	94.6	62.5	119.6	66.7	139.4	66.7	169.4	74.8
Central Cities	53.7	35.5	59.9	33.4	63.8	31.4	67.9	30.0
Suburbs	40.9	27.0	59.6	33.2	75.6	37.2	101.5	44.8
Non-metropolitan Areas	56.9	37.5	59.7	33.3	63.8	31.4	57.1	25.3
Total	151.3	100.0	179.3	100.0	203.3	100.0	226.5	100.0

Source: Statistical Abstract of the United States (Washington, D.C., U.S. Bureau of the Census, 1981), p. 16.

Table 2 Population of Great Britain by Urban Zones, 1951 to 1971

Urban Zones	1951		1961		1971	
	No. (10 ⁶)	% of Total	No. (10 ⁶)	% of Total	No. (10 ⁶)	% of Total
Urban Cores	26.1	53.4	26.6	51.1	25.9	47.9
Metropolitan Rings	12.6	25.8	14.3	27.9	16.8	31.1
Outer Metropolitan Regions	7.8	16.0	8.0	15.6	8.9	16.4
Unclassified	2.4	4.8	2.3	4.5	2.4	4.5
Total	48.9	100.0	51.3	100.0	54.0	100.0

Source: Stephen Kennett, The Inner City in the Context of the Urban System (London: Social Science Research Council, 1980), p. 23, Table 2.1.

Table 3 Population of Canada by Urban Zones, 1971 to 1981

Urban Zones	1971		1981	
	No. (000's)	% of Total	No. (000's)	% of Total
Inner Cities	3,660.0	17.0	2,958.1	12.2
Central Cities	6,234.2	28.9	6,266.6	25.7
Suburbs	5,749.8	26.7	7,280.9	29.9
Census Metropolitan Areas	11,984.0	55.6	13,547.5	55.7
All Urban Places	14,115.0	65.4	18,345.9	75.4
Rural Farm	1,419.8	6.6	1,039.9	4.3
Rural Non-farm	3,737.7	17.3	4,867.4	20.0
Total	21,568.3	100.0	24,343.2	100.0

Source: 1971 and 1981 Census of Canada (Ottawa: Statistics Canada, Ministry of Supply and Services Canada).

The extent of population loss can be seen more clearly in the case of individual metropolitan areas. Tables 4 and 5 contain statistics for selected Canadian cities. Between 1971 and 1981, the aggregate population of all Canada's central cities increased only by half a per cent, from 6,234,000 to 6,266,800, while that of Canada grew by less than

13 per cent. All of the central cities grew at a rate lower than the overall urban growth rate for the 1971-1981 period (that is, approximately 30 per cent); eleven experienced an actual decline, including Toronto (16 per cent), Montreal (19 per cent) and Vancouver (3 per cent) (see Table 4). When performance of the "inner cities" is examined, the extent of the decline is even worse. As can be seen in Table 5, all metropolitan inner cities with the exception of Victoria, lost population during the ten-year period 1971-1981, the average decline being 21 per cent, with ranges from 4 per cent in Vancouver to 44 per cent in St. John's. The greatest relative losses were experienced by two of the three Maritimes metropolitan inner cities, St. John's and Saint John. Population decline in the inner cities, as in the case of the central cities, is not a recent phenomenon, having actually started in the 1950s and, as seen in Table 5, continued throughout the decade of the 1960s, sped up in the early 1970s and slowed down in the late 1970s. Over the entire twenty years, only one inner city, that of Oshawa, did not register a loss in its 1981 population compared with its 1961 population. The leaders in population losses during this period, in relative terms, have been again St. John's and Saint John, with Regina, London, Winnipeg, Montreal, Sudbury, and Ottawa not far behind, population losses in these inner cities ranging from 37 per cent to 52 per cent of their 1961 populations.

Table 4 Population Change in Canadian Metropolitan Area Central Cities, 1971 to 1981

Central City (listed by 1981 size)	Population in 000's			Average Annual Change (%)		
	1971	1976	1980	1971-76	1976-81	1971-81
Montreal	1,214.3	1,080.5	980.4	-2.2	-1.9	-1.9
Toronto	712.8	633.3	599.2	-2.2	-1.1	-1.6
Calgary*	403.3	469.9	592.7	3.3	5.2	4.7
Winnipeg	535.2	560.9	563.7	0.9	0.1	0.5
Edmonton	438.6	461.3	532.2	1.0	3.1	2.1
Vancouver	426.3	410.2	414.3	-0.8	0.2	-0.3
Hamilton	309.2	312.0	306.4	0.2	-0.4	-0.1
Ottawa	302.3	304.5	295.2	0.1	-0.6	-0.2
London	223.2	240.4	254.3	1.5	1.2	1.4
Windsor	203.3	196.5	192.1	-0.7	-0.4	-0.6
Quebec	187.8	177.1	166.5	-1.1	-1.2	-1.1
Regina	139.5	149.6	162.6	1.4	1.7	1.7
Saskatoon*	126.4	133.7	154.2	1.1	3.1	2.1
Kitchener	117.0	131.9	139.7	2.5	1.2	1.9
St. Catherines	109.7	123.3	124.0	2.5	0.1	1.3
Oshawa	95.0	107.0	117.5	2.5	2.0	2.4
Halifax	122.0	117.9	114.6	-0.7	-0.6	-0.6
Thunder Bay	108.4	111.5	112.5	0.6	0.2	0.4
Sudbury	100.4	97.4	91.8	-0.6	-1.2	-0.9
St. John's (Nfld.)	88.4	86.6	83.8	-0.4	-0.6	-0.5
Saint John (N.B.)	89.0	86.0	73.4	-0.7	-2.9	-1.8
Niagara	64.8	67.3	71.0	0.7	1.1	0.9
Victoria	61.8	62.6	64.4	0.2	0.6	0.4
Chicoutimi	55.5	57.7	60.1	0.8	0.8	0.8
Urban Canada	14,115.0	17,367.0	18,345.9	4.6	1.1	3.0
Canada	21,568.3	22,992.6	24,343.2	1.3	1.2	1.3

* Central city boundaries coterminous with census metropolitan area boundaries.

Source: 1971, 1976 and 1981 Census of Canada.

Table 5 Population Change in Canadian Metropolitan Inner Cities,
1961 to 1981

Inner City (listed by 1981 size of central city)	Per Cent Change				
	1961-1971	1971-1976	1976-1981	1971-1981	1961-1981
Montreal	- 6.4	-11.5	-20.4	-31.9	-38.3
Toronto	5.1	-11.0	- 8.8	-19.8	-14.7
Calgary	1.2	- 9.0	1.4	- 8.5	- 7.3
Winnipeg	-16.1	-13.6	- 9.8	-23.4	-39.5
Edmonton	n.a.	- 6.0	- 5.5	-11.5	n.a.
Vancouver	n.a.	- 5.6	1.2	- 4.4	n.a.
Hamilton	0.7	-11.6	- 2.9	-14.5	-13.8
Ottawa	-17.6	-13.3	- 5.8	-19.1	-36.7
London	-15.1	-16.0	-10.9	-26.9	-42.0
Windsor	0.7	-13.5	- 7.8	-21.3	-20.6
Quebec	-10.1	-13.5	-11.2	-24.7	-34.8
Regina	-13.3	-14.2	-17.1	-31.3	-44.6
Saskatoon	-16.1	- 7.4	- 7.0	-14.4	-30.5
Kitchener	17.7	-12.3	-10.5	-22.8	- 5.1
St. Catherines - Niagara	1.5	-10.5	- 2.9	-13.4	-11.9
Oshawa	8.9	- 6.1	0.0	- 6.1	2.8
Halifax	-12.2	-12.4	- 7.4	-19.8	-32.0
Thunder Bay	n.a.	- 7.6	- 8.5	-16.1	n.a.
Sudbury	- 8.9	-15.6	-12.6	-28.2	-37.1
St. John's (Nfld.)	-17.8	-23.1	-20.8	-43.9	-61.7
Saint John (N.B.)	-13.2	-19.8	-18.5	-38.3	-51.5
Victoria	n.a.	- 3.0	5.6	2.6	n.a.
Chicoutimi-Jonquière	n.a.	n.a.	-11.4	n.a.	n.a.
Hull	n.a.	-18.2	- 9.8	-28.0	n.a.

Sources: 1961-1971: Mark Shrimpton and Christopher A. Sharpe, "An Inner City in Decline: St. John's, Newfoundland", Urban History Review, Vol. 9, No. 1 (June 1980), p. 96, Table II.

1971-1976: Canada Mortgage and Housing Corporation, The Canadian Inner City, 1961-1971: A Statistical Handbook (Ottawa: CMHC, 1979).

1976-1981: 1981 Census of Canada.

1.2.2 A Loss of Employment

Parallel to the loss in population has been the loss of jobs in the inner city. Tables 6 and 7 show employment trends in central city and suburban areas of the fifty largest Standard Metropolitan Areas (SMSAs) in the United States. Total employment in central cities of the fifty largest metropolitan areas increased by 7 per cent in aggregate from 1967 to 1977, well below the national growth rate of 25 per cent. During this time, these central cities lost more than one million net manufacturing jobs - one job out of every five - in addition to absolute decline in wholesaling and transportation. Losses in these sectors were offset by rapid and substantial employment gains in services, government, and finance, insurance, and real estate (FIRE), which were responsible for more than 95 per cent of net central city job growth in large SMSAs.

In contrast, suburban economies of the fifty largest SMSAs grew in all sectors, with total suburban employment increasing almost 60 per cent between 1967 and 1977. In sectors that contracted in the central cities, the suburbs experienced employment growth. For example, suburban areas of the fifty largest SMSAs gained better than one manufacturing job for every three lost in central cities. Economic sectors that grew strongly in central cities grew even more rapidly in suburban areas. Service employment increased 35 per cent in central cities but 134 per cent in suburban areas; FIRE employment grew 24 per cent in central cities but 173 per cent in suburban areas.

As a result of these differential growth rates over the decade, the share of total metropolitan employment located in American central cities has declined. In the late 1960s, central cities of large metropolitan

Table 6 Employment Trends in Central City and Suburban Areas of U.S.A.'s Fifty Largest SMSAs, 1967-1977

	<u>Central City</u>				<u>Suburban Areas</u>				Central City Share of Employment Gains, 1967-77
	1967	1977	<u>Change 1967-77</u>		1967	1977	<u>Change 1967-77</u>		
			Number	Per Cent			Number	Per Cent	
Employment by Sector (000)									
Manufacturing	5,091	4,081	-1,009	-19.8%	4,730	5,094	364	7.7%	- %
Retail	2,583	2,661	78	3.0	2,101	3,571	1,470	70.0	5.0
Services	3,400	4,577	1,177	34.6	1,511	3,539	2,028	134.2	36.7
Wholesale	1,487	1,250	-237	-15.9	648	1,186	538	83.1	-
Trans/Com	1,805	1,639	-166	- 9.2	288	648	360	124.9	-
FIRE	1,794	2,216	422	23.5	217	592	375	172.5	52.9
Construction	1,149	1,155	6	0.5	328	951	623	189.8	1.0
Mining	65	88	22	34.0	22	30	9	39.4	71.0
Government	2,487	3,594	1,107	44.5	757	1,266	509	67.3	68.5
Total	19,262	21,262	1,401	7.0	10,602	16,879	6,276	59.2	18.3

Source: R.S. Phillips and A.C. Vidal, "The Growth and Restructuring of Metropolitan Economies", Journal of the American Planning Association, Vol. 49, No. 3, Summer 1983, p. 294, Table 2.

areas provided almost twice as many jobs as their surrounding suburbs. During the following decade, suburbs gained more than four net new jobs for each net new job added in large central cities, so that by the late 1970s nearly half the employment of large metropolitan areas was located outside the central cities, down from 64 per cent a decade earlier (Table 7).

Table 7 Central City Share of Total Employment for U.S.A.'s Fifty Largest SMSAs, 1967 and 1977

Sector	Per Cent Total Employment	
	1967	1977
	%	%
Manufacturing	51.8	44.5
Retail	55.1	42.7
Services	69.2	56.4
Wholesale	69.7	51.3
Trans/Com	83.9	66.3
FIRE	87.5	75.0
Construction	73.7	54.8
Mining	68.7	71.0
Government	72.3	68.7
Total	63.6	53.4

Source: R.S. Phillips and A.C. Vidal, "The Growth and Restructuring of Metropolitan Economies", Journal of the American Planning Association, Vol. 49, No. 3, Summer 1983, Table 3, p. 295.

Many parallels to the American experience and its interpretations can be found in the United Kingdom. During the fifties, Britain's urban cores saw a gain of 910,000 jobs. During the sixties, this trend was completely reversed: urban cores lost a total of 440,000 jobs in contrast with an increase of more than 700,000 jobs in the metropolitan rings (see Table 8). With respect to employment trends by sectors, J.B. Goddard⁵ demonstrated that between 1966 and 1971, all industrial groups except "chemicals", "insurance", "banking and finance", and "business and professional services and public administration" declined in urban cores, while service sector industries grew. Conversely, most industries, except those in rapid national decline increased in Metropolitan rings.

With regard to Canada, the author could not find any statistical data or study that described employment trends within inner cities.

1.2.3 An Increasing Concentration of Impoverished Households

It is not simply the scale of the population and employment losses in the inner cities that is striking, but also the character of these losses. Generally the people moving away from the inner city are young families who belong to the professional and managerial classes as well as those whose heads are skilled workers. Those remaining are older and poorer. The comparatively small number coming to live in the inner areas are also relatively poor and unskilled, notably members of minority ethnic or racial groups. The one exception has been the continuous attraction of the inner city for young adults.

⁵ "Trends in the Intra and Inter Urban Location of Economic Activity in the U.K.", paper for the CREST Working Group on Location of Economic Activities (Brussels: 1978).

Table 8 Great Britain: Employment Change by Urban Zones 1951, 1961, and 1971

	Urban Cores	Metropolitan Rings	Outer Metro Rings	Unclassified Areas	Great Britain
Employment 1951	13,434,205	4,425,410	3,327,040	1,026,947	22,213,602
% of Total Employment 1951	60.48	19.92	14.98	4.62	100.0
Employment 1961	14,336,592	4,718,763	3,312,805	970,140	23,338,300
% of Total Employment 1961	61.43	20.22	14.19	4.16	100.0
% Change from 1951	6.72	6.63	-0.43	-5.53	5.06
Employment 1971	13,898,050	5,428,681	3,442,483	963,396	23,732,610
% of Total Employment 1971	58.56	22.87	14.51	4.06	100.0
% Change from 1961	-3.06	15.04	3.91	-0.70	1.69

Source: Stephen Kennett, The Inner City in the Context of the Urban System (London: Social Sciences Research Council, 1980), p. 98, Table 3.1.

Tables 9 and 10 show how American inner cities have become vehicles for the encapsulation of minority and low-income households. Between 1960 and 1980, central cities lost more than 11 per cent of their white populations, while their black populations grew about 45 per cent. By the end of the 70s, 58 per cent of blacks versus 25 per cent of whites lived in central cities, and almost one-third of the entire central city population was black or Hispanic. During the period of 1969 to 1976 in which government defined poverty dropped for the United States, it increased 6 per cent in central cities and 16 per cent in central cities larger than 1 million people.⁶ The proportion of central city blacks in poverty rose at similar rate to the point that more than 31 percent of blacks living in central cities in 1980 were defined as poor (see Table 10).

The increasing impoverishment of the inner city is due to the differential income of migrants moving into or out of the central city. In his study of metropolitan migration patterns, Vincent P. Barabba⁷ discovered that for all American central cities, the average income in 1973 of out-migrants was 10 per cent higher than for families and unrelated individuals who moved into the central cities between 1970 and 1974. Sternlieb and Hughes⁸ estimated that the effect of out-migration of higher-income households and in-migration of lower-income households

⁶ U.S. Department of Housing and Urban Development, The President's National Urban Policy Report (Washington, D.C., 1980): 4-2.

⁷ "The National Setting: Regional Shifts, Metropolitan Decline and Urban Decay" in Post Industrial America: Metropolitan Decline and Inter-Regional Job Shifts, eds. George Sternlieb and James W. Hughes (New Brunswick, N.J.: Rutgers - The State University of New Jersey, 1975), p. 54.

⁸ G. Sternlieb and J. Hughes, "New Dimensions of the Urban Crisis" in Cities Under Stress, eds. R.W. Burchell and D. Listokin (New Brunswick, N.J.: Rutgers University, Centre for Urban Policy Research, 1981), pp. 51-76.

Table 9 American Population; by Metro.-Nonmetro. Residences and Race:
1960 to 1980

Residence and Race	1960 ¹ (106)	1970 ² (106)	1980 ² (106)	% Change 1960-70	% Change 1970-80
All Races	179.3	203.3	226.5	13.3	11.4
SMSAs Total	119.6	153.7	169.4	16.6	10.2
Central Cities	59.9	67.9	67.9	6.5	0.1
Outside Central Cities	59.6	85.8	101.5	26.8	18.2
Non-metropolitan Areas	59.7	49.6	57.1	6.8	15.1
White	158.8	177.7	188.3	11.9	6.0
SMSAs Total	105.8	133.6	138.0	14.0	3.3
Central Cities	49.4	53.1	47.0	0.0	-11.5
Outside Central Cities	56.4	80.5	91.0	26.1	13.1
Non-metropolitan Areas	53.0	44.2	50.3	7.8	13.9
Black	18.9	22.6	26.5	19.7	17.3
SMSAs Total	12.7	17.9	21.5	31.6	20.2
Central Cities	9.9	13.5	15.3	32.3	13.0
Outside Central Cities	2.9	6.2	6.2	24.1	42.7
Non-metropolitan Areas	6.1	5.0	5.0	-5.3	6.5
All Other Races	1.6	2.9	11.7	78.0	305.0
SMSAs Total	1.0	2.2	9.9	102.0	354.0
Central Cities	0.6	1.2	5.6	100.0	382.5
Outside Central Cities	0.3	1.0	4.3	166.7	321.4
Non-metropolitan Areas	0.6	0.7	1.8	36.7	153.7
Hispanics ³	n.a.	n.a.	13.2	n.a.	n.a.
SMSAs Total	n.a.	n.a.	11.1 ¹	n.a.	n.a.
Central Cities	n.a.	n.a.	6.4 ¹	n.a.	n.a.
Outside Central Cities	n.a.	n.a.	4.7 ¹	n.a.	n.a.
Non-metropolitan Areas	n.a.	n.a.	2.1	n.a.	n.a.

1 Includes only 243 SMSAs.

2 Includes 318 SMSAs.

3 Includes Cuban, Central or South American and other Spanish origin.

Source: U.S. Bureau of the Census, Statistical Abstract of the United States: 1981 (102nd edition), Washington, D.C., 1981, p. 16, Table 19, and p. 36, Table 44.

Table 10 Americans Below Poverty Level, By Residences, Race, and Family Status: 1975 and 1979

Family Status and Residence	Persons Below Poverty Level (000's)						Per Cent Below Poverty Level					
	All Races		White		Black		All Races		White		Black	
	1975	1979	1975	1979	1975	1979	1975	1979	1975	1979	1975	1979
Metro. Areas	15,348	15,732	10,014	9,706	4,967	5,561	10.8	10.7	8.2	7.8	27.6	28.3
In Families	12,125	11,768	7,593	6,765	4,247	4,626	9.5	9.2	7.0	6.3	26.4	27.4
In Households	3,224	3,702	2,420	2,753	720	869	22.1	19.6	19.5	17.2	37.4	33.8
Central Cities	9,090	9,500	4,874	4,772	4,033	4,419	15.0	15.7	10.8	10.7	29.1	31.1
In Families	7,113	7,140	3,552	3,203	3,430	3,679	13.5	14.3	9.2	8.8	27.9	30.4
In Households	1,977	2,223	1,323	1,473	603	702	24.2	21.7	20.5	18.3	38.5	35.0
Suburbs	6,259	6,232	5,139	4,934	934	1,142	7.6	7.2	6.7	6.2	22.5	21.1
In Families	5,012	4,628	4,042	3,562	817	947	6.6	5.9	5.7	5.0	21.6	19.8
In Households	1,247	1,479	1,098	1,280	118	167	19.3	17.1	18.4	16.0	32.5	29.5
Non-metro. Areas	10,529	9,613	7,757	7,117	2,578	2,279	15.4	13.7	12.6	11.2	42.4	9.5
In Families	8,664	7,626	6,205	5,448	2,287	1,987	13.8	12.0	11.0	9.5	40.8	38.1
In Households	1,865	1,989	1,551	1,598	291	274	33.2	28.5	30.5	26.3	61.3	51.7

Source: U.S. Bureau of the Census, Statistical Abstract of the United States: 1981 (102nd edition), Washington, D.C., 1981, p. 446, Table 747.

produced an aggregate loss of central city household income of \$94 billion between 1970 and 1977 (using constant 1980 dollars); this translated into an average annual withdrawal of more than \$13.5 billion in consumption capacity, with perhaps one-quarter to one-third of that decrease in buying power felt in the housing market alone.

As in America, the change in the character of the inner city's population has caused it to be viewed as "the area" of concentrated deprivation in Great Britain. Though many - indeed most - poor people live outside inner cities by almost any possible definition and many - indeed most - of those living in the inner city are not poor by usual definitions, nevertheless, in the 1970s, with 7 per cent of the population, British inner cities contained 14 per cent of the unskilled workers, 20 per cent of the households in housing stress (i.e. having to share a bathroom; or living in older, substandard housing, lacking such modern amenities as an inside toilet, bathroom, or hot water supply), 33 per cent of the New Commonwealth immigrants, twice the national rate of unemployment, up to ten times the national proportion of people living below the Supplementary Benefit poverty line, up to four times the degree of domestic over-crowding found elsewhere in cities, over twice the national average of single-parent families and less than half the national rate of car-ownership.⁹

The image of the Canadian inner city is similar to that of the United States and the United Kingdom. Table 11 outlines the differences between the inner city and the metropolitan area of twenty-four Canadian cities. From these figures, emerges an inner city population that is

⁹ A. Kirby, The Inner City: Causes and Effects (Corbridge: Retailing and Planning Associates, 1978)

Table 11 Comparative Socio-economic Indicators of Change in Canadian Inner Cities, 1971 - 1981

Indicator	Inner City Area		Census Metro. Area	
	Total	Per Cent	Total	Per cent
Age Distribution				
1971: 0 - 19	1,128,435	30	4,633,975	38
20 - 63	2,144,760	39	6,438,020	53
64 +	386,575	10	922,985	7
1976: 0 - 19	842,770	26	4,312,825	33
20 - 63	1,923,100	61	7,417,930	58
64 +	393,455	12	1,068,070	8
1981: 0 - 19	662,270	22	4,056,050	29
20 - 63	1,842,339	63	8,227,596	60
64 +	409,500	14	1,263,870	9
Household Structure				
1971: Family	810,615	67	2,806,160	79
Non-family	390,495	32	710,625	20
1976: Family	731,935	60	3,179,995	76
Non-family	472,915	39	999,845	23
1981: Family	687,470	55	3,532,375	74
Non-family	550,098	44	1,278,190	26
Single parent	116,620	9	434,505	9
Average Household Size				
1971: Persons/Household	3.05		3.41	
1976: Persons/Household	2.62		3.06	
1981: Persons/Household	2.35		2.82	
Education				
1971: Less Than grade 9	1,046,615	28	2,465,350	20
Some University	360,540	9	627,935	5
1976: Less than grade 9	796,425	25	2,129,984	16
Some university	509,475	16	1,919,412	14
1981: Less than grade 9	608,578	20	1,783,925	13
Some university	495,804	17	2,088,400	15
Ethnicity				
1981: Neither French nor English	1,033,770	35	4,043,540	29
Not born in Canada	785,400	26	3,005,860	22
Labour Participation Rate				
1981		64		68
Unemployment Rate				
1981		8		6
Incidence of Low Income				
1981 - Family		21.0		12.9
- Household		42.4		37.3

Sources: Philip Brown and Desmond Burke, The Canadian Inner City: 1971 - 1976 A Statistical Handbook (Ottawa: Canada Mortgage and Housing Corporation, 1979)

- 1981 Census of Canada

older, poorer, less educated, more often unemployed and composed of smaller households and fewer families than the metropolitan population. Ethnically, the percentage of the population born outside Canada and the percentage that are neither French nor English is higher for the inner city than for the metropolitan area.

1.2.4 Collective Deprivation

The three inner city characteristics described above are underlined by a fourth, that H.W.E. Davies¹⁰ calls "collective deprivation". Collective deprivation is the gap between the quality and quantity of opportunities provided by the inner city environment, and the needs of people sharing that environment. It starts with inner city residents' perception of their environment. The image is one of deterioration - of neglect, decay and dereliction, and of narrow choices in many fields: education, shopping, leisure, jobs, housing and neighbours.¹¹ In some instances, the deterioration is real, compared with a generation ago. In others, it is a widening gap between residents' aspirations, their awareness of conditions elsewhere, and the conditions they see around them. This sense of deterioration is paralleled by the way in which people from other areas stigmatize the inner city as an area to be shunned, and rejected, as a place to live. This sense of deprivation is heightened when inner city residents are discriminated against in their

10 "The Inner City in Britain" in Advanced Industrialization and the Inner Cities, ed., Gail G. Schwartz (Lexington, Mass.: Lexington Books, 1981), pp. 4-5.

11 U.K. Department of the Environment, Inner Area Studies, Liverpool, Birmingham and Lambeth: Summaries of Consultants' Final Reports (London: H.M.S.O., 1977).

search for employment¹² and when their houses are "redlined"¹³ by financial institutions.

This collective deprivation also has a concrete expression.¹⁴ Much of the physical environment is denser and older: housing is obsolete, community facilities are run down, and industrial buildings, warehouses, docks, railways and homes are abandoned. Many inner city schools are old and short of play space. The attainment levels of pupils in inner areas is well below average. Local shops offer a restricted choice of goods, often at higher prices than in the supermarkets of the more prosperous suburbs. Public services and facilities are at a comparatively low level, whether they are libraries, open spaces, or environmental care. Even the social and welfare services providing for the deprived may be at no more than the average level for the city as a whole, despite the greater concentration of those in need of support.

The response to this collective deprivation in the inner areas takes many forms that reinforce the downward cycle of deterioration. The most

12 Alan MacGregor, "Intra-Urban Variations in Unemployment Duration: A Case Study", Urban Studies, 14 (October 1977): 303-313.

13 Redlining is "the systematic refusal by a financial institution to make mortgage loans on residential property lying within certain districts - usually older low-income neighborhoods - of an urban community". Wallace Smith, Redlining (Berkeley: Center for Real Estate and Urban Economics, 1975).

14 The generalizations found in this paragraph are based on the following comprehensive inner city studies in Great Britain: Hugh Wilson and Lewis Womersly, Change or Decay: Final Report of the Liverpool Inner Area Study (London: H.M.S.O., 1977); Graeme Shankland, Peter Willmott, and David Jordon, Inner London: Policies for Dispersal and Balance, Final Report of the Lambeth Inner Area Study (London: H.M.S.O., 1977); Llewelyn-Davies, Weeks Forestier-Walker and Bou, Unequal City: Final Report of the Birmingham Inner Area Study (London: H.M.S.O., 1977).

common responses are disinvestment by property owners and movement from inner areas of those able to do so. Other responses are even more damaging. Crime and vandalism are rife as community spirit and social controls are eroded. There is an alienation between government and citizens as evidenced in the exceptionally low turn-out at elections. A positive response to collective deprivation has been the proliferation of community action groups who, initially took the form of protest against slum clearance, urban highways, lack of public services, etc., and now, in some instances, have become a vital force for self-help and community care.

1.2.5 Signs of Revival

Despite aggregate statistics that paint the inner city as impoverished and decaying, American popular media and professional journals have reported in the late 1970s on the resurgence of certain parts of the inner city as vibrant places in which to live and work. Lipton's study of the downtown cores of America's twenty largest cities revealed the definite growth of middle- and upper-status neighbourhoods in New York, Boston, and Washington, and the deterioration of those in San Francisco, Dallas, Houston, Atlanta, Cleveland, St. Paul, and Newark.¹⁵ A mail and telephone survey conducted in 1979 by the Urban Land Institute found that 86 per cent of cities over 150,000 population

¹⁵ S. Gregory Lipton, "Evidence of Central City Revival", Journal of the American Institute of Planners, 43 (April 1977): 136-147.

had housing renovation activities.¹⁶ Franklin James¹⁷ uncovered similar evidence of heightened renovation in central cities as well as increases in house values, rents, and home ownership in his systematic study of 1960 and 1977 American housing statistics. In her analysis of mid-seventies U.S. Housing Survey data, Daphne Spain¹⁸ discovered a small but significant increase in central-city black-to-white residential successions and the first time occurrence, in 1975-1976, of income and educational levels of central city whites exceeding those of the blacks they replaced.

Despite the success of both public and private projects in the inner city, there is insufficient evidence to conclude that urban revitalization, presently limited in scale, is the beginning of an enduring trend in urban recovery. While "Back to the City" is an upbeat slogan, the number of people gentrifying inner-city neighbourhoods is small compared to the outward stream. Instead, most migrants to central cities continue to be from lower-income, minority groups.¹⁹ Many cities, even those with high revitalization efforts, experience continued urban distress in

16 J.T. Black, "Private Market Housing Renovation in Central Cities: An Urban Land Institute Survey", in Back to the City, eds. S.B. Laska and D. Spain (Elmsford, N.Y.: Pergamon, 1980), pp. 3-12.

17 "The Revitalization of Older Urban Housing and Neighborhoods", in The Prospective City, ed. Arthur P. Solomon (Cambridge and London: The M.I.T. Press, 1980), pp. 130-160.

18 "Black-to-White Successions in Central-City Housing: Limited Evidence of Urban Revitalization", Urban Affairs Quarterly, 15 (June 1980): 381-396.

19 Daphne Spain, "Indicators of Urban Revitalization: Racial and Socio-economic Changes in Central City Housing" in Back to the City, eds. S.B. Laska and D. Spain, pp. 27-41.

terms of poverty, unemployment, budget deficits, deteriorating services, environments and economic bases.²⁰ The pattern is scatter-shot; revitalization happens in some cities and neighbourhoods, and not in others.²¹ In the United States, it appears to be more likely to occur in large cities and in older cities in the northeast and the south.²² Why then are some inner cities revitalizing while others are declining? Is it simply a matter of age, location, or intrinsic characteristics? In the next chapter, answers to these questions are examined in more detail.

20 J.W. Fossett and R.P. Nathan, The Prospects for Urban Revival (Princeton, N.J.: Princeton University, 1980).

21 Nathaniel H. Rogg, Urban Housing Rehabilitation in the United States (Washington, D.C.: United States League of Savings Associations, 1977).

22 Black, pp. 3-12.

CHAPTER 2

THE CAUSES OF INNER CITY DECLINE AND REGENERATION

We have yet to develop a series of advanced indicators of urban decline which are sure enough in their prognostication and give us enough lead time, so that we could bring to bear some of the modes of approach that hopefully we still have in our armory.¹

Although it is relatively easy to describe the nature of the inner city, it is more difficult to comprehend the factors or processes which generate its decline and/or regeneration. The problem here is that none of the theories that policy-makers and scholars have borrowed from various disciplines provides an accurate and universal explanation of the causes of decline and revitalization. In the past, theories have focussed on limited aspects of urban structure and, by assumption, manipulation or experimental design, they have sought to control or eliminate the influence of other events or processes on the behaviour in question. By examining the various arguments that have been put forward as hypotheses of inner city decline and/or regeneration and their critiques, it is hoped that the reader will see the inner city in the context of urban spatial organization. Only then, will one be able to determine how and where intervention will be required to stem inner city decline and to foster its regeneration.

¹ G. Sternlieb, "The Dollars and Sense of Rehabilitation", An address given at the Seminar on Development of Innovative Strategies for the Renewal of Older Neighbourhoods, April 1977.

2.1 The Ecological Hypothesis

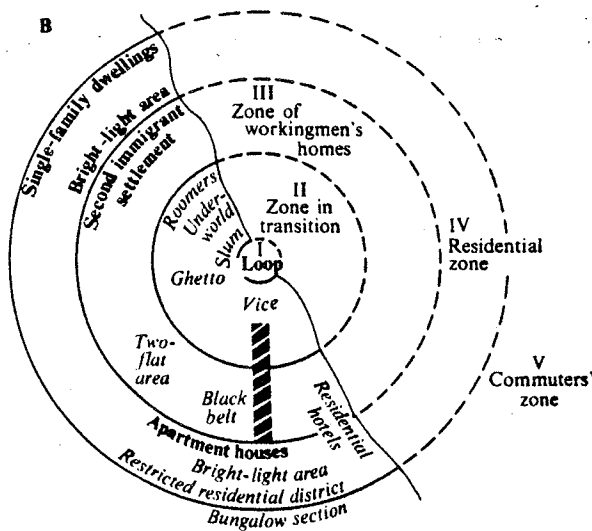
This explanation of urban spatial structure draws on concepts of the human ecology school which were first developed by a group of sociologists, R.E. Park, E.W. Burgess, and R.D. McKenzies, working in Chicago in the first third of the twentieth century. The position of traditional ecological theory was that the overall spatial pattern of the urban community was regulated by competition. Under the pressure of competition, each individual and group were said to carve out both residential and functional niches in which they could best survive and prosper. The effect was to segregate people and their businesses into relatively homogeneous residential and functional subareas within the community.

Early ecological literature² described the inner city as the area immediately adjacent to the central business district which provided a convenient locus of first settlement for immigrants and other disadvantaged groups. It outlined how speculators acquired land adjacent to the center of the community with the expectation of reaping profits when the central business district expanded. Such action enabled long-time residents to move to newer homes on the periphery of the community while providing newly-arriving migrant groups with inexpensive rental housing and propinquity to unskilled jobs. The studies showed

² Ernest W. Burgess, "The Growth of the City: An Introduction to a Research Project" in The City, eds., Robert Park, Ernest W. Burgess, and R.D. McKenzie (Chicago: The University of Chicago Press, 1925), pp. 47-62; Paul Cressey, "Population Succession in Chicago: 1898-1930", American Journal of Sociology, 44 (July 1938): 59-69; and Roderick D. McKenzie, "Ecological Succession in the Pudget Sound Regions", Publications of the American Sociological Society, 23 (1929): 60-80.

that each immigrant group initially concentrated in the inner city, and how with the passage of time, they were able to climb the socio-economic ladder and escape to better residences further removed, only to be replaced by another wave of newly-arriving immigrants. These succession-like movements were responsible for the stratification of the urban area into concentric zones of increasing social status onward from the city center.

Figure 1 The Burgess Model of Chicago



Source: Ernest W. Burgess, "The Growth of the City: An Introduction to a Research Project" in R.E. Park, E.W. Burgess and R.D. McKenzie, eds., The City (Chicago: The University of Chicago Press, 1925), Chart II, p. 55.

The driving factor in the ecological model is the growth of the city's population through in-migration, particularly of ethnically different populations, and the corresponding expansion of the central business district through economic growth. The means by which this growth becomes translated into special terms is through competition among land uses for space and the filtering down of older housing from high to low income groups. As the city grows the spatial segregation of land uses and social groups increases. The sequent occupance of different concentric rings by socially or ethnically distinct groups then appears to be an inevitable response to growth and to structural changes within the city. Thus, the older inner parts of the city become the depositories for those unable to compete and those newly arrived.

There are a myriad of shortcomings with the traditional ecological approach. A series of theoretical and empirical writings by Alihan,³ Davie,⁴ Hoyt,⁵ Gettys,⁶ Firey,⁷ and Hatt,⁸ reveal a number of its weaknesses: its muddled distinction between biotic and cultural elements, its excessive reliance on competition as the basis of human

³ Milla Alihan, Social Ecology: A Critical Analysis (New York: Columbia University Press, 1938), p. 5.

⁴ Maurice R. Davie, "The Pattern of Urban Growth" in Studies in the Science of Society, ed. George P. Murdock (New Haven: Yale University Press, 1937), pp. 133-161.

⁵ Homer Hoyt, The Structure and Growth of Residential Neighborhoods in American Cities (Washington, D.C.: Federal Housing Administration, 1939).

⁶ Warner E. Gettys, "Human Ecology and Social Theory", Social Force, 18 (May 1940): 469-476.

⁷ Walter Firey, "Sentiment and Symbolism as Ecological Variables", American Sociological Review, 10 (1945): 140-148.

⁸ Paul, Hatt, "The Concept of Natural Area", American Sociological Review, 11 (August 1946): 423-437.

organization, its total exclusion of cultural and motivational factors in explaining land use patterns, and the failure of its general structural concepts, such as concentric zonation and natural area, to hold up under comparative examination. Taken together these criticisms served to question the overall validity of the traditional ecological approach and led to its abandonment in the late 1930s and 1940s.

In 1950, Amos Hawley⁹ reformulated the ecological approach and initiated its revival. Recently, contemporary human ecological concepts have been utilized to analyze the process of urban expansion and the racial changes in urban residential population.¹⁰ Contemporary ecologists rely principally on four reference variables: population, organization, environment and technology. These four variables are reciprocally causal and functionally inter-dependent. This means, predicated on the way one particular ecological problem is stated, each of the four variables may serve as either a dependent or an independent variable and any permanent alteration in one of the variables will result in repercussions in the other three. Although the author could not yet find a comprehensive contemporary ecological theory on the inner city, she hypothesizes that human ecologists would explain inner city decline and revitalization in terms of changes in environment, technology, social organization, and population.¹¹

⁹ Amos H. Hawley, Human Ecology: A Theory of Community Structure (New York: Ronald Press, 1950).

¹⁰ See H. Aldrich, "Ecological Succession: A Review of the Literature", Urban Affairs Quarterly, 10 (March 1975): 327-348, and Brian J. Berry and John D. Kasarda, Contemporary Urban Ecology (New York: Macmillan Publishing Co., Inc., 1977).

¹¹ James R. Hudson, "Revitalization of Inner-City Neighborhoods: An Ecological Approach", Urban Affairs Quarterly, 15 (June 1980): 397-408.

While no single explanation can account for all that has been observed, changes in technology in the last one hundred years have contributed significantly to the decline of the inner city. Let us look briefly at the relationship between technology and the location of home, commerce and industry. The development of the railway in the second half of the nineteenth century enabled the pedestrian city to enlarge its areal extent and allowed the middle-classes to move to new residences outside the inner city. In the early part of the twentieth century, the replacement of the horse and cart by the motor van and the creation of the limited access highway relaxed the ties of manufacturing activity to the central areas by facilitating movement of goods and people within cities. Finally, during the post-war years, further improvements in automotive and shipping technology and in national highway systems promoted road transport over railways and canals for the long distance haulage of goods, thereby obliterating the locational advantages of the inner city.¹²

In addition to advances in transportation, changes in production technology have made inner city locations unattractive to modern industry. The horizontal production line requires a single-storey plant making the inner city areas with their high land values, small fragmented plots and multi-storey plants technologically and economically unsuitable for modern manufacturing processes. In addition to the space requirements of the factories themselves, the growth of car ownership and usage has greatly increased the demand for parking facilities for

¹² This section is a brief synopsis of Chapter 1 of A.E. Gillespie's excellent report, Transport and the Inner City (London: Social Science Research Council, 1980).

employees. The Local Employers' Study of the Lambeth Inner Area¹³ highlighted the lack of parking facilities and poor road access as major problems for inner city firms trying to attract and keep skilled and white collar workers.

Modern electronics has also promoted inner city decline. Anything which permits people to communicate at a distance reduces the need for them to be physically close. Communications technology advanced slowly during the first few decades of the 20th century and then, propelled by wartime advances followed by the invention of the transistor in 1948, has moved with incredible speed. Semiconductor technology (transistor, integrated circuit, microprocessor) may well be as much a diffuser of economic activity and of population as the automobile and motor truck. Long-distance direct dialing, facsimile transmission, computer-to-computer data links over common carriers, closed-circuit TV, and other devices all make possible further decentralization. The process is far from over. As of this writing, there is considerable interest, in banking and financial circles, in electronic funds transfer (EFT). This may well have the effect of weakening the relative strength of existing financial and commercial centers since, for example, checks will clear with the same speed regardless of location. A combination of laser technology and fiber optics now in process of moving from the prototype to production stage promises huge increases in data-transmission capability, with consequences which cannot be foreseen. It is widely expected that in the 1980s the continued lowering in the cost of computing power and communications will make it possible for many people to work and shop at home.¹⁴

13 Ibid., p. 15.

14 John, M. Levy, Economic Development Programs for Cities, Counties and Towns (New York: Praeger Publishers, 1981) pp. 29-42.

2.2 The Preference and Income Hypothesis

This approach is based on the neo-classical economic models of urban structure which focusses on locational preferences of firms and households. Households demand goods and services in the amounts and proportions which best satisfy their preferences; that is, they attempt to maximize their utility. Firms supply goods and demand land, labour and capital in the amounts and proportions which maximize their profits. The distribution of the value of net output between the three factors of production - land, labour and capital - is explained with reference to marginal productivity theory. According to this theory, each of the three factors will be used until they cost more to use than the value they produce. The price for any factor is determined at the margin.

The first economist to take a serious interest in the spatial distribution of economic activity was J.W. van Thunen, whose monograph appeared in 1826. He developed a deductive model of agricultural land rent, using numerical data obtained from his own estate. The outcome of his model was a set of concentric zones around a fixed point (the town), each zone defined in terms of crop specialization with distance from the center being inversely associated with land intensity of production. Thunen showed that land rent differentials over space could only be explained by transport cost savings.¹⁵

In the 1960s, several economic analyses of urban land use were developed, inspired by Thunen's theory of the spatial distribution of

¹⁵ Harry W. Richardson, Urban Economics (Hinsdale: The Dryden Press, 1978), pp. 15-17.

economic activity.¹⁶ In these the central business district plays the

role of the isolated city of Thunen, and the land surrounding the CBD is

used for residential and other non-agricultural purposes. Since the CBD

is the point of maximum accessibility to the city as a whole and may have

other advantages, transport costs tend to be lower for firms who locate

there. As a result of competition for scarce locations near the city's

center, those firms form whom transport costs are greatest or for whom

the use of space is least important locate in or near the CBD, and

conversely. For households, the CBD is the most important, though not

necessarily the only, place of employment and the purchase of goods and

services, and the costs of transporting people for work or shopping tend

to be lowest close to the CBD. As with business firms, those households

for whom transport costs are the greatest or for whom the consumption of

space is the smallest tend to locate near the central business district

while for households for whom the opposite is true, the best location is

near the edge of the city.

According to the neo-classical theory, the decline and

revitalization of the inner city is a function of household income,

housing demand and supply among various sub-markets, and the price of

16

W. Alonso, Location and Land Use (Cambridge: Harvard University Press, 1964); J.F. Kain, "The Journey to Work as a Determinant of Residential Location", Papers and Proceedings, Regional Science Association, 9 (1962): 137-160; R.F. Muth, Cities and Housing (Chicago and London: The University of Chicago Press, 1969); L.

Wingo, Transportation and Urban Land (Baltimore: John Hopkins Press, 1961); E.S. Mills, Studies in the Structure of the Urban Economy (Baltimore: John Hopkins Press, 1972).

housing relative to that of other essential items (i.e. food, clothing, transportation, etc.). Throughout most of the 1950s, 1960s and 1970s, increases in personal income outstripped that of housing and other costs. People were able to consume more housing in terms of size and quality of service provided. Older, more dense units in the inner city could be exchanged for more spacious, modern units in the suburb. This left behind a relatively large supply of cheap rental low-income accommodation in the inner city, which meant limited profits to inner city landlords. As operating and finance costs increased and the landlord was unable to pass them on to his tenant nor profitably sell his property, some landlords began to undermaintain their properties or to convert them into new or denser uses, while others abandoned them completely.¹⁷ All of these actions contributed to the undesirability of inner city living and the outward movement of those residents who might have stayed.

Recently, changes in the economy seem to have reversed past trends and may hold some hope for future inner city revitalization. In the late 1970s, housing and energy costs began to out-distance increases in disposable incomes and inflation in the construction industry began to limit the supply of new housing. In response to these changes, some households with employment ties with the central business district have begun to purchase and renovate cheaper inner-city housing rather than to purchase a new house and lot in suburbia.

In spite of the explanatory power of neo-classical theory, there is a growing effort to move away from this model of urban development.

¹⁷ G. Sternlieb, The Tenement Landlord (New Brunswick, N.J.: Rutgers, 1968) and G. Sternlieb and Burchell, R.W., Residential Abandonment (New Brunswick, N.J.: Rutgers, 1973).

Research into residential mobility in the private markets of British and North American cities have shown that households vary in their selection criteria for a new residence, and that these criteria included more than a simple trade-off between accessibility and space.¹⁸ The dimensions on which households made their residential choice were found to include location, cost, dwelling characteristics, quality of the physical environment and the social status of the neighbourhood. The relative ranking of these dimensions varied between income groups, with higher-income households placing greater emphasis on social status of neighbourhood and quality of the physical environment, and also between age groups with households at the middle stages of the life-cycle placing most emphasis on those characteristics of residential areas conducive to child-rearing.

Certain theorists have attributed inner city decline and the more recent phenomena of gentrification¹⁹ to the social and cultural predispositions that colour locational choices. On one hand, Professor Brian J.L. Berry of the University of Chicago develops the thesis that Americans have been singularly unsuccessful in slowing central city disintegration because of their deep-seated cultural traits which he outlines as (1) their love of newness, with the old and obsolete interpreted as nothing more than an effluent, an inevitable discard with no enduring value, (2) their overwhelming desire to be near nature, and

18 J.R. Short, "Residential Mobility", Progress in Human Geography, 2 (1978): 419-427; and W. Michelson, Environmental Choice, Human Behaviour and Residential Satisfaction (New York: Oxford University Press, 1977).

19 Gentrification refers to a process in which there is a substantial replacement of a neighbourhood's residents with newcomers who are of higher income and who, having acquired homes cheaply renovate them and up-grade the neighbourhood.

(3) their individualism which manifests itself in a tradition of privatized decision-making where every individual and corporate body is free to choose in reference to their own best interest, regardless of externalities.²⁰ J.S. Bourne argues that those values might explain why an inner-city crisis has not yet materialized in western industrialized cities like France, Germany, or Scandinavia where residents place a higher value on the amenities of older housing and central location and whose governments play an important role in controlling land use.²¹

On the other hand, Irving Allen argues that the re-population of the central city represents a change in American community ideology toward the value of social diversity of ethnicity and a concern with historical continuity and community identity.²² Studies of gentrifiers reveal that the new inner city settlers are likely to be young (under forty-five), highly educated, childless professionals, corporate managers and technicians, living alone or with a partner.²³ By and large, this cohort was educated during the middle sixties to early seventies. At that time, college campuses were the focal point of a host of social movements that seriously challenged traditional lifestyles and career patterns. New values were emerging that included a high regard for community

20 B.J.L. Berry, "The Decline of the Aging Metropolis: Cultural Bases and Social Process" in Post-Industrial America, eds. G. Sternlieb and J.W. Hughes, pp. 175-185.

21 Bourne, pp. 15.

22 Irving Allen, "The Ideology of Dense Neighborhood Development: Cultural Diversity and Transcendent Community Experience", Urban Affairs Quarterly, 15 (June 1980): 409-428.

23 Dennis E. Gale, Neighborhood Revitalization and the Post Industrial City (Lexington, Mass., and Toronto: D.C. Heath and Company, 1984) pp. 10-12.

participation, shared living experiences, self-help and cooperative efforts, and an ecological ideology that stressed preservation. In contrast, then, to the sameness, nearness, and rationality of the suburban way of life, the inner city offers at least a portion of this cohort an opportunity to live out an emergent set of values - values that emphasize social participation and responsibility, a greater degree of acceptance of different ethnic and racial groups and of "deviant" lifestyles or in sum, an unprecedented degree of pro-urbanism. As mentioned previously in Chapter 1, these gentrifying professionals constitute only a small portion of new inner city households. Despite public polls, that show that most Americans still prefer suburban, small-town, and country residential environments the gentrifiers could be harbingers of a new social movement.²⁴

A second criticism of the neo-classical theory is that its focus on household and firm preferences dismisses the direct role of institutions and governments involved in the urban land market. It assumes the free hand of a competitive market, while in fact the market is constrained by public bodies, regulations, and socio-political attitudes. Richardson demonstrates that for most income groups the residential location choice is constrained by the ability to get a mortgage.²⁵ Muth attributes residential segregation to an aversion on the part of landlords, real estate agents and neighbourhoods to blacks and ethnic minorities.²⁶

24 Allen, p. 419.

25 Harry W. Richardson, Urban Economics (Harmondsworth: Penguin, 1971).

26 Muth, pp. 11-12.

2.3 Models of Neighbourhood Change

A marriage of the ecological and neo-classical hypotheses has produced two models of neighbourhood change used widely in North America to design public policies and programs for the inner city. Both models are founded on the notion that residential areas evolve through a life cycle of growth and decay punctuated by successive stages at which one population or land user type has yielded to another. Model A, whose variants have been promulgated by Anthony Downs,²⁷ Ahlbrandt and Brophy,²⁸ and the U.S. Department of Housing and Urban Development,²⁹ classifies neighbourhoods into five types or stages on the basis of a graduated set of social and physical conditions. The neighbourhood life cycle begins with "healthy viable neighbourhoods" and progresses through three increasingly severe stages of decline to a final "abandoned" stage. Model B was developed by Hoover and Vernon in 1959³⁰ and has been modified by Birch,³¹ Andrews³² and the Canadian Ministry for Urban Affairs.³³ It also postulates five stages of evolution but it does so on

27 Anthony Downs, Neighborhoods and Urban Development (Washington, D.C.: The Brookings Institution, 1981), pp. 63-67.

28 Roger S. Ahlbrandt and Paul C. Brophy, Neighborhood Revitalization (Lexington: Lexington Books, 1975), pp. 7-11.

29 Public Affairs Counseling, The Dynamics of Neighborhood Change (Washington, D.C.: U.S. Department of Housing and Urban Development, 1975).

30 Edgar M. Hoover and Raymond Vernon, Anatomy of a Metropolis (Cambridge, Mass.: Harvard University Press, 1959), pp. 190-207.

31 David L. Birch, "Towards a Stage Theory of Urban Growth", Journal of the American Institute of Planners, 37 (March 1971): 78-87.

32 Richard B. Andrews, Urban Land Economics and Public Policy (New York: The Free Press/Collier Macmillan, 1971), pp. 95-137.

33 Reg McLemore, Carl Aass and Peter Keilhofer, pp. 5-9.

the basis of changes in housing types and population densities and identifies only two stages of decline and a renewal stage.

These models both suffer from the same critiques of the economic models, in that they do not account for institutional responsibility for decline. In addition, some of the models' indicators are questionable. For example, in Model A, high income correlates with a good neighbourhood and low income with a severely deteriorated one. The logic is clear, the evidence to support it is not. Many a lower-income, ethnic, or minority population have created a vital neighbourhood life, and many neighbourhoods of mixed social and economic composition are vested with vibrant social environments.³⁴ The major problems with these models are twofold. One, the planning orientation of the models causes attention to be concentrated on the phenomenon of progressive deterioration as a fate that cannot be avoided unless preventive measures are taken. Secondly, the specific policy implications to be drawn are triage. An analogy drawn from battlefield medical practice, triage suggests a division of injured persons - or communities - into three categories: those in good enough shape to survive without major attention; those who could be saved from almost certain death by major medical attention; and those beyond hope. Painkillers are given to the first group, to ease the minor pain, and to the third group, to make the wait for death comfortable. The middle group receives the medicine and surgical operations making the difference between life and death.

34 For a more detailed critique of the models of neighbourhood change, see Rich Cohen, "Neighborhood Planning and Political Capacity", Urban Affairs Quarterly, 14 (March 1979): 337-362.

Facing limited resources, many governments have adopted triage in its worst form. Although they may not call it that, they have "written off" the worst neighbourhoods as unsalvageable or have undertaken a few token gestures to show government concern without having to "waste" a lot of money. The use of triage is unjust and damaging to neighbourhoods and their residents. With scant regard for those affected, government officials determine the fate of an area and its people solely on the basis of criteria that may not adequately reflect the true nature of neighbourhood dynamics. The neighbourhood, that they believe beyond hope, may actually contain latent reserves of vitality and initiative, motivations which could be trapped with the right resources and organization. The concern here is that the widespread acceptance of these models of neighbourhood change and their underlying assumptions by decision-makers may result in a self-fulfilling prophecy that abets the stages of neighbourhood transition and decline.

2.4 The Structural Change Hypothesis

This argument states that at the root of inner city decline and regeneration are the processes of structural economic and demographic change. That is the integrated urban-industrial complex and its appended institutions have shifted in structure in recent years to the detriment of particular inner city areas. No one is to blame, just the system and the external factors beyond our control.

Among the numerous factors that determine the health of inner cities, six processes are note worthy. The first is the shift from labour to capital intensive forms of production. In the 1970s a combination of inflation, a general economic recession and rapid technological advances encouraged firms to substitute capital for labour

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to minimize rising production costs. This has resulted in decreasing levels of employment for unskilled and even skilled workers. There is good reason to believe that the negative effects of capital substitution are likely to be disproportionately felt in the inner city because of its characteristics. Inner city areas tend to have concentrations of old and out-moded industrial plants, if only because they were developed first. When firms rationalize their activities it is these plants which are likely to close first. Secondly, the inner city contains a higher proportion of the more vulnerable groups like older people, low-skilled workers, women, youth, ethnic minorities, and foreign workers who tend to occupy those jobs that are more susceptible to automation.³⁵

A second major structural economic change affecting the inner city is the internationalization of the world economy. The recent growth of multi-national corporations and improvements in technology have permitted national production and investment to be shifted from the declining areas of the highly industrialized world to the urbanizing areas of less industrialized regions and countries. The reduction of the production process into increasingly simple components has reduced the dependence of firms on the skilled labour of industrialized nations and has allowed multi-national corporations to exploit the unorganized, cheap labour pools of industrializing areas. In their book, Revitalizing the Northeast, George Sternlieb and J.W. Hughes³⁶ illustrate how capital

³⁵ Organization for Economic Co-operation and Development, Managing Urban Change, Vol. 1 Policies and Finance (Paris: O.E.C.D., 1983), pp. 69-70.

³⁶ (New Brunswick, N.J.: Rutgers - The State University of New Jersey, 1978).

investment in the United States has switched from the old industrial cities of the North East to the South and West and is now seeking even lower labour costs in the less industrialized countries of Mexico and the Caribbean.

The sectoral shift from industrial to service employment is a third major factor shaping the inner city. Since the end of the Second World War, the industrializing nations have witnessed a decline in their primary (agriculture, mining, fishing, forestry, etc.) and secondary (manufacturing, construction, etc.) industries and until recently at least, substantial growth in the service-producing sector (finance, education, professional services, etc.). Table 12 illustrates these trends for Canada. Recent declines in manufacturing, due to investment uncertainty, reduced consumer demand, and low-cost international competition have created population and employment losses in those inner cities whose economic base was predicated on manufacturing.³⁷ In contrast, those inner cities whose central business districts are primarily service-oriented seem to have shown increased signs of middle- and upper - class occupancy.³⁸

Other structural changes that have had severe impacts on the inner city are the deconcentration of population, slow population growth and lower rates of immigration. Research indicates that many major cities

37 William Thompson, "Economic Processes and Employment Problems in Declining Metropolitan Areas" in Post-Industrial America: Metropolitan Decline and Regional Job Shifts, eds. G. Sternlieb and J.W. Hughes, pp. 187-196.

38 S.G. Lipton, pp. 136-147.

have passed through distinct stages of urbanization characterized by changing population and employment trends.³⁹ These stages are:

- i) Population concentration dominated by rural to urban migration and the concentration of population in central areas. This process typified the nineteenth century growth of British and North American cities.
- ii) Population concentration and suburbanization, during which the central area continues to grow though growth is faster in the expanding metropolitan area and the city spreads outwards. This was the characteristic pattern of suburban growth in the 1920s to the 1950s.
- iii) Absolute deconcentration, during which the suburbanization apparent in stage two continues but the central area begins to fall. Employment may be still only be deconcentrating relatively, however, and increasing in absolute terms. This is a pattern of development evident in Great Britain and North America from the 1960s onwards.
- iv) Metropolitan loss and non-metropolitan growth. At this point, the population of the entire metropolitan area begins to decline and a process of migration from the large metropolitan areas to adjacent rural areas or more distant small towns and non-metropolitan areas becomes apparent. Metropolitan decline was experienced in Detroit, Boston, London, and Liverpool during the 1970s.
- v) Re-urbanization, in which there is a stabilization, or a return, of population and renewed growth of at least some employment sectors in the central area. There are signs that this may be starting to occur in some cities like New York, Boston, and Washington.

Although there is variation between and within countries, the exodus of population from the center of numerous agglomerations is a reality for

39 L.H. Klaasen, W.T.M. Molle and J.H.P. Paelinck, eds., Dynamics of Urban Development (Aldershot: Gower Publishing Co., 1981).

developed and developing nations. In Canada, the counter-urbanization movement that began in the early 1970s appears to be continuing. Canada's population between 1976 and 1981 avoided the very large and very small urban concentration in favour of the average-sized cities, and more Canadians chose to settle outside the census metropolitan areas. Within metropolitan areas, Canadians chose the urban and rural fringe areas over the core. This has led to absolute deconcentration in the following cities: St. John's, Halifax, Quebec, Trois-Rivières, Ottawa-Hull, Toronto, and Hamilton.⁴⁰

Table 12 Percentage Distribution of Output* and Employment in Canada, 1946 and 1979

	Output		Employment	
	1946	1979	1946	1979
	%	%	%	%
Goods-Producing Sector				
Primary industries				
Agriculture	12.2	3.5	26.9	4.7
Other primary	<u>6.7</u>	<u>6.3</u>	<u>3.0</u>	<u>2.6</u>
Total primary	18.9	9.8	29.9	7.3
Secondary industries				
Manufacturing	26.2	21.6	26.2	20.0
Other secondary	<u>6.2</u>	<u>9.6</u>	<u>5.7</u>	<u>7.3</u>
Total secondary	32.4	31.2	31.9	27.3
Service-Producing Sector				
Tertiary industries	48.7	59.0	38.2	65.4

* Output measured by gross domestic product.

Source: Muriel Armstrong, The Canadian Economy and its Problems (Scarborough: Prentice-Hall Canada, Inc., 1982), Table 1-4, p. 23.

40 Statistics Canada, Urban Growth in Canada (Ottawa: Ministry of Supply and Services, 1984).

Population growth in an area is the result of natural increase (the excess of births over deaths), of net internal movement (as discussed above) and net external migration (the excess of immigrants over migrants to other countries). In addition, to deconcentration, declining fertility rates and reduced rates of net immigration have played an important role in population losses in the inner city. For example, in the inner city of St. John's, Newfoundland, the fertility index (the number of children aged 0-4 per 1000 women aged 15-44) declined from 40.6 in 1971 to 35.5 in 1976, creating a 13 per cent loss of children aged 0-4. About a third of the St. John's total decline in the 1971-1976 period was estimated to be attributed to reduced levels of fertility, while the rest was a result of out-migration.⁴¹

Associated with the change in natural increase has been the reduction in household size which appears to have been particularly marked in inner cities. In 1971, the average household size for Canadian inner cities was 3.0 persons per household compared to 3.5 for the national average. By 1981, it was estimated to have fallen to about 2.4 compared to the national average of 2.9.⁴² This fall in household size has been accompanied by an increase in the number of households particularly that of non-family which reflects in part, the aging of the population and the growth of the one-person household. It is these latter changes in population composition that certain theorists hypothesize will promote inner city revitalization. To the extent that

⁴¹ Mark Shrimpton and Christopher A. Sharpe, "An Inner City in Decline: St. John's, Newfoundland," Urban History Review 9 (June, 1980): 95.

⁴² Statistics Canada 1971 and 1981.

these households are inner city office and service workers, they establish a basis for the reorganization of inner-city retailing, restaurants, hotels, and most importantly, housing.⁴³

A contributing factor to the population growth of inner cities has been the rate of net foreign immigration. A study of migration flows into the British urban system revealed that between 1966 and 1971, of the recorded inflow of immigrants, 57 per cent moved to the inner city, while 26 per cent moved to the suburbs.⁴⁴ This suggests that like natural, increases, international exchanges may contribute to the decline or revitalization of inner cities, though in absolute numbers the importance of this gain cannot be estimated.

The structural hypothesis helps us understand the inner city in context of the wider metropolitan area within which it lies and its relationship with other cities in the regional, national, and international hierarchy. Although it describes events in the past, it does not explain the forces that have shaped these events, nor does it help us predict whether the future will be like the past. The subsequent hypotheses are more helpful in identifying factors or processes which cause inner city decline or revitalization.

2.5 The "Unintended" Policy Hypothesis

Another postulate of inner city decline and revitalization stresses the independent influence of government and other "land interested" institutions in shaping the urban area.⁴⁵ It argues that the present

43 For more discussion, see Briavel Holcomb and Robert A. Beauregard, Revitalizing Cities (Washington, D.C.: Association of American Geographers, 1981), pp. 20-21.

44 Stephen Kennett, The Inner City in the Context of the Urban System (London: Social Science Research Council, 1980), p. 55.

45 This hypothesis is derived from the political theory of urban managerialism associated with the work of R.E. Pahl.

state of the inner city is the indirect and largely unintended consequence of uncoordinated post-war policies. These policies, notably in the fields of transportation, housing and taxation were designed to meet objectives within their particular field, but when combined, produced many unforeseen side-effects detrimental to the growth of the inner city.

Two examples of post-war policies that contributed to the demise of the inner city were those on housing in North America and on planning in Great Britain. After World War II, the return of the soldiers, the increase in marriages and births, and accumulated demand for separate households, fuelled an enormous demand for new housing. In many older cities there was relatively little suitable vacant land on which new residential structures could be built. Urban renewal, whether public or private, would have been too slow in assembling and clearing sites and in building new apartments. Destruction of old housing, however poor, as long as it was at all liveable, would have exacerbated the housing shortage. The obvious direction to go in providing the needed new housing was toward the suburbs. To accelerate the construction of new, owner-occupied housing in suburban areas, the North American governments provided inexpensive mortgages and tax benefits and subsidized services. Although the objectives of these programs seemed laudatory at the time, their net effect, when combined with unfavourable tax treatment on improvements to older housing, was to seriously undercut the demand for existing housing units. This in turn reduced the incentive to maintain the stock in the inner city.⁴⁶

46 Marion Clawson, "Factors Affecting Suburbanization in the Postwar Years" in The Manipulated City: Perspectives in Spatial Structures and Social Issues in Urban America eds. Stephen Gale and Eric G. Moore (Chicago: Maarsufa Press, 1975), pp. 182-188.

After the Barlow Report (1910) on the distribution of Britain's industrial population, the British Government adopted a policy of dispersing industry and employment in order to assist the depressed regions and curb what Barlow called "the excessive growth of London" and other big cities. Economic planning regions were created, each with an Economic Planning Council to advise central government; and the depressed regions in Wales, Scotland, and North and West were given various forms of Assisted Area status. Government grants and allowances were given to encourage industrial development and job creation in Assisted Areas, and the English Industrial Estates Corporations built advance factories in them. Industrial Development Certificates and Office Development Permits were required for new developments over certain floorspace limits, which enabled central government to control employment in the big cities and steer it to the assisted areas. After the New Towns Act 1946, over thirty new towns were created to accommodate the new growth and overspill from the big cities and to regenerate the depressed regions.⁴⁷ The net result of these dispersal policies was to reduce the industrial concentration in the major cities, but in doing so, they creamed-off the skilled workers and manufacturing jobs, leaving the big cities with a declining economic and rate base and intractable problems of social deprivation.⁴⁸

Other policies that have unintentionally spawned inner-city decline are those in the transportation field. After World War II, national governments initiated policies and programs to provide for the

47 Robert K. Home, Inner City Regeneration (London and New York: E. & F.M. Spon, 1982), pp. 40-43.

48 Peter Hall, "The Inner Cities Dilemma" New Society, 39 (1977): 223-225.

construction of limited-access highways within and between major cities. Combined with increased affluence which spurred the purchase and utilization of private automobiles, these policies promoted suburban areas as places for living and working, and reduced the relative locational advantage of the inner city. Moreover, the financing of the highway system diverted public funds from investing in mass transit, further decreasing the attractiveness of the inner city. Similarly, central government regulatory policies have prompted the rapid growth of truck hauling and the development of innovations in containerization to the detriment of ports and railroad facilities generally located in the inner city. Another disastrous consequence of these transportation policies has been the bisecting of inner-city neighbourhoods by regional thoroughfares needed to link suburbia to the central business district. These thoroughfares removed housing, unsettled land values, disrupted community life, and added to the congestion and noise pollution of the inner city.⁴⁹

Numerous other government policies with similar but perhaps not as dramatic effects could be cited. Among those are tax policies which favour the development of new commercial, industrial and residential buildings over the maintenance of old capital stocks;⁵⁰ economic policies which favour high technology industries in the suburbs over high labour industries often located in the inner areas; immigration policies which reduce the number of new immigrants who flow to the inner city, and social policies which further erode the locational advantage of the inner city.⁵¹ Although the effects of the whole bundle of government policies,

49 Bourne, pp. 37-38, and Holcomb and Beauregard, pp. 8-10.

50 Urban Institute, "Federal Tax Policy and Urban Development", Search, 7 (Spring 1977).

51 Ira M. Robinson, Canadian Urban Growth Trends: Implications for a National Settlement Policy (Vancouver: The University of British Columbia, 1981) pp. 48-49.

in education, health, social security, housing, industry, commerce, and transportation on the inner city have not yet been adequately quantified, there is no doubt that they have a role in helping or hindering the cause of inner city regeneration.

Government is not the only institution whose policies impact on the inner city. Research in the housing field is beginning to demonstrate how policies of agents in the private housing market, for example, financial institutions have fostered inner city decline. To guarantee the security of their depositors' investments, residential mortgage lending institutions discriminate in their lending practices between different types of households, properties and residential areas. Studies in Great Britain⁵² reveal that the policies of the building societies are biased against low-income households and households headed by manual workers and away from older properties and "non-standard" dwellings such as multi-occupied houses and converted flats. These policies lubricate the suburbanization process by directing funds towards new housing on the expanding urban fringe where mortgages are more available through quota arrangements with developers.⁵³ At the other end of the scale, policies which exclude many lower-income households and older, cheaper properties restrict the flow to inner city areas. However, there is much evidence

52 R.H. Barbolet, Housing Classes and the Socio-ecological Systems, University Working Paper No. 4 (London: Center for Environmental Studies, 1969); M. Boddy, "The Structure of Mortgage Finances: Building Societies and the British Social Formation", Transactions of the Institute of British Geographers, New Series, 1 (1976): 58-71; and S.S. Duncan "Self-help: The Allocation of Mortgages and the Formation of Housing Submarkets", Area, 8 (1976): 307-316.

53 Boddy.

to indicate that residential mortgage lending institutions adopt more explicitly spatial policies by excluding certain inner city areas from consideration on the grounds of more general environmental characteristics, a practice that has been termed "redlining".⁵⁴

The withdrawal of mortgage funds from inner city areas has three damaging consequences. First, it may lead to the undermining of policies to revive inner city residential areas. Second, it has forced many households in redline areas to borrow money at unfavourable rates from other institutions. Third, it reinforces the uncertainty about property values, opens the area to speculative landlords and may hasten the transition to multi-occupation, declining property maintenance and abandonment.⁵⁵

2.6 The Exploitation Hypothesis

In contrast to the preference hypothesis, this perspective views the problem of the inner city not as the outcome of the myriad decisions of individuals in a free and unorganized market but rather the result of conflicts between interest groups with varying goals and differing degrees of power and influence. The literature on this topic is divided into two schools of thought. One examines the role of agents and institutions in the land and housing markets and how these have affected inner-city development.⁵⁶ The second attributes inner-city decline to

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See Bourne
The Inner City P. 238

⁵⁴ See footnote no. 13 in Chapter 1.

⁵⁵ Keith Bassett and John Short, Housing and Residential Structures (London, Boston and Henley: Routledge & Kegan Paul, 1980), pp. 78-79.

⁵⁶ The "unintended" hypothesis discusses the impact of indirect policies of urban agents on the inner city. In this section we look at how urban agents have consciously or unconsciously exploited the inner city.

the systematic exploitation of classes under the capitalist mode of production. (No Reference).

} Source?
P. 238.

The institutional approach sees the inner city as being shaped by the interests of groups and institutions existing outside its boundaries.

As Boulding aptly states:

"... everyone knows that the problem with central cities is that decisions made on their behalf are not made by people who live there nor in fact have many of them ever been there, except passing through. They may live in the suburbs or in another part of the world altogether".⁵⁷

} P. 238.
Bourne

Besides being undiscerning of the dynamics and insensitive to the needs of the inner city, these decision-makers often place their own self-interests before that of inner-city residents. Therefore the academic literature abounds with examples of how speculators profit by driving inner-city residents to sell their properties to them cheaply so that they may resell them later at a higher price for private and public renewal;⁵⁸ how landlords, faced with low returns on their inner city properties, undermaintain or abandon them thereby adding to the cycle of decline;⁵⁹ how real estate agents structure housing choices and maintain

} Source
Bourne
P. 238.

57 Kenneth Boulding, "The City as an Element in the International System", Daedalus, 97 (Fall 1968): 117. (1st quoted in Bourne)

} Improper Ref. Attribution.

58 David R. Goldfield, "Private Neighborhood Redevelopment and Development: The Case of Washington D.C.", Urban Affairs Quarterly, 15 (June 1980): 453-468.

59 Michael A. Stegman, Housing Investment in the Inner City: The Dynamics of Decline (Cambridge, Mass.: M.I.T. Press, 1972).

ethnic and racial residential segregation by showing their clients homes in certain areas and not in others,⁶⁰ how urban renewal schemes are more beneficial to civil servants and private developers than to inner city residents;⁶¹ and how the automobile companies encourage the decline of urban transit systems;⁶² etc. The problem with the managerialist perspective is that it treats the actors as independent variables in the urban system. It does not push the search for the causes of inner city degeneration and regeneration into a broader political and ideological context that explains the interests of urban managers in the inner city.

The Marxists go beyond the institutional approach and attribute inner city decline and revitalization to the capitalist mode of production and its struggle to maximize profits. Marxist analysis argues that spatial forms are conditioned by the particular modes of production dominating the society under study. At the heart of the Marxist theory lies the view that in every society, except in the most primitive, the bulk of the population is engaged in production, while a tiny minority controls their labour and the things they produce.⁶³ For example, in a

60 Bassett and Short, pp. 85-89 and 97-98.

61 Bennett, Harrison, Urban Economic Development: Suburbanization, Minority Opportunity and the Conditions of the Central City (Washington, D.C.: The Urban Institute, 1974), pp. 117-118.

62 W.K. Tabb and L. Sawers, eds., Marxism and the metropolis: New Perspectives in Urban Political Economy (New York: Oxford University Press, 1978), pp. 14-15.

63 In an article entitled "Capital and Neighborhood in the United States", Urban Affairs Quarterly, 14 (March 1979): 289-312, Harvey Molotch identifies a third class he labels as "rentiers". This class makes their riches through manipulation of the sites both where production occurs, where capital is circulated (eg. banking, commerce), and where labour is reproduced (the neighbourhoods). He argues that the present trend in revitalization is due to this class's desire to trap as large a portion of exploited surplus values as possible from the environment they manipulate.

modern free-enterprise economy, the owners of factories, offices, transport, and so forth - the owners of capital direct the labour. The arrangements by which one class controls the labour of another are called the social relations of production. This relationship between a ruling class and a subservient one is inherently conflictual. Since capitalists make decisions based on their desire to make profits, they try in every way possible to pay workers only part of the value their labour produces, an amount just sufficient to sustain life and to reproduce the necessary workers for the next generation. Value produced by workers in excess of what they are given, Marx called surplus value; this is the basis for profit and other property income in our society. The conflict between the class who sells its labour and the class that decides how production takes place becomes the primary source of social change.

A second defining dimension of society relates to the size and skill of the labour force, the level of technology, the instruments or tools of production, and so forth, which are together termed the forces of production. Together with the social relations of production, they are known as the modes of production. The rest of society from the legal structure (parts of which are little more than codification of the social relations of production) to the family structure and even the prevailing personality structure - flows ultimately, though not mechanically, from the modes of production. Thus the physical and social structure of the inner city is seen by Marxists as the evolving product of the social forces of production and the class relations they engender.⁶⁴

⁶⁴ Tabb and Sawers, pp. 6-9.

In a well documented article, David M. Gordon⁶⁵ identifies three stages of Western capitalism: mercantile, industrial, and corporate and describes how the urban form has been shaped by the dynamics of capital accumulation and of class control that characterize each stage. In the beginning of the nineteenth century, cities reflected the characteristic structural logic of the Commercial City. Each city was divided into two parts. One part coalesced around the waterfront given that this was that era's mode of transport. Within the central district, many different occupational groups, filling the economic roles of buyers and sellers, defined by merchant capitalism, lived and worked in intimate, inter-mingling heterogeneous continuity. The second part of the city formed around the central port district. In it lived the transient, homogeneous poor. This urban form was the consequence of the dynamics of commercial accumulation which focussed on making profits through the exchange of commodities in the market place.

With the development of the factory system in the middle of the nineteenth century, the Commercial City was superceded by the Industrial City as capitalists turned toward making profits through the direct manufacture of the commodities that they exchanged on the market. To facilitate industrial accumulation, the Industrial City consisted of huge factories concentrated in downtown industrial districts near rail and water outlets; segregated working-class housing districts located near the factories so that workers could walk to work; middle- and

65 "Capitalist Development and the History of American Cities" in Marxism and the Metropolis, eds. Tabb and Sawers, pp. 25-63.

upper-class districts arranged in concentric rings along the transport spokes (in order to escape the noise, congestion and pollution of the central city); and shopping districts in the heart of the city to provide centralized shopping outlets for the goods produced.

Around the turn of the century, labour conflict began to intensify in the downtown central-city districts, as the economic units of production were being reduced into much larger units, ie. big corporations. In their search for stability, predictability and security, the corporations began decentralizing manufacturing outside the central cities and centralizing their administrative functions in downtown locations to be near other headquarters, banks, law offices and advertising agents. Again the forces of production changed the structure of the city. Its downtown shopping districts were transformed into central business districts, dominated by skyscrapers. Surrounding the central business district were emptying manufacturing areas, depressed from the desertion of large plants, barely surviving on the light industries left behind. Next to those districts were the old working-class districts, often transformed into "ghettos" locked into the cycle of central-city manufacturing decline. Outside the central city, there were suburban belts of industrial development, linked together by circumferential highways. Scattered around those industrial developments were fragmented working-class and middle-class suburban communities. The wealthy lived farther out.

Corporate capitalism not only altered the form of the Industrial City, it designed new cities to better maximize its profits. Free from the fixed physical capital of an earlier era, these "new" cities have no identifiable factory districts. Manufacturing and working-class housing

improvements are diffused throughout the city plane in order to prevent labour unrest and to minimize locational costs. Automobiles and trucks provide the connecting links, threading together the separate pieces.

More recently, the growth of the multi-national corporations, the expansion of the economy in the service sector and in high technology products has coloured the development of the inner city. Many of the older western industrial cities are seeing their inner cities and some, even their suburbs, lose employment and population as new capital investments are being located in the Third World to exploit cheap, low-skilled, unorganized labour in those countries, and in the "new" cities whose physical environment and labour pools are more suited to the needs of high technology. As corporate headquarters continue to concentrate in a few central business districts, only those central cities who have strong administrative functions, ie. New York, London, Paris, Washington, San Francisco, Toronto, Calgary, Vancouver, are seeing some revitalization of their older industrial cores.

In contrast to the view that the forces of production determine urban form, the neo-Marxists argue that suburbanization and inner-city decline is the result of capitalism's need to prevent the under-consumption crisis of the 1930s. P. Baran and P. Sweezy⁶⁶ postulate that there is a tendency in the monopoly capitalist stage for the economic surplus (ie. the difference between what a society produced and the socially necessary costs of producing it) to rise as the large firms that dominate the market collude to maintain price stability whilst competing through the introduction of cost-saving productivity improvements _____

66 Monopoly Capital (Harmondsworth: Penguin, 1966)

They then state, that the rising surplus cannot all be absorbed by capitalists' consumption or new investment outlets or increases in workers' income, so that the productive capacity to produce consumption goods expands faster than the effective demand for such goods. As a result, the rising economic surplus manifests itself not only in terms of declining aggregate profits but also in the form of employment and excess capacity.

Two major mechanisms have evolved in an attempt to absorb the surplus. First, there is what Baran and Sweezy term "the sales effect". This embraces a variety of strategies - the creation of new needs through advertising, the encouragement of mass consumption, planned obsolescence, etc. - aimed at increasing effective demand. Second, the state is given an increasing role to play in aiding capital accumulation (ie. financing transport, education, industrial development, urban renewal), legitimizing social relations and preserving social harmony.⁶⁷

According to the neo-marxists, the inner-city declined after World War II because the capitalist state through government subsidized mortgages and highway construction promoted suburbanization.⁶⁸ Suburban development with its focus on self-sufficiency in terms of a widening range of domestic goods and consumer durables was, according to Castells "the perfect design for maximizing capitalist consumption"⁶⁹ and was therefore highly touted in order to absorb the economic surplus. Thus, the inner city was made obsolete and discarded as one of the spatial and social scrap heaps of modern capitalism.

67 J. O'Connor, The Fiscal Crisis of the State (New York: St. James Press, 1973).

68 David Harvey, "Government Policies,, Financial Institutions and Neighbourhood Change" in Captive Cities: Studies in the Political Economy of Cities and Regions, ed. Michael Harloe (New York: J. Wiley and Sons, 1977), pp. 123-140.

69 M. Castells, The Urban Question: A Marxist Approach (London: Edward Arnold, 1977), p. 388.

Recently, shifts in the structural context of urban development have enhanced the profitability of investment in the core under particular conditions. In the last half of the twentieth century, the city has become a consumption artifact rather than a workshop designed for industrial production.⁷⁰ With the increase in leisure time, the wealthy owners of capital and the rentiers need sufficient concentration to spawn the cultural and recreational amenities that cater to their tastes. While these tastes can be served with numerous geographies, their satisfaction in city cores, close to both executive offices and cosmopolitan hotels, is particularly convenient. Upper-class consumption produces externalities that increasingly make the city attractive to middle-class uses, thereby enlarging the demand for urban space and raising the profitability of capital in real property.⁷¹ This in turn generates displacement of people of lower socioeconomic status and reduces the supply of low income housing.

2.7 The Fiscal Crisis and the Underclass Hypothesis

A synthesis of the ecological and exploitation hypothesis argues that the increasing financial and economic disparities of the inner city are caused by the demand for and use of its public services by suburban residents who do not bear their total costs. For example, the suburban population makes regular use of central city streets, parks, zoos, museums, and other facilities; its routine presence in the central city increases problems of the sanitation department and contributes to the

70 Harvey and Castells.

71 F. La Marche, "Property Development and the Economic Foundations of the Urban Question" in Urban Sociology, ed. C.G. Pickvance (New York: St. Martin's, 1976), pp. 85-115.

cost of fire protection; the daily movement in and out of the central city of the large population requires services that constitute a large proportion of the operating and capital budgets of both the police and regional streets' departments.⁷² Although partial payments are made by suburbanites to central cities in the form of transfer payments from upper-tier governments or user charges, limited research has shown that these sources do not generate the necessary revenue to cover the additional costs. William Neenan,⁷³ for example, in his study of benefit and revenue flows between Detroit and six of its suburban municipalities, shows that the suburban communities enjoy a considerable net gain from the public sector of Detroit. His analysis indicates that Detroit's net subsidy to its suburbs ranged from \$1.73 per capita for a low-income suburb, to \$2.58 per capita for a higher-income residential and commercial suburb.

A more subtle, yet just as important means by which suburban population exploit central cities is by not bearing their fair share of the welfare costs in the metropolitan areas. Through zoning restrictions and discriminatory practices, the suburban populations have been able to ensure that the under-class, the low-income and poorly educated people in the metropolitan areas are confined to the central cities. Suburban areas are therefore able to avoid the costs of public housing, public health and other welfare expenses that impose a heavy burden on the operating budgets of many central cities.⁷⁴

72 John D. Kasarda, "The Impact of Suburban Population Growth on Central City Service Functions", American Journal of Sociology, 77 (May 1972): 1111-1124.

73 "The Suburban-Central City Exploitation Theses: One City's Tale", National Tax Journal, 23 (1970): 117-129.

74 Berry and Kasarda, pp. 210-227.

One specific reason given for the fiscal crisis of the American inner city is the highly politically fragmented metropolis. In this setting the central city is burdened with increasing social costs, including the operating costs and consequences of numerous federal programs, but it receives less in total revenues due to its loss of middle- and upper-class families and of industrial plants. This produces the sharp inequalities between city and suburb as discussed in Chapter 1. A proposed solution to the fiscal crisis is the reorganization of urban government into a metropolitan structure which would spread costs and revenue more evenly over the urban area. This is true to an extent, at least if one looks at the financial situation of urban areas which have metropolitan wide tax sharing (ie. Toronto) or areawide services (ie. Minneapolis) or those that do not have restricted city political units (ie. Winnipeg).⁷⁵ But it dilutes further the power of minorities and does not guarantee that the suburban communities would be any more responsive to the needs of inner-city residents within a formal regional apparatus than without one.⁷⁶ Secondly, metropolitan reform does not address the growing difficulties faced by all local governments as they are asked to accept more responsibilities regarding the care of their residents, on the one hand, and to practice fiscal restraint within budgets of shrinking revenues, on the other.

2.8 The Social Class and Racial Conflict Hypothesis

Among the causes of inner-city disinvestment is the increasing domination of central space by poor, minority groups, notably blacks and hispanics in the United States, new Commonwealth immigrants in Great

75 Bourne, pp. 46-48.

76 Harrison, pp. 126-133.

Britain and native Indians in western Canada. According to Anthony Downs,⁷⁷ the nature and direction of urban development in the United States are affected mainly by the desire of many householders to segregate themselves from those they regard as socially, economically, or ethnically different. This desire expresses itself in the establishment of many separate suburban communities politically dominated by middle- and upper-income households, the maintenance of exclusionary zoning laws and building codes, and differential enforcement of such laws in various parts of each metropolitan area. The resulting pattern of urban development concentrates the poorest households in deteriorated neighbourhoods near the metropolitan center. There, many find little escape from environments dominated by high rates of unemployment, crime, vandalism, arson, physical decay, broken families, and other social maladies.

Because the dominant culture isolates minorities, it lacks everyday experience and contact with them, and thus it tends to project upon them an exaggerated image of those traits it views as contrary to its values. For example, many North Americans unjustly label all North American Indians as lazy, irresponsible and drunkards. This in turn prompts the dominant group to devise ways of preventing minorities to reside in their midst or to flee to neighbourhoods which reflect its values thereby contributing further to the decline of the inner city.

Marxists argue that capitalism maintains ethnic/racial residential segregation because it generates intraclass tension, which carried over in the workplace inhibit working-class unity.⁷⁸ The problem with

77 Urban Problems and Prospects (Chicago: Markham Publishing Company,, 1970), pp. 75-114.

78 Molotch, p. 302.

residential segregation is that poor minority groups are a limited source of profitability to inner-city merchants, property-owners, and governments. During the late fifties and early sixties, when minority groups were relatively quiescent, they were viewed by the governmental and corporate sponsors of urban renewal as drains on the economic base.⁷⁹ Urban renewal programs, which sought to remove them and replace them with higher-income residents, floundered, however, when private investors shunned and cleared land encircled by deteriorated neighbourhoods.⁸⁰ Whereas European governments at that time were constructing suburbs to house their working classes, the United States offered no similar program to coopt discontent over relocation. Continued efforts at clearing ever larger amounts of land were brought to a standstill during the middle sixties, and early seventies, when urban riots and political movements attacked the hegemony of the city officials and downtown business interest who comprised the "pro-growth coalition".⁸¹ Urban minorities thus limited the economic potential and threatened the political control of core locations. More recently, the decline in racial militancy and shifts in the structural context of urban development has fostered an interest by investors in redeveloping certain parts of the core in certain cities. This raises concern that in those inner areas which

79 W.D. Slayman, "The Operations and Achievements of the Urban Renewal Program" in Urban Renewal: The Record and the Controversy, ed. J.Q. Wilson (Cambridge, Mass.: M.I.T. Press, 1966), pp. 189-229.

80 H. Kaplan, Urban Renewal Politics: Slum Clearance in Newark (New York: Columbia University Press, 1963).

81 J. Mollenkopt, "The Postwar Politics of Urban Development" in Marxism and Metropolis, eds. Tabb and Sawers, pp. 141-145.

attract investments, minorities will be displaced and possibly further disadvantaged, and that in those inner areas which do not attract investments, their physical and social well-being will be left to deteriorate further. In either case, minorities will again bear the costs of capitalism.

2.9 Summary: Factors of Inner-city Decline or Revitalization

None of the hypothesis outlined in the chapter adequately describes on its own the dynamics of inner-city decline and revitalization. But each contributes to our understanding of some of the forces at work. Perhaps the most useful summary is to distill from each hypothesis those factors which act to push people and business out of the inner city and those which act to draw them to it. Table 13 identifies in tabular form some of these factors. It is important to note that the effect of each factor varies between cities and over time. A mix of conditions which in one city may lead to revitalization, in another may not.

Table 13 Factors Underlying Decline and Revitalization

Revitalization Factors	Decline Factors
In a city gaining population	In a city rapidly losing population
In a city with a strong economic base	In a city with an eroding economic base
Close to desirable amenities, ie. parks, etc.	Far from desirable amenities
Structurally sound buildings with good designs or historic interest	Poorly designed and constructed buildings with no historic interest
High owner occupancy	Low owner occupancy
Small rental units with owners living on premises	Large rental apartments with absentee owners
A declining number of poor households	A growing number of poor households
Close to high-income neighbourhoods	Close to very poor neighbourhoods

Table 13 (cont'd)

Revitalization Factors	Decline Factors
New infrastructure	Deteriorating infrastructure
Abundant/inexpensive mortgage financing	Restrictive/expensive mortgage financing
Low property taxes	High property taxes
Good schools and services	Poor schools and services
Free of polluting industries	Presence of polluting industries
Little vehicle traffic, especially trucks on residential streets	Heavy vehicle traffic, especially trucks on residential streets
Low crime and vandalism	High crime and vandalism
Stable land use	Extensive threat of redevelopment
Strong, active community organizations	No strong community organizations
Low vacancy rates	High vacancy rates
Low turnover and transiency among area residents	High turnover and transiency among area residents
Increasing house prices in suburbs	Competitive housing prices in suburbs
Aesthetically pleasing environment	Blighted and dirty environments
Fast, efficient transit system	Fast, efficient road system
Restricted access to suburbs	Good access to suburbs

CHAPTER 3

THE FUTURE OF THE INNER CITY: PROSPECT AND ISSUES

Cynics - or realists might by now say that we have been here before and will doubtless be here again. The inner city problem, they argue, is like the problem of the poor: it is always with us. For the poor, if one accepts the concept of relative deprivation, the old adage is by definition true. For the inner city, however, it is not necessarily true at all. As we have seen in the previous chapter, revitalization and decline is stimulated by the differential profitability of locations; we should by no means assume that geographical values remain unchanged. Once Edmonton and Calgary prospered while Winnipeg languished, now the roles are reversed. In this chapter, therefore, we look forward. Will the trends, outlined in Chapter 1 persist from the 1960s and 1970s into the 1980s and 1990s? Or will the processes tend to weaken, and the inner cities reach some kind of equilibrium? We ask what kinds of forces - technological, economic, social or political - could affect the future of inner cities? We speculate on the kinds of problems that may loom uppermost for public policy in the year 1990.

3.1 Sources of Change: Signposts to the Future

The future development of the inner city depends on four bases: past events whose impress will remain for decades to come; present decisions that might be accompanied by profound consequences for

succeeding generations; existing aspirations and expectations that pull us in certain policy and program directions; and surprises that are presently unknown and unanticipated.

Chapter 2 identified a list of factors that have contributed to inner-city decline and revitalization. In this section, five primary sources of change are selected and are discussed in terms of their impacts on the future development of the inner city.

3.1.1 The Post Industrial Economy

The rate of growth and the composition of the gross national product (GNP) have significant consequences for the development of urban areas. In periods of rapid growth, for example, investment activities have accelerated the deconcentration of employment and population. Moreover, shifts in industrial composition change the locational advantages of some areas because of geographic differences in the cost and availability of factors of production and market accessibility.

Speculatively, it seems most likely that economic growth in the advanced industrial countries will be fairly heavily constrained down to the end of the century by energy and resource shortages, coupled with the challenge of newly industrializing countries. All this is likely to put a premium on the ability of any nation to compete through efficiency -- which might be efficiency in the use of energy and materials, efficiency in the use of manpower, or a combination of the two. There may well be an acute clash here between the private balance of costs and benefits, that will suggest increased automation and labour shedding, and the social balance that will suggest redeployment and work sharing.¹

1 Peter Hall, ed., The Inner City in Context (London: Heinemann Educational Books Ltd., 1981) p. 119.

Many of the future scenarios - whether optimistic or pessimistic - also assume that certain stable industries (steel, ships, cars, etc.) are going to be threatened by a combination of weak secular growth of demand (due to lower population growth) and competition from highly efficient newly industrializing countries (Korea, Singapore, Brazil, Mexico). This suggests that the right strategy for the advanced countries will be to get out of such aging staples as fast as they can, developing instead such important new industries as electronics and microprocessors, the exploitation of energy and mining resources in the oceans, the development of new sources of energy, and with less certainty, the bio-engineering industries.²

For the inner cities, the message of such scenarios is far from comforting. The inner city's innovative character is limited because its industrial milieu is dominated by small and less productive firms. This may be compounded by old plant and equipment and by negative characteristics among the labour force. In so far as some inner city firms do produce the technological innovation, that very fact may render them prone to take-over by other firms, especially multi-plant enterprises. Further, many inner city residents now work in relatively low-level service jobs, which are particularly open to capital substitution through technological innovation - especially through new information technologies depending on the micro-processor.³ Firm

² Organization for Economic Cooperation and Development (OECD); Interfutures: Final Report: Mastering the Probable and Managing the Unpredictable (Paris: OECD, 1979) pp. 114-118, and Sharp, M., "Technology and Growth: The Challenge of Long-Term Structural Change", Futures, Vol 12, p. 378.

³ J.B. Goddard, and A.J. Thwaites, Technological Change and the Inner City (London: Social Science Research Council, 1980) pp. 71-84

evidence on these assumptions is so far lacking, and the pessimistic conclusions of C. Jenkins and B. Sherman⁴ have been challenged by optimists⁵ who argue that micro-processors may spawn production innovations that may create more jobs than are lost by the process innovations they will undoubtedly bring. But, if the news of the pessimists have any point, then a low growth era - accompanied by tough international and inter-regional competition - would spell even worse trouble for the inner city: its poor competitive position would show up even more starkly, and it might survive only by maintaining a pool of poorly paid labour in competition with more innovative, more highly-capitalized units in other regions and in other countries.

As mentioned in Chapter 2, basic economic activities in Canada, Great Britain, and the United States are shifting from primary and secondary employment to the tertiary and service sectors. These true growth industries seem to show a continuing affinity to the central business districts of the largest cities, though admittedly, some have recently moved out to a variety of locations, including suburbs and small towns.⁶ These industries also tend to employ a remarkably wide spread of different kinds of workers - ranging from top managers and editors, professors and television producers, all the way to porters and cleaners. Further, the income and employment multipliers are once again high, so such industry can trigger off a broad-based growth in service industries.

4 The Collapse of Work (London: Eyre Methuen, 1979).

5 Cooper, A.C. "Spin-offs and Technological Entrepreneurship: What do we know?" in Research and Development Management, 3 (1973): 59-64.

6 Daniels, P., ed., Spatial Patterns of Office Growth and Locations (London: Wiley, 1979).

The drawback of this scenario is that it may apply to a few cities, but perhaps not many others. There is some evidence that large-scale organizations in these sectors are tending to concentrate their activities in relatively few top-order cities, thus deserting the second-order provincial capitals. And even the biggest places, there tends to be a degree of decentralization to satellite towns within the broad metropolitan sphere - as from New York to Stanford and New Haven, London to Reading or Basingstoke.⁷ Though formerly affecting the more routine kinds of office function, this is now taking top-level functions out of big cities. If this movement spreads as a result of better communications - especially as a result of the microprocessor revolution - it could mean again the inner city will become almost the least favoured location. But this will depend in part on the locational preferences of key workers in this sector.

3.1.2 Social Change: Demography, Attitudes, and Values

Post-World War II increases in real income, population growth, and a familistic lifestyle fuelled the demand for low-density, single-family suburban homes. Given the middle-class norms of the 1950s and 1960s, millions left the inner cities in search of homes in suburbia. Changes in the population's composition and values hold potential for reversing or at least slowing down the process of suburbanization.

Canada's population growth rate is rapidly approaching zero; fertility rates are the lowest in the nation's history and foreign immigration has been somewhat curtailed by the fact of rising unemployment.⁸ It has been anticipated that these trends will continue

⁷ Hall, p. 121.

⁸ Robinson, pp. 9-10.

into the 1990s.⁹ This means that the prospects of inner-city revitalization due to population growth are limited and that if growth occurs in one locality, it will do so at the expense of others.

The potential positive effects of social change on the inner city lie in the recent changes in the age and household composition of the population. The late 1970s and the early 1980s witnessed a dramatic increase in the proportion of young adults (due to the postwar baby-boom), an increase in the number of senior citizens (due to longer life expectancies), a decline in marriage rates and an increase in divorces and separations (due to changing social values). Thus, it is anticipated that in the 1980s and 1990s, there will be a growing number of adult-oriented households - single adults, childless couples, single-parent families, and groups of unrelated individuals. In the past, these adult households have generally preferred high-rise apartments and town houses close to services and leisure activity and where non-nuclear family are more acceptable.¹⁰ Given that the inner city contains a higher proportion of multiple units, lower rents, and closer proximity to services and entertainment, it is hoped that it will continue to attract non-and-single family households. On the other hand, these assets may be offset by the negative images of the inner-city (ie. congestion, pollution, noise, crime, and sterility) if these are not corrected in the near future. Secondly, although it is projected that the inner city will see an increase in households based on recent changes in household composition, this increase does not imply its immediate demographic and economic recovery. In general, the size of

9 Ibid., pp. 75-76.

10 Ibid., pp. 60-61.

non-and-single family households are smaller and their incomes are less than the families who left the inner city in the 1960s and 1970s.

The attitudes and values of Canadians towards fertility, immigration, and the desirable total population size of Canada and of individual urban centers will have a marked effect on the future of the inner city.¹¹ One of the underlying reasons for the sharp drop in the fertility rate since the 1960s has been a change in women's attitudes towards work, marriage, desirable family size, birth control and abortion, among other factors, and it is generally anticipated that these attitudes and values are likely to prevail in the future. However, it certainly is possible that changing economic circumstances to mention but one possible influence, could alter these attitudes.

With respect to immigration and desirable total population size of Canada, it should be noted that public opinion polls at least up until 1974 indicate that the proportion of Canadians who feel the present population size of the country as a whole (at the time of the poll) is just about right was increasing, while at the same time the proportion who feel it should be much larger has been decreasing.¹² How Canadians might react to this question in the future if population pressures and economic or political conditions in the Third World become so intolerable that substantial numbers are knocking on Canada's door is problematic.

11 This section is taken from Ira M. Robinson and Walter Jamieson "Values and Alternative Urban Futures as the Basis for Policy Making" in Canada: An Urban Agenda, ed. H.P. Oberlander, (A.S.P.O./C.P.A.C., October 1976) pp. 85-104.

12 N. Tienhaara, Canadian Views on Immigration and Reputation: An Analysis of Post War Gallup Trends (Ottawa: Minister of Supply and Services Canada, 1974).

(The positive attitude and favourable reactions to the recent entry of large numbers of Vietnamese refugees may be a partial answer to this question - despite the ambivalent attitude of the federal government.) In particular, it is not certain how Canadians would react to a proposal to import foreign workers, in times of high unemployment, to fill positions where certain skilled manpower is lacking.

The nature and direction of future Canadian settlement pattern will be coloured by Canadians' attitudes to space and to settlement size. Until now, the goals of individual consumers, especially families with children, has centered on the acquisition of a single-family dwelling in the suburbs. Most experts in the building and real estate industry expect suburbanization to continue in the next two decades. They acknowledge that there has been some trend in recent years toward inner-city living in renovated older houses or luxury apartments in many Canadian cities, and foresee this trend continuing over the next two decades, but only for a limited market; mainly for young professionals, either single or childless, and wealthy older couples with adult children. The vast majority of new households, they assume, will continue to prefer their own single family, detached home and lot, particularly during child-rearing years. With land in urban cores limited for this type of housing, plus its high price, these households will seek to fulfill their needs in the suburbs and perhaps in small cities and towns and rural centers outside metropolitan areas. Indeed, land developers will stimulate that preference because they have already bought up much land on the urban fringe and are waiting to reap the profits that should result from those actions.¹³

13 Stone, Leroy O., "Statistical Futures: What Urban Distribution Can Canada Expect" in Urban Settlement Distribution: The Dynamics of Canada's System, Occasional Papers, no 11 (Vancouver: University of British Columbia, 1979) pp. 92-93.

It seems to this writer that the experts are ignoring certain important counter trends. First, they are underestimating the tendency toward non-family households that have been so pervasive during the past decade and which, according to some experts, will continue in the future because it reflects certain underlying life-style changes in society.¹⁴ Secondly, because of the fluidity of new family households and the looser legal links among their members, there may be a preference for special forms of multi-unit housing (eg. condos and co-ops) in contrast to the rigidity of tenure and the amount of maintenance associated with ownership of single dwellings.¹⁵ Thirdly is the possible impact of a continuation of current economic conditions (especially inflation and high mortgage interest rates) on attitudes towards housing preferences. Many studies in recent years have warned about the increasing difficulties faced by young, growing families to afford new housing, especially single-family homes.¹⁶ If inflation and the high cost of housing were to continue, this could result in a dampening effect on demand for new housing especially single-family housing.

With regards to attitudes to settlement size, there appears to have been in recent years a shift in the location preferences of a substantial number of Canadians, a preference for smaller towns and rural settings,¹⁷ following similar trends in the United States and Western Europe. This

14 See Peter A. Morrison, "Demographic Trends That Will Shape Future Housing Demands", Policy Sciences, 8 (1977): 203-215; and William Alonso, "Urban Zero Population Growth", Daedalus, Special Issue, The No-Growth Society, 102 (1973): 191-206.

15 Robinson, p. 60.

16 Ibid.

17 Ibid., pp. 36-42.

is in marked contrast to earlier periods when the overwhelming majority of people in all these countries were moving to and remaining in the larger urban centers. How Canadians will view this issue in the future will depend upon a number of factors including, among others, their perceptions at the time of the desirable attributes of these different sized centers,¹⁸ actual urban developments in these centers (will they have more crime, unemployment, etc.?) and, most importantly, the extent of the energy crisis and how individuals and families will respond to it in terms of their settlement preferences.

Thus during the next two decades, attitudes towards household formation, child-rearing, housing and location preferences will have a significant role in determining the revitalization of the inner-city.

3.1.3 Energy Constraints

The energy crisis of the 1970s awakened man to the way energy - in its various forms, price and availability, had facilitated new forms of urban spatial organization to the detriment of the inner-city. This section examines Canada's energy future and how projected changes will affect the development of the inner city. Here, as usual, there is much disagreement among the experts. From a recent literature review of energy forecasts,¹⁹ the author concludes that although there are major uncertainties about the ultimately recoverable resources of oil and gas,

¹⁸ For a review of a survey of Canadian public attitudes towards the desirability of different sized urban centers and attributes of such centers which are preferred and those which are not, see Central Mortgage and Housing Corporation, Public Priorities in Urban Canada: A Survey of Community Concerns (Ottawa: CMHC, 1979).

¹⁹ Claudette Toupin, "Can Canada Be Self-Sufficient in Energy in the Year 2025", unpublished paper.

there will be no problem of physical availability of energy in Canada for at least the next hundred years. This statement rests on the assumption that Canada will continue to devise measures to conserve oil and gas for premium use and to increase its supply and use of non-conventional fuels such as coal, nuclear, hydro, wind, solar, biomass, and geothermal sources. What is certain, is that the price of energy will continue to rise as Canadian sources of cheap and versatile oil and gas are rapidly depleted and replaced by more expensive imports or alternative energy technologies. Thus, although Canadians may have an assured supply in the next twenty years or so, there is no possibility that we will return to the low-cost energy situation which prevailed throughout the 1950s and 1960s and on which the planning of cities has been based.

If this is so, what might be the consequences of more expensive energy for urban patterns of settlement? Are the effects likely to reinforce recent trends towards population deconcentration, or are they likely to cause a reversal and draw people back to the inner city? Unfortunately, there has been little basic research undertaken or data collected on the relationship between rising energy costs and peoples' location lifestyle preferences. This has led to the formation of two schools of thought on the issue.²⁰ The proponents of the first school of thought argue that increasing energy prices will discourage people who work in the city or use its specialized cultural, shopping, and entertainment facilities from living in suburbs, small towns or rural areas. This applies in particular to the increasing number of

²⁰ There is no single source for the two schools of thought: the arguments have been drawn from two sources and combined into the polarized positions. The arguments are found in Daniel R. Vining, Jr., "The President's National Urban Policy Report: Issues Skirted and Statistics Omitted", Journal of Regional Science, 19 (February 1979): 69-78; and Dale G. Keyes, "The Influence of Energy on Future Patterns of Urban Development", in The Prospective City, ed. Arthur P. Solomon (Cambridge, Mass: M.I.T. Press, 1980) pp. 309-325.

two-worker families, since the likelihood of the husband and wife finding suitable jobs in a small center is slim, requiring at least one to commute to the city. Thus, faced with mounting commuter costs, they could choose to live in the city near their places of work and where less expensive public transport would be available.

The other school of thought argues that only under extreme energy price increases could we envision people rushing back to the city. The rationale for this position is two-fold. Energy costs are only one element in the location decision of urban households and firms. Disposable income and lifestyle preferences are other key determinants. Secondly, faced with rising energy bills, households can employ a variety of strategies to reduce their energy consumption rather than change their place of residence. They can take fewer but multi-purpose trips, use carpools or mass transit, or opt for smaller and more energy-efficient cars. Also, households now occupying single family homes can improve the energy efficiency of their homes by reducing the total space to be heated or cooled, adding storm windows and doors, installing additional layers of insulation, or buying more efficient furnaces or air conditioners. Finally, households can move to more energy-efficient houses on smaller lots, clustered along rapid transit routes, as being presently developed in the suburbs by house builders. The response people choose will depend on the magnitude of future energy price increases relative to income gains, the energy economy to be realized by their choices, and the time span over which their decisions extend. Only if households choose locational responses to increased energy costs shall we see meaningful

changes in the physical structure of metropolitan areas. Thus, the notion that energy shortages will save the inner city, therefore, is probably a dangerous myth.

3.1.4 The "Micro-Chip" Revolution

If there are any forces that might upset the trend scenarios, it is more likely that they will be technological in character. One is that of the rapid development of a new generation of information processing machines in the 1980s and 1990s, which many forecasters believe will constitute the "micro-chip revolution based on electricity and the internal combustion engine. Although the evidence so far is limited, there is no question about the potential deconcentrating impacts of the new telecommunications technologies. A key feature of these activities is that many of them can be performed on a small scale and are highly footloose in character; that is, they are not locationally bound as is resource extraction, manufacturing, and even population-serving activities such as retail trade. Emergence of new technologies in the area of communications eliminates the need for people to travel great distances to work together or for people to be employed in the same large city on a face-to-face basis as has been the pattern in the past. As a consequence, these activities are essentially free of locational constraints and have great latitude in their choice of places to do business.

The new technology, Godard and Thwaites²¹ suggest, is likely to have three main impacts. First, there will be a whole range of new industrial

²¹ pp. 1-81.

products in which microelectronics form a major component. These will probably displace older technologies (mechanical telephone exchanges, speedometers, etc.) with quite drastic effects on some localities. Further, the new electronics are likely to appear in different places from the old, because they will tend to seek high quality environments to attract their highly skilled top staff. The inner cities, as stressed earlier are unlikely to prove very competitive on that count.

Second, there are process innovations concerning the way in which goods are made and services are provided. In manufacturing, robots and large-scale automation are likely to eliminate both skilled and unskilled jobs. The spatial impacts are difficult to assess, but Goddard and Thwaites suggest that the main effect will be felt in areas with a large skill input like the steel and metal working industries and the publishing and printing businesses. More important could be the process innovations in the service industries, through computerization and, above all, office automation. The impacts here will probably be the reduction of routine clerical jobs and the continued decentralization of offices to avoid the high costs of downtown real estate and congestion.

Thirdly, Goddard and Thwaites suggest, there will be effects upon managerial innovation, that is the new technologies will open up new possibilities for the management of organizations. Currently, in many organizations the top-level managerial functions seem to be increasingly concentrated in the larger cities - not merely on a national, but also an international scale. Goddard and Thwaites argue that as routine contacts can be substituted by telecommunications, it would be most logical to decentralize top management in the manufacturing sector to be close to the production process. Thus they predict that office functions in

manufacturing industry are likely to follow the production plants out of the inner cities and into suburban or exurban locations, while service office functions that have traditionally occupied central locations because of the need to draw on a large labour pool may experience big substitution of capital for labour. So the implications of the electronic management revolution do not look promising for the inner-city.

3.1.5 The Changing Role of Governments²²

In the midst of the above-mentioned economic and social reorganizations, the role of government and intergovernmental relations have also been changing, but not necessarily at the same rate nor in the same directions. After World War II and up to the late 1970s, central governments played an important role in shaping urban areas by designing and financing housing programs, transportation projects, urban and rural redevelopment schemes, job creating programs, etc. More recently, the political pendulum has swung away from public intervention and towards deregulation of the economy and some social services and a decentralization of public responsibility, in both fiscal and constitutional terms, to lower levels of government.

Although these are to a degree appropriate and sensitive shifts, they are nonetheless at odds with the increasingly dense and broadening spatial scale of economic integration, population migration and social interaction reflected in the preceding trends. The latter calls instead

22 The views in this section are a mixture of the writer's and those contained in G.S. Bourne, Designing the Future: A Perspective on Recent Trends and Emerging Issues in Ontario's Urban Environment, Research Paper No. 129 (Toronto: University of Toronto, Centre for Urban and Community Studies, 1981), pp. 12-14.

for both larger and more flexible administrative units for governing our urbanized landscape. In addition, these changes are also occurring at the same time as the ability of local government to respond has in many instances been diminished by a reduced flow of revenues and rising costs. Thus there seems to be a growing mismatch between the organization of government and the structure of the society to which it is responsible.

Any rearrangement of current governmental responsibilities in Canada is, needless to say, complicated by the present constitutional settlement and by the mounting pressures for a further decentralization of power and new revenue-sharing agreements among different levels of government. In the climate of international economic uncertainty described earlier, notably in terms of manufacturing, interest rates and commodity prices, the federal government has the most, albeit limited, capability to deal with those externally-derived factors affecting urban growth. Local government has the least, and as noted, a declining capacity to respond. One additional consequence of further political decentralization, without a reassessment of appropriate levels of responsibility, is likely to be a wider differential between winners and losers, both at the regional and municipal level.

The future role of government in the inner city could be influenced by Canadians' attitudes to individual-institutional relationships. Attitudes towards government may range from a dislike or distrust of traditional institutional arrangements and delivery systems to one which favours greater government control, intervention, and centralization. The former could spawn a more direct, decentralized, and local-level means of services based on voluntary relationships. The latter option might be encouraged by a feeling that strong government control is

necessary to correct, for example, income disparities, environmental degradation, land use malpractices, an inadequate supply of low-cost housing, and energy shortages. The recent trend toward government involvement in various aspects of urban life and urban development could be tempered, if not counteracted completely if Canadian citizens, especially tax payers, adopt a more conservative attitude toward public employment and government finances at all levels of government. It is just possible that tax payer movements may emerge in the coming years aimed at limiting the size and scope of government, at the local, provincial and federal levels - as has occurred recently in the United States. Specifically, this attitude, if actually implemented by governments, could mean the contraction of public employment which in the past was a prime source of growth for various inner-city areas.

3.2 Future Urban Forms: Contrasting Scenarios

The preceding trends could lead to very different kinds of future living conditions and urban forms. At this point it seems appropriate to pull these disparate considerations and tendencies together as a basis for speculating on the future form and environment of Canadian inner cities. In one obvious sense that future is here now. The bulk of the physical infrastructure, housing and population of the year 2000 is here now. In another more relevant sense, the future remains to be designed. Over the next few years decisions on social service provision, new investments in transportation, land use regulations and local government financing will effectively lock-in certain options on urban development while excluding others.

Perhaps the most concise method of illustrating the range of future alternatives is to describe two simple contrasting scenarios. At one

end, the trends to a decentralization of jobs, alternative life styles, and new communications technologies point to a future urban form which is increasingly decentralized, low density and dispersed. Earlier retirement, flexible and shorter workweeks, the attraction of country living and a reaction against rising congestion costs, crime and pollution in the core of the city could facilitate this pattern. It may be that housing would be more family oriented, job locations could be more polarized between short and long distance trips, thus discouraging the use of public transit. In a context of slow growth, such decentralization would leave an inner city that is deteriorating and thinned of its population. It might also produce a rural-urban fringe that faces severe problems of service provision, ecological-environmental destruction, increasing traffic congestion and the loss of good agricultural land. Thus, some fringe area municipalities would face the massive fiscal burdens of rapid growth, while others would have excess and underused infrastructure.

At the other extreme is the movement toward a more centralized, compact and higher-density city, reflecting perhaps rising energy costs, an aging population and other life style changes. This form would be in general more adult-oriented, with higher proportions of two-income households, extensive redevelopment, shorter journeys to work, smaller housing units and higher land prices. Urban sprawl under this scenario would be sharply curtailed following the reduced demand for suburban single-family housing and low-density industrial sites. The inner city in turn could become the exclusive territory of the very rich, displacing and scattering the poor. Private investment would turn inward toward the central core and substantial public investments would be necessary for

improved transit facilities and infrastructure. Under slow growth conditions, the latter scenario could lead to problems which are the reverse from those above. Most notable would be the potential decline of the older, or less attractive suburbs and poorly located ex-urban developments.

In reality of course the path to the future will be much more complex and uncertain than is implied by these two examples. The most likely scenario involves a balance of those two alternatives, but with different urban areas in the country arrayed along a continuum between the two extremes. Those cities with a weak historical and commercial core, a concentration of heavy industry, pollution problems and a declining rate of growth will likely follow the path to further dispersal. Those cities with a commercially strong and attractive core, with a relative absence of environmental disamenities and an economy based on services will more likely move in the opposite direction. In larger cities, both tendencies can and will appear together.

3.3 Emerging Issues

The range of specific policy issues which flow from past trends and future scenarios is broad indeed. This section identifies three areas of concern for the development of inner cities: deteriorating environment and infrastructure, economic malaise, and social problems.²³ Later, in Part II of this thesis we will discuss the policy tools available to deal with these problems.

3.3.1 Deteriorating Environment and Infrastructure

Improvement of the inner city's physical environment will continue to be a prime objective of urban policy in the 1980s. Otherwise capital

23 This categorization is an approximate device as some issues straddle these categories.

and people will continue to migrate to the urban periphery. First, there is the need to renew inner city buildings, roads, municipal services, etc. that have deteriorated under the effects of weather and time. Secondly, there is the need to modernize the urban environment whose age fails to meet the rising expectations of the population and to keep abreast of changing technology.

Market mechanisms have yet to deal adequately with the problems of maintenance and modernization. Except on the margins of a few, expanding central business districts, the demand for replacement uses is too low, and the cost of reinstatement of the land is too high, for the private sector on its own account to replace the old, outworn and obsolescent buildings of yesteryear. Public intervention has become the essential catalyst, but carries its own problems; heavy financial costs, and bureaucratic delays. The issue is one of building confidence in the future of an area, so that public sector plans and private sector investment are complementary. This has been achieved in areas where there is clear evidence of demand for space. But the problems are more intractable in inner-city areas where demand is lacking and is reflected in abandoned buildings and vacant land.

3.3.2 Economic Problems

In the future, inner city areas will continue to be plagued by economic malaise both in the erosion of their economic base and in the decreasing range and number of job opportunities accessible to their residents. As discussed previously, central cities are no longer the primary competitors for growing industries and businesses. Technological innovations and agglomeration diseconomies have led manufacturing and service-sector firms to locate on suburban and exurban sites with easy

access to freeways, plentiful low-cost land, adequate off-street parking and loading areas, and the amenities of a semi-rural landscape. This is expected to continue as Canadian firms are called upon to become more efficient in order to compete successfully in tough domestic and international markets. The policy questions facing the inner city's future development are difficult ones. Should governments undertake major investments in the inner city or should they help area residents and businesses adjust to lower economic activity? How does one facilitate economic regeneration of the inner city in a time of limited resources and in the context of highly competitive markets? What kinds of economic activities should be promoted to secure a solid economic base for inner areas?

Another dominant challenge for urban policy-makers is how to stem the growing unemployment found among inner city residents. The problem of unemployment in the inner city is three-fold. One, the nature of job opportunities is changing. There is a decreasing demand for unskilled and semi-skilled workers and an increasing demand for professional, technical, managerial and sales occupation as the economy shifts to higher technology and greater, more sophisticated services. Two, the proportion of unskilled inner city residents is increasing as the professional and managerial classes, the non-manual and skilled manual workers move away and inner city youth forego further education. Three, as the labour force is augmented by growing numbers of women, it appears that many entry-level jobs, which in the past would have been claimed by low-skilled inner city workers, are now being filled by white suburban housewives.²⁴ Given the inadequate social and educational skills of many

24 Schwartz, G.G., "Urban Policy and Inner Cities in the United States", in Advanced Industrialization and the Inner Cities, ed., G.G. Schwartz, p. 51.

inner city residents, how does society help these people find permanent work? Or do we begin re-training them for a future leisure society?

3.3.3 Social Problems

In the past, selective population migration and the operation of housing and labour markets have led to spatial segregation in which the poor, the unemployed, the elderly, the handicapped, the mentally-ill, the criminal offender, etc. are disproportionately concentrated in the inner city. Despite improved social welfare programs since World War II, the future of the inner city does not hold any promise of a reduction in numbers of people who strongly rely on the public sector to meet their basic needs. In fact, if restraint becomes the buzz word of the 1990s, there is concern that the inner city will be faced with an increased concentration of society's most disadvantaged groups and individuals. Thus one of the most crucial policy issues in the 1990s will be how to achieve desegregation and population balance within declining urban areas.

The concentration of the disadvantaged in the inner city has resulted in the failure of the area to adequately provide for the local needs of its inhabitants be they social programs or facilities in the fields of health, education, housing, recreation or employment. One of the causes of this failure is the lack of services in relation to the needs of the population, or in comparison with other richer areas: for instance inner cities require a greater number of public recreational programs and facilities because their lower disposable incomes limit their access to private sector facilities and activities. A second cause is that public agencies are organized according to their own internal logic and statutory requirements to deliver a particular service in the

most efficient manner. Their clients have a variety of needs, which do not necessarily correspond to the same terms as those used by the agencies. The result can be agency failure to provide services that meet inner city residents needs in an effective way. The challenge of public policy in the 1980s and 1990s will be to reduce these above-mentioned problems.

Despite the social malaise, crime, violence and poverty associated with inner-city neighbourhoods, inner city life breeds strength for many of its residents. Ties of ethnicity and familiarity provide inner city residents with informal support mechanisms. Government programs have often inadvertently eroded these strengths by disrupting neighbourhoods and social relationships. The problem facing policymakers is how to build on these strengths so that the disadvantaged can become active participants in the social and economic life of western society.

3.4 The Challenge of the Inner City

To design urban policies that will deal effectively with the present and future problems of the inner city is a formidable task. First, the complex character of inner city problems is not susceptible to simplistic solutions. There is a need to define, analyze, and tackle urban issues as a cluster of interrelationships. To do this, planners will have to link land use planning more effectively to broader planning functions such as in social service provision and regional economic planning. This will require innovative mechanisms for co-ordinating the actions of governments and the private sector.

When one looks ahead, the greatest challenge facing policy-makers will be to design programs and policies in a period of slow economic growth. In the past, planners focussed on controlling growth; in the

future, they will be called to manage the consequences of population and economic decline. In many instances, they will have to learn to use existing resources in terms of manpower, housing infrastructure, and public services more efficiently and how to build more flexibility in allocating and designing new resources. They will have to be more sensitive to the socio-political repercussions of their policies so that these do not create larger inequalities between cities and social groups in the future. In addition, they will have to develop administrative machinery for allowing some cities to contract in size, or to grow old gracefully, without undue social or financial consequences.²⁵

Finally, the trends facing the inner city are extremely powerful. To reverse them will require some quite fundamental transformation in social and political attitudes, in government policy and in the structure of the economic system in western industrial nations. Political fortitude will be required to maintain public developmental efforts and outlays and to divert them more to qualitative improvements of the inner city, in the face of obviously lessened needs for quantitative expansion and the likely continuing pressure to reduce taxes and expenditures by suburban tax payers. Neither the magnitude nor the complexity of these trends should be a licence for inaction nor the paralysis of our decision-making apparatus. That would simply leave the future of our inner cities to a combination of unequal market forces, the unintended effects of other government policies and random external events. Instead, it should be an incentive to undertake careful analysis and more sensitive thoughtful but consistent policy responses, not just based on political expediency.

25 H. Gans, "Planning for Declining Cities", Journal of the American Institute of Planners, 41, (September 1975): 305-307.

PART II

Policy and Program Responses

Chapter 4

Policies and Programs to Promote Inner-City Revitalization

As discussed in Chapter 3, the inner-city faces three major problems: the aging and obsolescence of its physical environment, the erosion of its economic base and the concentration of society's most disadvantaged. Solutions to these problems have been varied in the last three decades going through a series of distinct phases. In the 1950s and 1960s, the focus of inner city policy was on slum clearance and physical redevelopment; in the 1960s and 1970s, programs were targetted towards the eradication of poverty, housing rehabilitation and area improvement; in the 1980s attention is being directed to economic development and job creation. Each phase is based on the collective perception of a set of problems and each calls forth a given range of policy responses, both conditioned by the then current, economic, social and political climate and the knowledge about the intervening variables. These periods are not distinct and separate; programs begun during the Depression are still in operation forty years later, serving the general purposes for which they were originally established. The main purpose of this chapter is to outline the gamut of policies and programs available to Canadian society to promote inner-city revitalization. Given that Canadians presently endorse a mixed economy and that the future seems not to hold a radical change in attitudes, the following outlines approaches which are premised on the belief that inner city problems are best tackled by government intervention in a mixed economy.

The personal stance which informs this thesis should be stated at this time. Many of the problems confronting inner cities are created by structural and economic change and it is therefore impossible to divorce inner city issues from problems encountered in the national and international economy. Inner city programs can not be viewed as an alternative to wider social and economic policies to help disadvantaged groups nor can it be expected to transform inner city living conditions in the short term. Inner city policies and programs should be directed toward improving the physical, social and economic environments in such a way that regeneration meets the needs of existing inner city residents. Secondly, there are very important local dimensions to inner city problems which require local analysis and action tailored to suit local circumstances.

The revitalization of metropolitan areas suffering from, or threatened with, urban decline will require a variety of different policies, directed in a coordinated manner towards their successful adaptation to economic and social change and the regeneration of their disadvantaged inner city. These policies can be divided into three broad headings:

- physical revitalization
- social renewal
- economic regeneration

These categories facilitate the analysis but they are interdependent and overlap in terms of their effects as well as objectives, containing both social and economic elements.

4.1 Physical Revitalization

The origins of inner city problems lie in the age and obsolescence of its built environment. It has left the inner city with a legacy of land uses, buildings and infrastructure unsuitable for present needs and which are expensive to maintain and modernize. As a result, policies with respect to the inner city should be directed to upgrading building conditions, clearing and replacing economically unfit units and infrastructure. This section chronicles policies which deal with land redevelopment, housing, and area improvement.

4.1.1. Land Policies

Land redevelopment is one of the most important priorities for governments attempting to deal with the problems of declining areas. It is often a key step in a revitalization plan, whether a neighbourhood preservation program which needs to replace obsolete buildings, a commercial revitalization plan which seeks to acquire and rehabilitate a set of small store units, or an effort to attract a large industrial firm requiring a large parcel of land.

The range of issues and problems which must be tackled in attempting to attract development or redevelopment investment includes:

- i) imperfections in the land market. Urban land prices have a tendency to be downwardly inelastic. This may be due to a variety of reasons such as the retention of land at historic "book" prices by firms for accounting purposes or that of the influence of speculation by which firms retain land or building which they no longer use, in anticipation of some future rise in the value of the land due to an increase in demand or a change in the land use zoning.

- ii) The attractiveness of the area. Lack of crime, adequate services and amenities, access, and market demand all play a crucial role in attracting investment for redevelopment.
- iii) Land ownership patterns. Small parcels of land with many owners in inner areas make redevelopment of large areas a costly undertaking both economically and socially.

Various mechanisms have been proposed and utilized in the regeneration of land in the inner city. One is the public financing of land acquisition; and if necessary, demolition, provision of infrastructure and construction of buildings. In the 1950s, central governments in Canada, Great Britain and the United States established urban renewal programs which provided federal funds to local renewal authorities for the demolition and replacement of unfit dwellings in inner-city areas. Local authorities were granted eminent domain to condemn and acquire property in blighted areas, demolish existing structure, provide new streets and utilities and construct public housing. These programs were soon dropped when it was discovered that public resources were insufficient to redress the physical decline of the inner-city.¹ Subsequently, policy-makers have attempted to stem the cycle of decline by tapping into the financial and human resources of the private sector.

¹ M. Gelfand, A Nation of Cities, (New York: Oxford University Press, 1975) pp. 205-56 and H.T. Sanders "Urban Renewal and the Revitalized City: A Reconsideration of Recent History", in Urban Revitalization, ed., D.B. Rosenthal (Beverly Hills, Ca.: Sage, 1980) pp. 103-126.

To entice the private sector in inner-city regeneration, policy-makers have devised several mechanisms which can be categorized in one of three ways. The first are incentives in the form of grant, or exemption from corporate, personal income, or realty taxes, or an outright tax credit to build in depressed areas. The second set consists of loans, interest write-downs, loan guarantees, extended payment periods, etc. to provide developers with easier financing. The third type of assistance is the public financing of land acquisition, and, if necessary, demolition, provision of infrastructure, and the write-down of land values. In the past, such schemes have assisted the private sector to build enclosed shopping malls, office buildings, convention centers, sport arenas, hotels, cultural facilities and luxury apartments in blighted areas adjoining existing central business districts. Analyses of public/private redevelopment reveals the following. Public/private partnerships can renew a declining inner city, but the image of the viable city capable of revitalization implied by this strategy covers only the portion of the inner city with the most attractive amenities. Secondly, like past urban renewal programs, public/private redevelopment results in the displacement of marginal businesses and lower-class residents (particularly elderly, single-parent families, and minorities) from the zones targetted for redevelopment.² Thirdly, the city's

² C. Hartman and R. Kessler, "The Illusion and the Reality of Urban Renewal" in Marxism and the Metropolis, Ido., W.K. Tabb and L. Sawers, pp. 153-178; C.N. Stone, Economic Growth and Neighbourhood Discontent (Chapel Hill, N.C.: University of North Carolina Press, 1976); and R. Scott Fosler and Renée A. Berger, Public-Private Partnership in American Cities (Lexington, Mass.: Lexington Books, 1982).

extraction of tax revenues from new buildings is diminished by its provision of tax abatements, increased expenditure on redevelopment infrastructure, and expanded public services for new activities.³

To overcome the disadvantages of the inner-city, preconditions for private sector intervention have been debated, particularly the removal of bureaucratic controls. The burdens of form-filling planning controls, and other bureaucratic obstacles in the path of the thrusting entrepreneur have been a favourite theme of those representing the private sector. Some of these controls have been relaxed, for example in the enterprise zones in Great Britain, where it has been found that the removal of bureaucratic constraints is more of a psychological than a real contribution to the viability of business enterprises.⁴ Concern has been expressed that the removal of controls does away with the need for a public inquiry and its associated channels of appeal for individuals affected by development proposals and negates the possibility of integrating these proposals with the prevailing strategic policies for the area.⁵

Besides direct intervention and private sector incentives and partnerships, other mechanisms are available to governments to encourage land development. Taxation of betterment to capture the increased value

³ C. Hartman, Yerba Buena: Land Grab and Community Resistance in San Francisco (San Francisco: Glide Publications, 1974) pp. 158-193.

⁴ Roger Tym and Partners, Monitoring Enterprise Zones: Year Two Report (London: Department of the Environment, 1983), p. 119.

⁵ P. McAudan, "Local Government and Resource Allocation in England; Changing Ideology, Unchanging Law", Urban Law and Policy 4 (1981): 215-268.

resulting from government investment or planning decisions has been used in an attempt to discourage land hoarding in anticipation of future price increases. Political and administrative problems, such as property owner opposition and the need continually to revalue land, have made this policy less successful.⁶

4.1.2 Housing Policies

Housing is a key issue for inner-city renewal. Two interacting factors contribute to the physical decay of the inner city. One is the presence of an old and deteriorating housing stock which no longer meets modern requirements. The other is the increasing concentration of low-income households for whom the older housing stock is often their only shelter. The shortcomings in the quality and quantity of inner-city housing cause the outmigration of the more affluent inner-city residents and gives rise to an incoming population with less resources and less commitment to the area thereby further accelerating deterioration.⁷

Maintenance and modernization of inner-city housing are beset with various obstacles. First, the required standards of improvement are such that their costs are well beyond the means of low-income owners or fail to give an adequate return to landlords or developers. Secondly, public and private institutional actions can present barriers. For instance, rent control legislation and security of tenants may make the

6 C.L. Harriss, "Land Value Increment Taxation: Demise of the British Betterment Levy", National Tax Journal 25 (1972): 567-72.

7 Roger S. Ahlbrandt Jr. and Paul C. Brophy, Neighborhood Revitalization: Theory and Practice (Lexington: Lexington Books, 1975) pp. 11-19.

rehabilitation or redevelopment of rental property uneconomic. The practice of "redlining" whereby financial institutions refuse to issue loans for the purchase of dwellings in inner areas may deprive entire neighbourhoods of rehabilitation finance.

To effectively address the problems of housing condition in the inner city, governments must develop specific policies which relate to the maintenance and preservation of units and the replacement of unsound units. Historically, the first response by governments to concentrations of substandard housing was slum clearance and redevelopment. These programs reached their peak in the late 1960s by which time problems of the redevelopment process became clear. The complexity of the clearance and redevelopment process was such that the time needed for the completion of each scheme was measured in years, with a significant loss of housing stock and displacement of the poor and small businesses.⁸ Thus, during the 1970s, most western countries attempted to tackle the problems of their older housing stock either by improvement and repair through public ownership or more usually through government incentives for the modernization of privately-owned dwellings, or their conversion into more suitable accommodation.

Today, the main thrust of housing policies concerned with urban decline, and particularly for the regeneration of such areas, is housing improvement. Canada, Great Britain and the U.S.A. now pursue gradual

⁸ For more details, see James I. Wilson, ed., Urban Renewal: The Record and the Controversy (Cambridge, Mass, and London: The M. I. T. Press, 1966).

renovation, including rehabilitation and redevelopment, as opposed to widespread clearance. National mechanisms for the improvement of housing, for example grants or loans for the improvement of deficient dwellings are common. These are usually available to owners, though in England grants and loans are also available to tenants who undertake improvements. Various mechanisms have been devised in different countries to ensure that grants and loans are directed to those dwellings in greatest need of improvement and to those groups living in the worst housing conditions, as well as mechanisms to increase the use of improvement grants.

Historic preservation has become an important force in housing rehabilitation. The passage of historic preservation legislation relating to planning, transportation and the environment has prevented the demolition of structures and encouraged the channelling of funds into neighbourhood rehabilitation and reconstruction. In the United Kingdom, town development trusts sponsored by local authorities or private organizations have been successful in the renovation of historic buildings for re-use as workshops and community facilities. One of the methods is through the use of a revolving fund by which the trust buys building, renovates them with government assistance and sells them to raise money for further purchase and building renovation.⁹

⁹ Robert H. McNulty and Stephen A. Kliment, eds., Neighborhood Conservation (New York: Watson-Guptil, 1976) and Arthur P. Ziegler, Jr., Historic Preservation in Inner City Areas (Pittsburgh: Aber Park Associates, 1974).

Housing improvement programs have encountered many problems. Grants and loans do not cover the entire cost of improvement or modernization, and therefore low-income households and landlords of privately rented accommodations do not take advantage of the programs to improve their properties. This may be exacerbated by negative neighbourhood externalities. Secondly, housing improvement has given rise to displacement of low-income families in certain neighbourhoods. Several caveats must also be made in relation to improvement policies. Improvement does not necessarily increase the supply of low-cost housing: it may diminish it. Conditions may be improved for a short period but, in the long run, improvement may merely postpone demolition. Finally, it may be not enough to improve inner area housing if the structural factors which produce social segregation are still prevalent.¹⁰

One of those structural factors critical to the revitalization of the inner-city is the availability of credit for mortgages and home improvement. Most housing purchases and improvements are financed through private financial institutions: banks, mortgage companies, finance companies, life insurance companies, etc. In the 1970s, neighbourhood groups in America documented the reluctance of financial institutions to provide loans in the inner city on the basis of broad, discriminatory racial, income, age of housing stock or neighbourhood characteristic criteria. They pressured financial institutions to reverse such policies and in the United States their efforts led to

¹⁰ David Listokin, ed., Housing Rehabilitation, Economic, Social and Policy Perspectives (New Brunswick, N.J.: Center for Urban Policy Research, Rutgers University, 1983).

legislation (such as the Home Mortgage Disclosure Act and the Community Reinvestment Act) to penalize lending institutions for such behavior and to reverse the process through redirecting monies to neighbourhoods in which disinvestment had once been the norm.¹¹ As the demand for capital has decreased as interest rates have increased, financial institutions have adopted a more flexible attitude to mortgaging older properties within the inner city. Two problems still remain: that of affordability of credit and the prospect of future capital shortages as finance tends more towards large scale investment outside the conventional residential markets. Some strategies that can be used to improve lending include public disclosure and monitoring of bank lending practices, value insurance, loan guarantees, special loan funds, the creation of quasi-public lending institutions, and changes in state/provincial and central government lending regulations.¹²

An outstanding example of how to encourage financial institutions to reinvest in the inner city is the Neighbourhood Housing Services Program established in Pittsburg in 1968. Neighborhood Housing Services, Inc., is a non-profit corporation organized by citizens and bankers to administer a privately funded high-risk revolving loan fund for homeowners in an inner city area of Pittsburg. To complement this

¹¹ National Commission on Neighborhoods, People Building Neighborhoods, Washington, D.C.: Government Printing Office, 1979) pp. 65-127.

¹² Rolf Goetze, Building Neighborhood Confidence: A Humanistic Strategy for Urban Housing (Cambridge, Mass.: Ballinger Publishing Company, 1976) pp. 69-82.

function, the organization provides assistance in obtaining mortgages, home repair loans, personal and business loans to normal-risk borrowers from participating financial institutions; financial counseling for budgets and bill consolidations; technical assistance in preparing plans, specifications, and contracts, finding reputable contractors, reviewing bids for home improvements and insuring that the work is performed well, information on homes available for purchase and rehabilitation and apartments for rent; and referrals of families with social problems. The city government participates in the program by adjusting code enforcement for the housing stock for the area and providing necessary community facilities and services. The program has been so successful in helping depressed inner city areas, that in 1981, similar programs were operating in 56 neighbourhoods in 47 American cities and were in the development stage in 30 other cities.¹³

The counterpart of the problems associated with the condition of older housing is that of housing affordability and the supply of housing. There is a growing gap between demand and supply in terms of the quality and quantity of low-rent housing in inner-city areas. On the supply side, fewer low-income homes are being built either by the private or public sectors. The high cost of inner-city land and the extra cost of its reinstatement after clearance makes housing redevelopment uneconomic in comparison with suburban development. Rehabilitation and modernization programs have reduced the stock of low-income housing by

¹³ For a more detailed discussion of the Neighborhood Housing Services Program see Ahlbrandt and Brophy, pp. 127-150.

increasing rents or house values. Conversion to condominiums as part of the rehabilitation process has served to reduce the supply of low-income housing. At the same time, demand is increased by the numbers of non-family households with a preference for central city rather than suburban living. As space consumption is relatively high in such households and space standards have increased overall, this has a double effect on demand. Outcomes of this mismatch of housing demand and supply has led to increased occupation of unfit or vacant dwellings and homelessness in cities with low vacancy rates.¹⁴

Sources of new low-cost housing will depend on the direct provision of housing by the public sector and incentives to the private sector where there is a growing reluctance for direct government expenditure on social housing. This implies loans, grants, and tax incentives to the private market, local government, cooperatives or non-profit organizations to finance land acquisition and/or building costs. To effectively increase the stock of low-cost housing, these subsidies need to be combined with allocation policies and regulations limiting the sale or rental of the units built. Otherwise, these subsidies will benefit middle and higher income groups rather than those in need.

Two innovative ways of increasing housing supply have been developed in the United States. The first authorizes developers to build high-cost housing in selected areas only if they provide low-cost housing on the

¹⁴ Organization for Economic Co-operation and Development, Managing Urban Change, Vol. 1 Policies and Finance (Paris: OECD, 1983) pp. 59-62.

same site or in another section of the city.¹⁵ The second is called "urban homesteading". Properties which have been acquired by local governments through tax foreclosure and by the federal government through mortgage foreclosures are sold at a minimal price to low - and moderate - income persons who agree to upgrade and live in them. Homesteaders must bring the houses to local code standards within eighteen months; when they do, they acquired full title to the property. Approximately forty cities in the United States have participated in the homesteading program, which primarily involves one-to-four family houses. This idea has been transferred to the United Kingdom where local authorities in Glasgow and in London may sell "hard-to-let" publicly-owned buildings.¹⁶

Deregulation has also been stressed in some cases as a means of increasing housing supply, where the cost of new construction is increased by unnecessarily high building standards, minimum space requirements, density or height limits, or functional segregation separating residential from commercial, office or industrial property. In the United States, for example, there is a major policy initiative which seeks to promote more affordable housing through amendment of local building and other regulations. Experimental projects have shown that savings of 20 per cent and more in the costs of construction can be achieved in this way.¹⁷

15 Neal Pierce, "Investment Portfolio Picked for Philadelphia", Public Administration Times, January 1st, 1983, pp. 2-6.

16 James W. Hughes and Kenneth D. Bleakly Jr., Urban Homesteading (New Brunswick, N.J.: Center for Urban Policy Research, Rutgers University, 1975)

17 O.E.C.D., p. 78.

4.1.3 Area Improvement Policies

In the 1960s, it came to be realized that housing conditions related not only to the state of repair of individual houses, but also to location, the varying socio-economic character of different neighbourhoods and the nature of the local housing market. As a consequence, house improvement was combined with environmental improvement measures and public resources were targetted to specific geographic areas or neighbourhoods rather than individual houses. Underlying these measures was the premise that a better return would be obtained if private and public resources were concentrated in a particular area needing upgrading.

During the 1970s, the main thrust of local housing policies concerned with inner-city decline lay in the concept of area improvement or neighbourhood revitalization: the Model Cities program and the Community Development Block Grant in the United States,¹⁸ the General Improvement Areas and the Housing Action Areas in Great Britain,¹⁹ and the Neighbourhood and Community Improvement Programs in Canada.²⁰ Each

18 For a more detailed discussion of the Model Cities program and the Community Development Block Grant, see Bernard J. Friedan and Marshall Kaplan, The Politics of Neglect: Urban Aid from Model Cities to Revenue Sharing (Cambridge, Mass. and London: The M.I.T. Press, 1975).

19 H.W.E. Davies, "Neighborhood Revitalization: The British Experience" in Urban Revitalization, Donald B. Rosenthal, ed. (Beverly Hills and London: Sage Publications 1980): 255-277.

20 Central Mortgage and Housing Corporation brochure, Neighbourhood Improvement and Site Clearance Programs, NHA 5090 6/75 (Ottawa: C.M.H.C., 1975).

provided public funds for general environmental improvements like social and recreational facilities, municipal services, etc., and subsidies for the improvement of homes in an area. To avoid the problems previously experienced with urban renewal, area improvements focussed on community participation. Community involvement ranged from provision of information; to participation in the preparation of neighbourhood plans and the right to initiate neighbourhood improvement; to actual work on community development schemes and environmental improvements.

Evaluations of area improvement programs conclude that this type of program appears to be successful in improving residential conditions in the long term, providing a high quality of housing and environmental improvement in declining neighbourhoods. However, it has limited effect in dealing with severely deteriorated neighbourhoods, and addressing the social aspects and the supply of low-cost housing which need to be considered to a great extent.²¹

4.2 Social Renewal

The housing and labour markets of most western industrialized nations has caused the inner-city to be viewed as the area with the largest concentration of society's poor and problem households. In the past, inner city policies have been directed towards either uprooting and dispersing these impoverished households or improving their well-being. In this section we examine policies which could be used to counter the segregation of low-income households in the inner-city; we outline

²¹ Central Mortgage and Housing Corporation, Evaluation of the Neighbourhood Improvement Program (Ottawa: C.M.H.C., 1977).

strategies that prevent displacement of low-income tenants; and we focus on social programs and policies required to redress social inequities and to address social problems in the inner-city.

4.2.1 Combatting Social Segregation

According to the ecological hypothesis, inner-city decline is fundamentally linked to social segregation. There is a need to achieve a more stable mix of population groups within the inner-city and the urban area, encompassing a diversity of income, family types, age groups, ethnic groups, and housing tenures. This has been achieved in some cities by providing financial incentives to private developers to broaden and improve the mix of housing available within an area in terms of dwelling size and form of tenure.

Another mechanism that may promote desegregation is housing assistance payments. In the United States housing allowances supplement the difference between fair market rent and 25 per cent of a low - or moderate - income family's earnings. Under Section 8 of The Housing Act, allowances are provided in connection with either new or rehabilitated dwellings and are paid to the landlord. In those localities where supply does not keep up with demand, allowances may have an inflationary impact on prices that would tend to limit their benefits for low-income families. Whether the social objective of encouraging income mix in inner-city neighbourhoods has been achieved is still open to question.²²

²² Sandra Perlman Schoenberg and Patricia L. Rosenbaum, Neighborhoods that Work: Services for Vitality in the Inner City (New Brunswick, N.J.: Rutgers University Press, 1980) pp. 14-28.

The allocation of social housing has become a more important public issue in many countries as policy-makers attempt to avoid further concentration of low-income people. In Ontario, Canada for example, three levels of government have adopted a non-profit, integrated approach to the provision of assisted housing. This specifically avoids the concentration of low-income groups in high density public housing projects which was prevalent in the 1960s. The integration of low-income tenants paying rent-gearred-to-income rents, and other paying market rents, may create a more stable environment, easing social tensions and related costs associated with large assisted housing projects.²³

Two variations on traditional housing arrangements are used to counter the segregation of older and low-income households: mixed tenure and intergenerational shared housing. An example of mixed tenure is found in Finland, where a new mortgage has been adopted by the National Housing Board to reduce the residential segregation which came about as a result of large social housing projects. The hope is that in single apartment blocks there will be a mixture of normal owner-occupied dwellings, state-subsidized owner-occupied dwellings, and rental dwellings owned both by private investors and by the state.²⁴ In Britain, there are examples of municipalities developing large suburban sites and selling off small plots to private developers and housing associations as well as building dwellings for sale next to those for

²³ Albert Rose, Canadian Housing Policies 1935-1980 (Toronto: Butterworth, 1980), p. 129.

²⁴ O.E.C.D., p. 82.

rent. It is possible that the sale of some of the existing council housing stock will have the same sort of effect. Stability can also be promoted within the framework of rental tenure by increasing tenant participation. One example of this is the application of tenant management and cooperatives in hard-to-let housing in the United Kingdom.²⁵

Intergenerational shared housing is an attempt to solve elderly isolation as well as displacement, practiced in the United States by non-profit organizations. People of various ages share large living units with a common space (living room, kitchen and bathroom) but with private bedrooms. Residents benefit both from the cost savings and from the services one generation can provide another, for instance babysitting, transportation assistance and food preparation.²⁶

Desegregation and population balance is also achieved through economic equalization, for instance by making government policies, particularly taxation policies, more neutral with respect to different forms of tenure; and equalizing municipal revenues within regions to enable them to offer similar levels and qualities of public services. The strategies described above for achieving population balance and desegregation focus both on the quality and stability of the residential area. Perhaps the preferred strategy, however, should be to take actions to try to prevent the displacement of residents in the renewal or

²⁵ Robert K. Home, Inner City Regeneration (London: E & F.N. Spon Ltd., 1982) pp. 113-119.

²⁶ O.E.C.D., p. 82.

rehabilitation process, if that will preserve diversity of households within the community.

4.2.2 Preventing Displacement

Most western societies recognize the need to ensure displaced residents continued access to housing. They may, however, differ in the importance attached to community cohesion and social networks and hence in the priority attached to continued residence in the same neighbourhood after rehabilitation. Modern approaches to displacement, in recognizing that the more extensive the rehabilitation undertaken the greater is the displacement that results, increasingly try to combine an alternative supply of housing with an emphasis on sensitive modernization. Tenants collectively and individually may be engaged in the modernization process, and rehousing within the neighbourhood helps to preserve the social network.

Anti-displacement legislation includes some or all of the following elements: public right to initiate rehabilitation to prevent speculation and abandonment (Sweden); tenant participation in rehabilitation, including the rights to initiate and restrict rehabilitation (Sweden, Germany); security of tenure or right of equivalent standard for tenants (Sweden, Germany, United States); rent controls to limit rent increases after rehabilitation, coupled with rent allowances to cushion the rise in residential costs.²⁷

Rent control after renewal has often been a pre-condition for obtaining public funds. One example is in Canada where parts of federal

²⁷ O.E.C.D., pp. 82-83.

loans are written off over ten years if rent control is observed.²⁸ Of course the difficulty with rent control is that property owners may consider that returns do not justify undertaking rehabilitation or maintenance.

The major public role in addressing displacement belongs to the local government. While central government policies have been adopted in the United States, for example, so that no person shall be displaced as a direct result of a nationally assisted program or activity unless an affordable, decent, safe and sanitary replacement dwelling is available, the administrative complexity makes it difficult for the national government to guarantee that in every instance this objective will be achieved. In fact, pressures on inner city housing seem certain to exceed the increasingly limited resources for housing assistance. In the United States, it is ultimately the responsibility of local governments to develop strategies for minimizing displacement while maintaining the pace of urban revitalization, as local governments control the use of most of the federal resources available for community development activities and control local land use, zoning and tax policies which affect community growth patterns. Examples of strategies include the provision of direct housing assistance to persons displaced, measures to

²⁸ Central Mortgage and Housing Corporation and the United States Department of Housing and Urban Development, Revitalizing North American Neighborhoods: A Comparison of Canadian and U.S. Programs for Neighborhood Preservation and Housing Rehabilitation (Ottawa: C.M.H.C., 1978) p. 4.

allow the purchase of rental stock by cooperative or non-profit community corporations, anti-speculation laws and appropriate condominium conversion ordinances.²⁹

4.2.3 Income Security

The functioning of a market economy provides no guarantee that everyone will receive an adequate income in relation to needs. Those who are unemployed or whose work does not yield an adequate income to cover the barest of necessities must accept help wherever it can be found and somehow, miraculously, "upgrade" themselves so as to qualify for better employment. According to the 1981 Census of Canada, 21 per cent of Canadians and 43 per cent of Canadian families living in the inner city do not have the financial resources to purchase the goods and services that provide the basis for a reasonably normal life in our society. To remedy this, programs must be developed in three areas: the provision of income, the provision of employment and the provision of goods and services.

Cash transfers are the most typical of income security programs. These can be classified into five distinct techniques: grants income supplements, social insurance, compensation, and social assistance. Although these measures are usually not directed specifically to inner cities they are important in that they provide a transfer of resources to

²⁹ Dennis E. Gale, Neighborhood Revitalization and the Postindustrial City: A Multinational Perspective (Lexington, Mass. and Toronto: D.C. Heath and Company, 1984).

its residents. Changes in the level of benefits from these programs can have a direct impact on the economic health of inner-cities.

A second influence upon income security in the inner city is the employment policies adopted by governments. These policies are broadly of two types: policies designed to affect the quantity and distribution of employment and policies designed to affect the rewards provided to employees.

Policies designed to affect the quantity and distribution of employment are a product of the commitment of the Canadian government to pursue economic policies which "maintain a high rate of economic growth, full employment, reasonable price stability, an equitable distribution of rising income, and a reduction of regional economic disparities."³⁰ These policy objectives have not always been mutually compatible. For example, economic growth and high levels of employment have been found incompatible with price stability and with an equitable distribution of rising income. As a consequence, government policy directed towards full employment has had a cyclical nature.

More recently governments have developed programming designed to increase job opportunities directly. Employment grants, loans, subsidies and tax concessions have been provided to businesses or community groups to alleviate unemployment. The effects of such programming on the inner city have been slight. Salaries are often too low to provide an adequate income and projects have tended to be of short duration, therefore providing no security of employment.

³⁰ Canada, Income Security and Social Services (Ottawa: Queen's Printer, 1969) p. 11.

Minimum wage policies have been the principal means used to effect the rewards provided for employment. In and of themselves, wage legislation has some deficiencies from an income security perspective, principally the lack of provision in wages for the extent of family dependencies which the wage earner has to support. This deficiency can be remedied by a combination of wage legislation and family allowances. Such a combination (a central feature of income security policy in France) illustrates the need to include minimum wages within a review of income security policy.

One of the more effective ways of both concealing and legitimating a redistribution that has been found is to link the transfer to a specified service.³¹ This is in essence the approach that Canada has adopted in the areas of primary and secondary education, recreation, health, public housing, and transportation. The approach is not entirely without flaw. The provision of goods and services decreases the consumer's freedom to choose the quality and quantity of the goods and services he or she wishes to consume. Although universal goods or service transfer programs tend to stand out for the quality service they provide (certainly well above 'poverty line quality'), the comprehensiveness of their coverage and the lack of stigma that accompanies use, they are not by design attentive to individual needs and circumstances and tend to reflect middle-class values. Where these transfer programs are selective and

³¹ For an expanded discussion of the concept of redistribution see Adrian Webb and Jack Sieve, "Income Redistribution and the Welfare State," Occasional Paper on Social Administration, No. 41 (London: Bell and Son, 1971).

means-tested, they fail in either the quality or coverage and produce stigma in their recipients.

According to the "underclass" hypothesis, the quality and quantity of service provision is directly related to the socio-economic status of the area receiving it. Thus, inner city neighbourhoods receive inferior service delivery due to their relative political powerlessness and their inability to effectively voice their demands. On testing the "underclass" hypothesis, R.L. Lineberry³² discovered that two other elements affect service delivery patterns. One is an "ecological" concern; the age of a neighbourhood and its population density determines differing needs. For example, older inner-city neighbourhoods lack the abundance of open space found in newer suburban areas, underground utilities are older and more prone to collapse, and roads tend to be congested with suburban commuters and are often in poor condition.

A second complexity in the delivery of urban services is the role of the bureaucracy and its use of standardized "decision-rules" to distribute services. These have been defined by R.L. Lineberry as a "... rough admixture of professional norms, rules and regulations ... loose perceptions of both needs and demands and a search for economizing devices."³² Decision-rules evolved as a means of simplifying the growing complexity of our urban systems. In seeking such simplicity, these rules focus on economy and efficiency; not on the distributional implications of service delivery.

³² Equality and Urban Policy: The Distribution of Municipal Public Services (Beverly Hills, C.A.: Sage Publications, 1977).

To remedy inequities in service provision, governments have employed area based programs to bring facilities and services in the inner-city up to the norm of neighbourhoods elsewhere. Some of the inequities in service distribution were ameliorated in the 1970s through the application of Canada's Neighbourhood Improvement Program (N.I.P.). N.I.P. provided grants and loans to improve or create social, recreational, municipal and public utility services in aging and deteriorating urban neighbourhoods. In the field of education, Great Britain designed the Educational Priority Areas Program to improve educational facilities and programs in areas of multiple deprivation.³³ Later through the Urban Programme³⁴ and the Community Development Projects,³⁵ the British focussed on enhancing the co-ordination and responsiveness of social and recreational services in areas deemed to have "special social needs". In the United States, the Model Cities program initiated in 1966, provided funds for the planning, coordination

33 For more information on Educational Priority Areas, see Anne Corbett, "Are Educational Priority Areas Working?", New Society 13 (November, 1969): 763-767.

34 For a fuller account of the Urban Programme, see Joan Higgins, Nicholas Deakin, John Edwards, Malcolm Wicks, Government and Urban Poverty: Inside the Policy - making Process (Oxford: Basil Blackwell, 1983) pp. 47-86.

35 For more details of the British Community Development Project, see Martin Loney, Community Against Government: The British Community Development Project, 1968-78 - A Study of Government Incompetence (London: Heinemann Educational Book, 1983).

and implementation of innovative programs designed to improve educational and social conditions in marginal neighbourhoods.³⁶

4.2.4 Manpower Development, Training and Mobility Programs

One of the most important policies to stem inner-city decline is that of training labour in order to achieve a better match between labour supply and demand. This can be established in several ways. First, there is the need to reform present urban school systems to ensure that educational programs are designed to develop sound work and study habits relevant to the needs of the labour market. Performance contracting, the voucher system, parent and not community control of school boards, budget allocations and personnel, merit salaries, and economic incentives for students are new ways of approaching the problem of improving the performance of the urban school system.³⁷ Secondly special educational programs are required to narrow the gap in educational levels between inner-city and suburban youngsters. Examples of such programs are those of Head Start and Upward Bound developed in the United States in the 1960s.

Given that the present school system has been ineffective in providing a certain sector of the inner-city population with marketable skills, there is a need for governments to develop education and training

³⁶ For a more detailed discussion of the Model Cities program, see Edward M. Kaitz and Herbert Harvey Hyman, Urban Planning for Social Welfare: A Model Cities Approach (New York, Washington and London: Praeger Publishers, 1970).

³⁷ For more detail discussion see Friedlander, Urban Unemployment.

programs to increase the employability of unemployed workers. Originally developed to help workers displaced by the alleged technological revolution of the post-World War II era, manpower programs have shifted their orientation to disadvantaged minority groups in urban areas and, more specifically to youth. The new emphasis accurately reflects the need, for unemployment among the ghetto youth usually averages more than six times the unemployment of the adult labour force.³⁸ To deal with the unemployed youth problem, on-the-job education and training programs like Job Corps, Neighbourhood Youth Corps and Skills Centers in the United States are needed to be developed in the inner city.

With regards to manpower training in general, recent experience and research indicate the need to hand-tailor manpower programs to local labour market conditions and to combine manpower training with work experience in the private sector. In the 1960s, manpower programs were directed to public employment; in the 1980s, governments with growing budget deficits are looking to the private sector to train the unemployables. On-the-job manpower training in the private sector reveals that these programs catered to the most productive of the unemployed. Recently a private contracting system has been utilized to place hardcore unemployed individuals in jobs. Under such a system, companies estimate the costs of training and developing a person to a point of stable employability and receive a cost-plus-fixed-fee incentive contract. An alternative to the private contracting system is the

³⁸ Ibid., p. 217.

development of a wage-subsidy training-employment program oriented toward the most disadvantaged group of the urban labour force. A wage-subsidy program would provide training to up-grade workers' productivity, while also providing wages sufficient to motivate job stability. The size of the subsidy should diminish as the worker's productivity increases, until he no longer needs subsidization.

The problem with any retraining program is the overall lack of jobs in situ. A work experience program may become a source of cheap labour for employers and will not necessarily add to the long term employment prospects of the trainees. There is a need for coordination with other policies aimed at economic regeneration, mobility and social need.

In some cases, policies might be needed to encourage labour to migrate to job opportunities. However, because of the selectivity of migration and its effects on the place of origin, policies which encourage migration may work against revitalization objectives, with programs mainly assisting skilled workers rather than the long-term unemployed who are mainly unskilled workers.

4.2.5 Community Action and Community Change Programs

Grassroots involvement of inner city residents and organization is an essential ingredient in abating decline. In the absence of pressures from citizen groups, the public sector may not be motivated to alter its level of programming and investment in the inner city. Secondly, the participation of inner city residents and organizations will ensure that programs are tailored to the needs of the affected community. In the past, too many decisions regarding the inner city have been made by

outsiders who did not have an intimate understanding of and concern about inner city dynamics. The results have been ineffective and sometimes detrimental programs as well as a waste of resources. Equally, if not more importantly, the active involvement of citizens will help to gain support of community residents for programs and their objectives.

Participation of community groups first began in opposition to proposal for urban motorway, housing redevelopment or speculative office building schemes. In the 1970s, its focus was enlarged to include the delivery of services, the provision of goods, the rehabilitation of housing and economic development. A model of neighbourhood revitalization which effectively mobilizes the efforts of the volunteer sector is the community development corporations (CDC). The basic logic of CDCs was best articulated by Thomas Vietoritz and Bennett Harrison in the late 1960s.³⁹ Development within poor communities, in their view, can be accomplished by initiating community-owned enterprises to provide needed goods and services which are not currently available locally. These ventures can be conceptualized as "Green-house industries", "enterprises whose main function is the upgrading of the area's labour force and economic base."⁴⁰ The creation of community owned firms to meet local demand thereby permits poor neighbourhood residents to acquire meaningful skills and utilize their labour for productive purposes while increasing local income multipliers. Locally initiated development corporations thereby help poor communities cope with existing institutional weaknesses

39 The Economic Development of Harlem (New York: Praeger, 1970).

40 Ibid, p. 162.

especially insufficient capital availability and the lack of many needed goods and services. While they begin to fill gaps in the local economy, CDCs also address the issue of rebuilding social structures by helping promote neighbourhood cohesion and by providing a focal point of community identification.

Operating in terms of these general principals, CDCs have been successful in America. Thirty CDCs evaluated by Abt Associates during the late 1960s were found to have created over 2,000 permanent and 5,500 temporary jobs in an average three year period.⁴¹ A study of CDCs which was funded by the Office of Economic Opportunity found that over 50 percent of the ventures initiated by such CDCs were still financially viable by the fourth year, a figure which compares quite favourably with the record of small businesses.⁴² Community initiated self-help activities have also been significant in filling in gaps in public services as well. A number of community groups provide health services on an extensive scale and an even larger number have mounted citizen anti-crime campaigns.⁴³ They have, thus, responded creatively to the inability or unwillingness of local government to provide municipal services to poor communities.

41 Abt Associates, An Evaluation of the Special Impact Program (Cambridge, Mass.: Abt Associates, 1974).

42 Barry Stein, "How Successful are CDCs?", Review of Black political Economy (Spring 1973): 11-23.

43 Dennis McGrath, "Who Must Leave? Alternative Images of Urban Revitalization" in the Journal of the American Planning Association 48 (Spring 1982): 196-205.

Attempts to locate revitalization efforts in the most distressed residential areas of older cities can draw on these successful experiences; but while the political mobilization initiated by such groups helps produce the social cohesion needed for development, an explicit public policy of supporting self-help community enterprises is also necessary. The most vital public support will primarily take the forms of extending the services and capital availability to community organizations that are currently provided to business enterprises. Equity capital, marketing information, and technical assistance, as well as aid in land assemblage, zoning, and code enforcement, can be offered to community groups just as they are to large and small business firms.

4.3 Economic Regeneration

This section has been divided into two parts: national economic policies and local economic regeneration initiatives. Although there are certain area-based national economic policies, for the most part there is a clear distinction between the roles of national and local governments in economic regeneration.

4.3.1 National Economic and Manpower Policies

These policies attempt to increase employment through indirect policies, such as encouraging certain sectors of the economy through various forms of financial assistance. At the national level, there are two broad categories: 1) incentives and regulations, and 2) area based initiatives.

Employment grants, loans, subsidies and tax concessions have been provided in order to aid the creation or retention of jobs. For example, Canada has an employment tax credit for employers and claims that 70,000

jobs have been created in two years. The United States' Targetted Jobs Tax Credit gears tax incentives for private employers towards the employment of disadvantaged youth and other who have most difficulty in finding jobs.⁴⁴ These credits emphasize social objectives, as opposed to economic regeneration.

Incentives and regulations to influence capital mobility are important national policies directed to declining regions and cities in an attempt to maintain or increase their economic base. Various instruments have been utilized ranging from "sticks" to "carrots". In the United Kingdom, Industrial Development Certificates were utilized as an arm of regional policy to regulate the location of economic activity. Industry was directed to declining regions and away from such growth areas as London and the South East. The original regional policy, however, was a comparatively insensitive instrument in terms of the restriction, or the location of new investment within particular urban areas, let alone in distinguishing between the inner city and outer suburbs. Somewhat later, Office Development Permits were used to prevent office development in certain locations and were more spatially sensitive. On the incentive side, the United Kingdom also had a system of directly investing in firms as part of its industrial policy through the National Enterprise Board as well as offering loans and grants to firms setting up in designated regions.⁴⁵ The Netherlands subsidizes

44 O.E.C.D., p. 85.

45 Home, pp. 40-43.

small firms in renewal areas and in Vienna, Austria has an economic incentive program in which capital construction grants are available for industry and wholesaling.⁴⁶

National aid may be in the form of infrastructure and services, as in Austria where the Vienna Capital Participation Company and the Innovation Company provide expert services and technical assistance.⁴⁵ One national mechanism, which is specifically directed to areas of urban decline, is the 1980 Dutch system "Support for Enterprise in Urban Renewal Areas" responding to the problems confronting small firms in urban renewal areas. The aim is to retain firms in these areas through a block grant to municipalities. Viable enterprises are aided in situ or to move to a new location, whereas non-viable firms may be encouraged to close down. The grant can also be used for subsidiary investment in industrial estates or, for example, factory premises, especially on sites within the neighbourhoods of inner cities where production conditions are favourable.⁴⁷ This appears to be a successful means of retaining a mix of uses in an area and improves long run employment potential.

It is important that governments encourage "mixed-use development" in the inner city, where residential, office, cultural and retail function workshops and smaller industries, are included in one development. Previously, many countries had regulated land-use to ensure

46 O.E.C.D., p. 85.

47 Ibid., p. 86.

separation of residential development from other functions. Now, the advantages of combining functions have become clearer: the residential segment can be cross-subsidized by commercial revenues so that a mix of household incomes can be accommodated; a sense of neighbourhood can be created to assure a stable community; and substantial energy savings and environmental improvement can result as office heat is transferred to residential units at night and the self-containment of developments reduces environmental congestion. Techniques to provide a more integrated and potentially stable community include multiple-use zoning and bonuses for combining commercial and office facilities with flats for various income levels.

A number of public sector initiatives have been started by central governments which focus sharply on particular areas. For instance, in the United Kingdom entrepreneurial task forces have been set up in Liverpool and Clydebank, near Glasgow, to try to attract new industrial investment to problem areas. These are ad hoc organizations with a limited remit, consisting of civil servants advised by representatives of industry and commerce, trade unions and the local community. The more formal and accountable organizations are the Urban Development Corporations for the London and Liverpool docklands set up by act of Parliament, with members appointed by the responsible minister. They are modelled on the highly successful new town development corporations with broadly similar powers and resources covering land acquisition, statutory planning, and development. They have been set up primarily to attract industry and to redevelop derelict land for various purposes, including

residential and recreational uses. The docks have experienced structural decline and have a high level of unemployment and particularly large areas of derelict, publicly-owned land.⁴⁸

It is early to say whether the UDCs will be more successful in regenerating docklands than previous attempts, but their role in relation to local government has been strongly criticized. Their creation has denied the local strategic authority (Greater London Council or Merseyside County Council) the opportunity to undertake the biggest regeneration project taking place in its areas, and yet the new corporations, while they have a variety of development control and other planning functions, do not have the plan-making power under the Town and Country Planning Act 1971, which is retained by local government. While the corporations are to prepare a code of practice for consultation arrangements with the relevant local authorities, there seems to be ample scope for disagreement and delay - precisely the problems which UDCs were supposed to avoid. The Labour-controlled dockland London boroughs, in particular, are suspicious of a corporation with appointed, not elected, members, and skeptical whether it will respond to local opinion or to the needs of the local community.⁴⁹ Thus, the introduction of a new authority into an already complicated situation is unlikely to make solutions quicker or easier to achieve.

⁴⁸ Home, pp. 127-135.

⁴⁹ Bob Colenutt, "Development Corporations Rule OK", Roof 5 (July/August 1980): 104.

In the United States, a state Urban Development Corporation was instituted in New York in 1968 to streamline the state functions of housing and development. In the early 1970s, it lost the support of the state for various financial and political reasons and was dismantled in 1975.⁵⁰

Another example of an area-based approach is the series of proposals that have been grouped under the rubric of the 'enterprise zone'. The idea of the 'enterprise zone' originated with Professor Peter Hall of Reading University in England, who proposed a "free-port" experiment in "non-plan," drawing upon the examples of Hong Kong, Singapore, and Hamburg. Hall's free-port, which he saw as a "last-ditch solution to urban problems," would be free of Government controls and taxes (eg. personal and corporation tax, customs and excise duties, social security, immigration controls, planning and environmental regulations) and Third World businessmen with capital and expertise would be encouraged to invest.⁵¹ A modified version of Hall's idea was adopted by Great Britain in 1979 - 1980, which has designated 23 such zones. The sites consist in

50 For a case study of the New York experiment see Eleanor L. Brilliant The Urban Development Corporation: Private Interests and Public Authority (Lexington, Mass.: Lexington Books, 1975).

51 Peter Hall, "Green Field and Grey Areas", Proceedings of the Royal Town Planning Institute Annual Conference, Chester, 1977 (London: Royal Town Planning Institute, 1977); Peter Hall, "Enterprise Zones; British Origins, American Adaptations", Built Environment, 7(1981): 5-12;
Peter Hall, "Enterprise Zones: A Justification", International Journal of Urban and Regional Research, 6 (September 1982): 416-421;
Peter Hall, "Enterprise Zones and Freeports Revisited" New Society, 63 (March 24, 1983): 460-462.

large part of vacant and under-used land created by structural economic decline.⁵²

The enterprise zone experiment is intended to operate for ten years. Although, it is early to assess its success or failure, three monitoring reports commissioned by the British Government reveals the following.⁵³ First, the report reflects the difficulty of assessing the performance of the enterprise zone. The lack in clarity in defining the nature of the experiment has made it impossible to monitor because situations, which should have been kept fairly constant were varied and benefits which should have varied were kept more or less constant. Secondly, the report exposes the fact that enterprise zones will not leverage enough private capital enabling it to stimulate depressed economies - only public sector investment can provide a suitable basis for private development. Thirdly, that public sector investment is expensive. Total public expenditure in the enterprise zones for the 1981-83 period amounted to \$246 million (Canadian dollars). The total was made up of \$31 million rates relief, \$70 million capital allowances, \$71 million public investment in site assembly and preparation, and \$74 million in land development.⁵⁴ This translates to \$51,330 per hectare, \$518,987 per firm

52 Roger Tym and Partners, Monitoring Enterprise Zones: Year One Report (London: Department of the Environment, 1982), p. ii.

53 Ibid, Roger Tym and Partners, Monitoring Enterprise Zones: Year Two Report; Roger Tym and Partners, Monitoring Enterprise Zones: Year Three Report (London: Department of the Environment, 1984).

54 Ibid., Year Three Report, p. 101.

or \$48,858 per job. Fourthly, the consultants found that 60 percent of the firms said that they would have chosen the site even if no zone had been designated and firms that relocated into the zones in 1982-83 made mainly short distance moves: 86 percent were from the same county as the enterprise zone and 92 percent from the same Economic Planning Region.⁵⁵ Thus, the combined incentives offered in enterprise zones may have only a marginal effect on local economies and employment creation.⁵⁶

An alternative approach by national governments is the allocation of grants to urban areas for specific schemes, as is done in the United Kingdom and the United States. Local schemes are funded in the United Kingdom, in so-called partnership and program areas under the Inner Urban Areas Act. Such schemes may be aimed at economic regeneration, environmental improvement or social, recreational or cultural uses.⁵⁷

55 Ibid., p. 144.

56 Other critiques of the enterprise zones include: P.J. Purton and C. Douglas; "Enterprise Zones in the United Kingdom: A Successful Experiment?" Journal of Planning and Environment Law (July 1982): 412-422; Bennett Harrison, "The Politics and Economics of the Urban Enterprise Zone Proposal: A Critique", International Journal of Urban and Regional Research, 6 (September 1982): 422-428; Doreen Massy, "Enterprise Zones: A Political Issue", International Journal of Urban and Regional Research, 6 (September, 1982): 422-434; William W. Goldsmith, "Enterprise Zones: If They Work We're in Trouble", International Journal of Urban and Regional Research, 6 (September, 1982): 435-442; National Housing and Town Planning Council, "Enterprise Zones: Three Years On" in Housing and Planning Review, 38 (June 1983): 12-19; and M.G. Lloyd, "Enterprise Zones: The Evaluation of an Experiment", The Planner, 70 (June 1984): 23-25.

57 For further details of the workings of partnerships, see Home, pp. 113-119 and Paul Lawless, Britain's Inner Cities: Problems and Policies (London: Harper & Row, Publishers, 1981) pp. 93-112.

The Urban Development Action Grant in the United States was available for projects aimed at physical and economic revitalization in eligible cities where there is a declining tax base and bad housing conditions. This requires commitment by the private sector before the Department of Housing and Urban Development allocates the grant. Thus, it is a form of leveraging money into certain areas and will go only to those areas in which private sector confidence is shown. However, the available resources are limited and are restricted to certain urban areas or parts of urban areas.⁵⁸

4.3.2 Local Economic Regeneration Initiatives

The economic regeneration policies of local governments aim at increasing or maintaining employment and incomes in an area by attracting industrial and commercial development or retaining existing activities in areas of urban decline. Policies may be aimed at particular sectors of the economy, for example, small firms, manufacturing industries or the tertiary sector, depending upon employment potential, growth prospects and ability to attract such firms. This local level, area - approach to economic regeneration is used extensively in Germany, in the United States and in the United Kingdom.

Local authorities in the United Kingdom have powers under different acts of parliament to engage in a wide range of economic activities. The

⁵⁸ J.R. Gist, "Urban Development Action Grants: Design and Implementation" in Urban Revitalization, ed., D.B. Rosenthal (Beverly Hills: Sage, 1980), pp. 237-252.

powers include the provision of land, infrastructure , advance factories and small workshops at low rents, as well as environmental improvements and the promotion of business enterprise through advice and advertising. During the past five years, a large number have taken advantage of these opportunities. However, the most successful authorities in what has become a highly competitive market, are growing places such as Milton Keynes (a new town), rather than those experiencing decline.

Most recently many western cities have created economic development departments. These coordinate the programs of other departments and have substantial resources with which they buy, prepare and sell land at a subsidized rate in order to attract new firms. Other cities have set up economic corporations which buy land, develop it and make it available to industry with the aim of increasing employment.

Partnerships between local governments and local businesses are another and growing type of local economic initiative. They may be formed with property developers involved in the redevelopment of town centres, the local authorities using powers of compulsory land acquisition to assemble sites and the private sector providing the investment capital. Another example is "planning gain", in which local governments enter into agreements with private developers for sharing costs of infrastructure, or the provision of social facilities as part of commercial or residential development.

The use of so-called "joint ventures" is particularly important in the United States where the private sector is the major source of regenerative funding and the principal source of continuing employment.

In addition, there is a belief that the involvement of the private sector can be enhanced in the inner city through the selective use of public financial incentives. This type of organization will be more successful in countries with locally based financial institutions and local industry with an interest in the community.

Joint venture companies are prominent in the United States, several having a long and successful history. For example, the Philadelphia Industrial Development Corporation has a board of senior city officials and prominent businessmen. It focusses on attracting growing industries, such as in private health, to employ unemployed workers from declining sectors, such as the textile industry. Adequate research and high quality staff are an element in the success of this corporation, which is funded by local banks and insurance companies. In the United Kingdom, a consortium of lending institutions call the "Financial Institutions Group" is spending a year examining international examples of private sector initiatives in urban redevelopment. A result of this examination may be a significant change in the type and nature of urban economic development.

A closely related set of public-private development initiatives is a consortium of national private firms, "Business in the Community", which is launching joint venture schemes in various urban areas in the United Kingdom. They create opportunities for retraining and provide other form of assistance for industry, especially small businesses, in order to regenerate city areas. A number of local authorities have been particularly active in this field, developing a series of joint ventures

including organizations providing advice and assistance to small businesses in general and to particular trades.

The consequences of commercial redevelopment public/private partnership schemes have yet to be thoroughly studied, although some good preliminary analyses have been reported.⁵⁹ Commercial projects do seem to provide the city with a new image and entice shoppers, theatergoers, conventioners, tourists, and even residents to the inner city, but the image of the viable city capable of revitalization implied by this strategy covers only the portion of the inner city with the most attractive amenities. Certain cities like Baltimore seem to be re-establishing their regional dominance. Employment and population loss has abated in some cases (eg. Boston, Jersey City) but many cities continue to face fiscal crises.

Certainly, redevelopment schemes remove undesirable, blighted areas and replace them with a renewed built environment. In most cases, this replacement requires the displacement of marginal businesses and lower-class residents (particularly elderly, single parent families, and minorities) from the transition zones targeted for redevelopment. The economic, social and psychological costs of displacement are only partially compensated by governmental payments. Businesses displaced (a shoe repair shop or neighborhood bar) cannot afford new shopping mall rents and displaced residents are often unable to afford new luxury

⁵⁹ Fosler and Berger.

apartments. The result is changing population and mix of services in the inner city. To a certain extent, the area is 'sanitized' of the lower and working class, with the exception of service employees in hotels, restaurants, and stores.

New ratables and job generation, seemingly positive consequences, deserve scrutiny. The city government's extraction of tax revenues from new buildings is diminished by its provision of tax abatements, increased expenditures on redevelopment infrastructure, and expanded public services for new activities.⁶⁰ Many jobs generated in office buildings are taken by suburbanites. In San Francisco, for example, "over 90 percent of all new white-collar jobs ... are going to commuters."⁶¹ Employment in the department stores, hotels, restaurants, and convention facilities is often low-paying and lacks opportunity for advancement.⁶² This employment does not allow for major economic mobility. Also, jobs displaced by the initial clearance of the site moderate the apparent increase in employment.

Public/private partnerships create increased non-public control over the inner city. Large financial institutions, corporations, and

⁶⁰ C. Hartmann, pp. 158-193.

⁶¹ Hartmann and Kessler, p. 168.

⁶² S.S. Jacobs and E.A. Reistacher, "The Urban Impacts of HUD's Urban Development Action Grant Program, or Where's the Action in Action Grants?" in The Urban Impacts of Federal Policies, ed., Norman J. Glickman (Baltimore: The Johns Hopkins University Press, 1980), pp. 335-362.

developers control the new built environment and strongly influence the activities provided. These activities, in turn, are integrated into a more tightly controlled and less eclectic urban landscape. The inner city becomes less accessible to the working and lower classes, and serves few of their needs.

One area of the private sector that must not be neglected is that of small businesses. The significance of small business development for the revitalization of older cities has been strongly underlined by the recent work of David Birch.⁶³ His findings indicate that large firms tend to grow at a slower rate, invest more cautiously, and create fewer new jobs than smaller, more volatile firms. Two-thirds of all new jobs in the United States, he discovered in a study of employment growth, are generated by small, independent firms employing twenty or fewer employees. Furthermore, he found that new firms (those four years old or younger) account for approximately 80 percent of all replacement jobs.

Birch's analysis of the actual sources of new job formation raises important questions about the role of public policy in stimulating urban revitalization. These new theoretical and policy issues may be understood in a broader context. Recent studies of regional economic growth and decline indicate that only a small fraction of new job formation results from the immigration of firms to a region. Instead, 70 percent of employment gains come from expansion of existing firms and 30 percent from the birth of new firms.⁶⁴ The key problem of older

63 The Job Generation Process (Cambridge, Mass.: Massachusetts Institute of Technology, 1979).

64 Carol Jusenius and Larry Ledelur, A Myth in the Making (Washington, D.C.: U.S. Department of Commerce, Economic Development Administration, 1977).

industrial urban centers is that their rate of new firm 'birth' is only about 57 percent that of growing areas while their relative national share of capital invested in firm expansion or start-up has declined.⁶⁵

These patterns become more intelligible when it is recalled that two decades ago, at the height of urban renewal demolition, Jane Jacobs summarized her objections in the following formulation: while old established businesses could afford the luxurious buildings produced by urban renewal, new, emerging businesses required the existence of old, cheap structures in order to incubate and thrive.⁶⁶ It is precisely in the marginal, cheap, dense, and "inefficient" areas of the city, according to Jacobs, that the generative function thrives. To the extent that 1960s renewal and 1970s and 1980s triage and shrinkage aim to modernize and streamline the downtown, while accelerating disinvestment in the inner city, they tend to undercut the foundation for new cycles of economic growth.

There are, then, firm reasons for governments to alter their public capital investment strategies in order to develop an incubator climate for the maximum formations of small, dynamic firms which offer the greatest potential for new job creation. Aging industrial plants and many of the commercial strips in older areas outside the central business

⁶⁵ Ibid., and Small Business Administration, Report of the Task Force on Venture and Equity Capital (Washington, D.C.: U.S. Commerce Department, 1976).

⁶⁶ Jane Jacobs, The Death and Life of Great American Cities (New York: Random House, 1961).

district offer ideal location for this form of small firms, as well as provide many secondary business services they will need.

A key element of such a redirected policy is the provision of venture capital which has been largely unavailable to new, small firms.⁶⁷ Capital availability is the responsibility of federal and state/provincial levels. Some academics argue that policies must go beyond interest subsidies, loan guarantees for private suppliers of capital, the establishment of public financial intermediaries like development banks or finance corporations and involve direct government financial intermediation to effectively finance viable but underfunded firms.⁶⁸ Although local government lacks the resources to influence credit allocation, it also can help promote a small business development strategy. One central role is to help reduce the death rate of new firms by establishing public and quasi-public agencies to provide marketing information, as well as management training and technical assistance, to small entrepreneurs. This policy is potentially quite significant because numerous studies indicate that the lack of managerial skills and market information are major reasons for the failure of small businesses.⁶⁹ Since small firms are typically frozen into traditional markets and often outdated distribution networks, the use of preferential

⁶⁷ Small Business Administration.

⁶⁸ Jeff Faux and Robert Lightfoot, Capital and Community: Notes on Financing a New Economy (Washington, D.C.: Exploratory Project for Economic Alternatives, 1976).

⁶⁹ Stahrl Edmunds, "Differing Perceptions of Small Business Problems", American Journal of Small Business Management, 3 (April 1979): 38-49.

government purchasing schemes and the utilization of subcontracting could also be considered.

Attention must also be given to the older commercial strips that exist in inner city neighbourhoods. These areas suffer from various obstacles to revitalization such as a diminution in local household income, deteriorated buildings, vandalism, an increasing number of marginal businesses and a decreasing variety of services.⁷⁰ Developed prior to the era of the automobile, these local commercial areas usually lack parking facilities, which weakens their ability to compete with suburban shopping malls. With the demise of businesses, the focus of the commercial area is fragmented. Thriving businesses, marginal ones, and vacant storefronts are intermixed. No concentration of businesses exist to attract shoppers. The scarcity of reinvestment funds and insurance company redlining compounds the problems of decline.⁷¹

Neighbourhood commercial redevelopment entails physical renovations and economic revitalization of the district's businesses. Renovation includes the rehabilitation of storefronts and interiors, public improvements to the shopping street, expanded parking facilities, and a variety of other activities directed toward making the area an attractive, accessible, pleasant place in which to browse and purchase.

70 Benjamin Goldstein and Ross Davis, eds. Neighborhoods in the Urban Economy (Lexington: Lexington Books, 1977) and A.M. Levatins, Neighborhood Commercial Rehabilitation (Washington, D.C.: National Association of Housing and Redevelopment Officials, 1978).

71 National Commission on Neighborhoods, People, Building Neighborhoods (Washington, D.C.: Government Printing Office, 1979) p. 37.

Economic revitalization, on the other hand, requires that the commercial district's mix of businesses be adjusted to the consumer demands within its market area, that merchants be assisted in buying and displaying goods, and that attempts be made to publicize the shopping area and entice consumers.

The strategy for implementing physical and economic revitalization pivots upon a private-public partnership among the area's merchants, governmental agencies, local financial institutions, and sometimes, residents of the neighbourhood.⁷² To be successful, the partnership must be directed by an organization which can undertake studies, develop plans, and coordinate activities. This might be a merchant's association, a local development corporation,⁷³ or a government agency. Its goal is to replicate the function of a management firm in a suburban shopping mall.⁷⁴ Without a formal organization, actions to upgrade the commercial district will remain fragmented and may not be mutually supportive.

Each participant have certain obligations to the partnership. For merchants, these include the commitment to remain in the neighbourhood, to reinvest, and to work with the district's organization. Local government should engage in technical assistance, provide local and intergovernmental funding, and undertake public improvements. Local

72 G. Stout and O. Otteson, "Neighborhood Commercial Revitalization in St. Paul", Challenge 11 (1980): 10-14.

73 E.C. Daniel, "Small Business Administration Beefs Up 502 Programs to Bring Help to Urban Commercial Areas", Journal of Housing, 34 (August, 1977): 392-393.

74 R. Cassidy, Livable Cities (New York: Holt, Rinehart and Winston, 1980) p. 280.

banks are requested to make loans to businesses and residents so that disinvestment does not occur. But most importantly, neighbourhood residents must be convinced to shop in the district, use its services, and attend local events. If these activities are successful, and each participant group fulfills its obligations, then the commercial district will move along the revitalization path.

4.4. The Role of the Public Sector

As seen in the above discussion, the public sector plays a pivotal role in determining the future of a neighbourhood. The working of our private sector economy depends upon rewards and penalties that endow some with enormous wealth and incomes while imposing on others serious deprivation. To mitigate against the negative consequences of the private market, there is need for government intervention to redistribute the social costs and benefits created by the private market. Toward that end the public sector establishes the rules under which the private market should operate, redistributes income to the needy, and supplies public services and facilities to all citizens.

During the past four decades, the central or federal government in Canada, Great Britain, and the United States has been the great provider of policies, programs, and resources for the revitalization of inner cities. Although past approaches to the inner city have been successful for some communities, inner city problems have remained elusive and in some places have worsened. Inferences from past experiences reveal cities and communities are so diverse in their problems, needs, and resources, that local governments should be the principal agents for

designing and implementing inner city policies and programs tailored to the particular dynamics of their constituencies. Thus the new federal/provincial government role which is emerging is one of urban facilitator in helping cities in being entrepreneurial and innovative in addressing their economic and community development needs. The future tool-kit of federal/provincial urban aid should offer provinces and local governments with new kinds of vehicles to reinforce and match local development schemes with dollars and technical assistance without distorting local government priorities.

This new approach does not imply a reduced federal/provincial role in urban affairs. Given the present slow-down and future uncertainty of western economics, there is a need for federal and provincial governments to tackle present economic processes within the strategy of an overall, national economic policy. Such a policy should contain clearly articulated national objectives and programs that take into account the structural problems of decline and the differential effects of policies on cities. Another role for the federal and provincial governments is to address the allocation of resources between those urban areas in need of assistance and those who are self-sufficient. This raises the question of the equity of so-called "positive discrimination" in favour of particular localities on the grounds that the needs and problems of the area, or the concentration of disadvantaged families and people within the area, is such as to warrant a focussing of resources to meet their special needs.

The structural process underlying urban decline are varied, though interrelated. In most countries, policies to address the problems of inner cities are the responsibility of separate government departments, each with a set of priorities in which the spatial dimension may either be absent or directed to areas other than those experiencing urban decline. The first problem therefore is that of achieving a common focus and coordination of sectoral policies towards urban revitalization objectives.

Structural processes have a localized impact in particular areas, reinforcing or retarding their decline. Also, at the local level, there is always a variety of different public authorities: departments of one or more tiers of government and quasi-independent bodies set up by government (ie. public authorities, crown corporations, etc.). All of these are working under national, provincial, or municipal legislation with a greater or lesser degree of autonomy and discretion. Thus, to the problem of intersectoral coordination are added the problems of central/provincial/local relationships and policy information versus program implementation.

The third problem is that many of the policies and programs depend for their implementation upon private firms, voluntary organizations and individuals. Successful implementation of policies will therefore require a mixture of direction, regulation and promotion by government agencies, raising the question of public/private relationships in urban development and redevelopment.

The United Kingdom, upon adopting an inner city policy, dealt with these problems as follows. One ministry was made primarily responsible, the Department of Environment, in that it was the department traditionally acting as the interface between central and local government. However, other ministries closely involved in inner city policy (principally the Departments of Industry, responsible for regional and industrial policy, and Employment, responsible through the Manpower Services Commission for a whole bundle of training and job creation programs) were also a part of the central/local government machinery.⁷⁵

The main focus of attention was creating so-called "partnerships" for each of the chosen declining urban areas. A partnership brought together, under the chairmanship of a minister from the Department of the Environment, representatives of all the central and local government bodies in that area with the remit of preparing policies for its regeneration. The partnerships were responsible for determining the aims of policy and priorities, with some additional resources, which would then be implemented by individual executive departments. The objective was to combine intergovernmental coordination with local, democratic accountability.⁷⁶

Within particular local government areas, the issue of direction and coordination is often tackled through the application of ideas of corporate planning and management. In a few cities of the United

⁷⁵ Home, pp. 19-22.

⁷⁶ For a more detailed examination and evaluation of inner city partnerships see Home, pp. 113-119.

Kingdom, for example, ideas of area management have been explored. A degree of authority for the implementation of programs has been delegated to local committees and a channel of communication with local communities has been opened up. One model (Stockport) applies area management to an entire municipality, largely in the interest of more efficient and responsive government. The alternative model (Newcastle) uses area management as an explicit means of giving greater priority in the allocation of resources to declining, inner city neighbourhoods.⁷⁷ In the United States, as well, many cities (such as Boston and New York) have experimented with ideas of delegation to local neighbourhoods of at least some of the responsibilities of local government.⁷⁸

While most governments have policies which seek to deal with the problems of decaying cities, other actions of a more general nature may involuntarily run counter to these aims. Thus, there should be procedures for assessing the impact that government (including policies on spending) is going to have on towns, so that ill effects can be kept to a minimum or additional measures taken to forestall them. In addition, monitoring change and other developments, including data collection and anticipation of the effects in the national economy, can lead to policies which can address at the beginning, or perhaps even pre-empt, the problems of urban decline.

77 Ibid., pp. 26-27.

78 Eric A. Nordlinger, Decentralizing the City: A Study of Boston's Little City Halls (Cambridge, Mass.: The M.I.T. Press, 1972) and Walter G. Farr, Jr., Lance Lilbman, Jeffrey S. Wood, Decentralizing City Government: A Practical Study of a Radical Proposal for New York City (New York: Praeger Publishers, 1972).

Conclusions

The following conclusions summarize the major findings on the nature of the inner-city decline and its incidence, the most important issues which governments face in dealing with problems of urban decline and the major policies to revitalize the inner city.

The Nature of Inner-City Decline

Urban decline is the spatial concentration of social, economic and physical problems in cities. Many of the problems are not unique to cities experiencing loss of population and employment but are found in growing urban areas, in the suburbs, and indeed outside metropolitan areas altogether. In a highly urbanized society, urban problems may be the problems of society itself. Nevertheless, the degree to which the whole range of problems is exhibited, the scale on which this occurs, and their concentration in declining metropolitan areas justifies a uniquely urban perspective.

Population and employment levels, which are falling to varying degrees in central and some metropolitan areas, are often indicators of urban decline problems. However, this deconcentration is not necessarily a problem in itself. In some cases, the trends can work to the advantage of an area, reducing overcrowding, congestion and environmental hazards. Indeed, to some extent they are simply the working out of social and demographic trends at the urban level.

Urban decline differs between countries in severity of social and physical deterioration and within countries, variations in the nature and location of decline can be as great as that between countries: cities in decline coexist with cities experiencing growth. Some countries regard economic decline as the major issue, whereas others regard housing supply and social conditions as more crucial. These differing preceptions of urban decline have important implications for policy.

Urban decline is characterized by reinforcing mechanisms, such as selective migration induced by spatial variations in the cost and availability of housing and labour market operations. They accelerate the process of decline once begun, leading to an increasing concentration of poor people, deteriorating social and environmental conditions and inadequate job opportunities. Such concentrations lead to harsh contrasts between affluent and disadvantaged neighbourhoods within cities, usually located in inner city areas. Notwithstanding these contrasted living conditions and the accumulated disadvantage which they represent for deprived neighbourhoods, there may be compensating advantages to living in the inner city which are important for revitalization efforts.

There are indications that the processes of decline may have begun to reverse. Some areas have been revitalized. The loss of population may have been arrested through gentrification. Other important factors include the increasing numbers of small households with a greater preference for inner city living, the effects of increased energy costs on urban sprawl, the rising costs of providing services to new urban

areas compared with the benefits of consolidating development, and the growing commitment by governments to addressing the problems of urban decline. At the same time, however, the problems of lower income single-purpose suburban areas will increase, especially if jobs have not decentralized along with population. In these areas, as the population ages, the need for revitalization will become increasingly apparent. It will be for governments to monitor the course of urban decline and the effects of policies in the pursuit of revitalization.

DECLINE ISSUES

Need for National Government Intervention

Central government has a direct role in urban policy formulation and implementation, but its role has declined recently. While decentralization of responsibilities and authority is desirable in many circumstances, there are still crucial responsibilities most appropriately handled at the central level: setting priorities and policy strategies; monitoring and assessing the operations of government; coordination of sectoral policies; and providing incentives for involving the private sector in urban revitalization.

There must be efforts to coordinate central government policies with those of other levels of government. In addition, because of the tremendous range of problems which accompany urban decline, including social, economic and environmental problems, many agencies of government are affected. Thus, a reasonable degree of coordination is required within levels of government as well.

Importance of Area-Based Policies

Two major processes underlie urban decline: structural economic change; and housing, social and environmental deterioration. The two operate not just in large urban areas but nationally as well and, in the case of structural change, internationally. In principle, therefore, they require national policy responses targetted at people and institutions, for example welfare policies targetted at low income groups wherever they live.

At the same time, there are a number of reasons why an approach specifically targetted to places experiencing urban decline is necessary. Housing and environmental improvement policies must focus on particular areas in order to counter the neighbourhood effect. Another argument for area-based policies relates to the consequences of collective deprivation, or concentrations of deprived individuals, for the entire community. They are not just problems for poor neighbourhoods and deprived individuals but have important implications for the economic and social health of the entire community. Finally, area-based policies allow different initiatives, such as in housing improvement and economic regeneration, to be better coordinated at the local level. The combined effects of several programs may help to stimulate confidence in an area as a whole and have a demonstration effect which can be repeated elsewhere.

Importance of the Wider Economic Context

The ability to arrest urban decline is dependent on the fundamental character of the problems to be addressed, those related to structural

economic change as well as to neighbourhood viability. In developing urban policies for the 1980's, one focus will be on positive adjustment to structural economic change that is already anticipated in public and private sector decisions trying to influence economic change; and the second will be directed towards reversing the social and physical deterioration of neighbourhoods. Both types of policies are essential to successful government intervention to revitalize metropolitan areas.

It is important to place urban revitalization in the context of the prevailing economic climate. From the broadest perspective, a primary need is to pursue policies of non-inflationary economic growth. At the same time, the pursuit of national growth could divert resources away from the maintenance and redevelopment of declining areas. It will be particularly important, therefore, to ensure that revitalization is accorded due priority, especially given the importance of healthy cities for long-run national economic growth. Within this context, policies can be developed which enable the city to take advantage of opportunities arising from changing circumstances.

Policies to Revitalize Inner Cities

The revitalization of inner city areas suffering from, or threatened with, urban decline will require a variety of different policies, directed in a coordinated manner towards their successful adaptation to economic and social change. The policies can be divided into four broad headings, further details of programs and policies having been reviewed in the previous chapter:

- economic development, training and job creation;
- housing supply, rehabilitation and neighbourhood revitalization;
- land management and redevelopment; and
- social policies.

Economic Development, Training and Job Creation

The key economic task for governments will be to create positive conditions under which economic activity can be fostered in declining areas. Six priority areas are identified.

- i) Improving the environment and infrastructure of industrial and commercial areas and ensuring a supply of land for industrial and commercial investment.
- ii) Attracting capital investment to declining urban areas. Experience shows that policies which provide a positive incentive to business to locate in a particular area, for example capital grants, the availability of loans, loan guarantees and tax concessions, may be more effective than regulatory measures such as planning control.
- iii) Job creation schemes which, as part of an urban regeneration policy, could include using the unemployed labour force to upgrade the decaying infrastructure of older urban areas.
- iv) Training and retraining programs for the expansion of local job opportunities and to facilitate the mobility of labour. These programs should be targetted to those areas with the highest concentrations of unemployment and should be relevant to local job opportunities.

- v) Public/private cooperation and more particularly the concept of "leveraging" private fund into declining inner-city areas is a significant policy emphasis. Individual local authorities have found that effective ways to attract private investment are by matching private investment with public expenditure, by tax incentives and by the promotion of joint ventures between the sectors.
- vi) Promotion of small business, including both the creation of new firms and the retention of existing ones by subsidies for the acquisition of sites for new firms, the construction of new multi-purpose buildings, or the adaptation of existing structures for use by several small businesses. Other measures include technical advice and financial assistance, such as provision of venture capital.

Housing Supply, Rehabilitation and Neighbourhood Revitalization

Policies designed to increase the supply and quality of the housing stock are of major importance in the revitalization of cities and checking neighbourhood decline. The major policies are summarized below.

- i) Policies for housing rehabilitation to increase the supply and quality of housing for low-income households; to retain or attract middle-income households in the central city; to maintain a sense of neighbourhood; to preserve historical structures; and to stretch limited public funds available for

increasing the supply of usable stock. Some countries have found that housing rehabilitation can effectively accomplish two or more of these objectives simultaneously. Consequently, increasing proportions of urban programs should be devoted to housing rehabilitation.

- ii) Targetting public and private resources to specific residential neighbourhoods is of increasing importance. Two reasons account for its effectiveness: the "neighbourhood" effect in which the improvement of one home encourages neighbours to make similar investments; and the improvement in one sector (housing) is complemented and reinforced by improvements in the infrastructure, commercial sections of the city, parks and the environment generally. Addressing the multiplicity of problems simultaneously protects the investment of all those involved and encourages new investment.
- iii) Public sector cooperation with the private sector is critical in gathering the necessary momentum for area regeneration. Cooperative efforts include those with the business sector to renovate commercial areas; with non-profit organizations to provide social services or rehabilitate housing; with citizen groups to oversee volunteer services such as playgrounds and care of the elderly; and with individuals in the case of aid to home buyers or grants and loans to improve or maintain rental and privately-owned property.

- iv) Strategies to prevent displacement include rehabilitation assistance to low-income tenants, rent controls, security of tenure provisions and rental-assistance payments. Mitigating strategies include the temporary rehousing of low-income households before their return to the neighbourhood and providing relocation assistance.

Land Management and Redevelopment

The price and availability of land in declining areas and the quality of the physical environment have important implications for the prospects of development or redevelopment. This is true particularly where the process of urban renewal is not working efficiently, so that land or buildings are left vacant for excessively long periods, further intensifying environmental deterioration. Major policies and mechanisms are noted below.

- i) Financial and fiscal mechanisms including direct investment by government; tax exemptions and other incentives to promote development and to influence the type of development taking place; and the formation of partnerships between the public and private sector to finance development.
- ii) Land assembly and land-use regulation. The former is particularly relevant in the case of vacant or abandoned land and buildings or in any cases where the price and ownership of land is inhibiting redevelopment initiatives in order to promote development objectives such as mixed use of land, both

residential and commercial; a mixture of different income groups; and a variety of housing tenures within an area.

- iii) Policies for enhancing environmental quality including environmental improvements, environmental care and policies to promote the conservation of historic buildings and areas. Often these involve direct government investment because of the externalities which inhibit private sector investment.
- iv) Special programs to tackle particular, highly concentrated, problems of redevelopment. These include the creation of development corporations with the resources and powers to redevelop urban land; or the use of enterprise zones, whereby financial incentives, tax exemptions and relaxation of regulations are designed to stimulate private sector development.

Social Policies

The chief social issue specifically associated with urban decline is that of the social segregation seen in contrast between affluent suburbs and deprived inner-city areas. The disadvantaged neighbourhoods are characterized by concentrations of poverty, deprivation and other social problems and, in the public sector housing, by single forms of land-use and housing tenure. Economic, housing and land policies should all work not only to regenerate, but also to diversify such neighbourhoods. But, in addition, the following policies should be pursued with social objectives in view.

- i) Policies for ensuring a mixture of housing tenures, sizes and costs to provide for the needs of a diverse population in terms of age, class, income and family type. Programs include incentives to encourage private developers to provide a mixture of high and low cost housing; and schemes such as housing vouchers which enable lower income households to choose their place of residence.

- ii) Policies for a mixture of functions including social, educational, cultural and leisure facilities, with accessible employment opportunities and retailing as well as residential uses. People can then find within their locality any of their daily needs within walking distance instead of having to commute long distances.

- iii) Citizen participation should be accommodated and encouraged, particularly with regard to environmental and housing issues, with due attention being given by government to matters of concern to citizen groups of all kinds and classes.

- iv) Policies for ensuring social programs designed to meet the needs of inner city residents.

Emerging Trends and Issue

Policies for urban revitalization in the 1980s will have to be pursued in the context of continuing restraints on government expenditure and in light of certain emerging trends in the role of governments.

Three trends, in particular, are likely to provide the framework for the successful revitalization of declining cities.

- i) Decentralization of public policy formulation and implementation is becoming increasingly important for revitalizing the urban environment based, in part, on central government resources but also on a restructuring of the local economic base.
- ii) Targetting of resources to specific cities or neighbourhoods within a city, to specific population groups or to specific employment sources is critical to obtaining the greatest benefit from limited financial resources and for assuring that individuals and groups within the community have the resources and incentive to participate with government in urban revitalization strategies. This raises important questions about the supply of resources and mechanisms for their distribution between central and local governments.
- iii) Revitalizing inner cities implies cooperation between local authorities and the private sector, creating the conditions for a revival of economic activity through market forces in declining urban areas.

In conclusion, the revitalization of inner cities facing urban decline must become a priority issue and will depend on the successful pursuit of two objectives: the adaptation of cities to changing circumstances through the retention and rebuilding of their economic base; and the regeneration of neighbourhoods facing social and physical deterioration. In pursuing these objectives, cities will need to become more

diversified in their economic, social and spatial structure, avoiding the extremes of segregation characterizing cities in decline. The challenge will be to ensure that the city in decline can become the "Good City", whose citizens can expect their children to grow up in an attractive and supportive environment, with educational opportunities and the prospect of employment; and where the elderly can expect to live without fear and with adequate services.

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