

**Economic Restructuring And Inner City Change**

by

Mechyslava Polevychok

A Thesis submitted to the Faculty of Graduate Studies of

The University of Manitoba

in partial fulfilment of the requirements of the degree of

MASTER OF CITY PLANNING

Department of City Planning

University of Manitoba

Winnipeg

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## Abstract

This work *Economic Restructuring and Inner City Change* examines the impact of economic restructuring on inner city Winnipeg. Based on an extensive literature review of neighbourhood change theories and urban change indicators on one hand, and the changing nature of the economy and its impact on urban processes on the other hand, indicators of economic restructuring are suggested. The data analysis is undertaken to analyze the impact of economic restructuring in Winnipeg compared to Canada's other metropolitan areas and in inner city Winnipeg vs. the rest of the city. The research involves key informant interviews that provide key policy makers' comments on the problem. Policy implications address the issues facing the inner city as a result of macro-economic changes. The study concludes with suggestions for further research.

Several indicators provide evidence of economic restructuring in Winnipeg that are likely to have an impact on Winnipeg's socio-economic future. In Manitoba the "New Economy" sector is relatively small, concentrated in the service sector, rather than in advanced manufacturing, and growing slowly. Though the economy is diversified and stable, it does not attract enough human capital into the city, does not produce enough new jobs, nor generate a significant enough demand for services to stimulate substantive urban revitalization.

The processes of economic restructuring have enhanced the disparity between the inner city and outer city Winnipeg. Characteristics of the inner city show concentrations of disadvantaged groups and deteriorating housing stock in the core area. A shift in emphasis to part-time and temporary jobs, a decline in job opportunities for inner city low-skilled workers, and the growing proportion of the long-term jobless and recipients of transfer payments further contribute to poverty and social inequity increase in the inner city. Revitalization initiatives undertaken in Winnipeg to date have made a difference but their collective impact has not been sufficient to reverse inner city decline. The case may well be that although inner city programming can make a difference; economic swings on a national basis are very influential.

Appropriate policy responses to negative impacts of economic restructuring in Winnipeg would include creating a vibrant Downtown; tailoring of education to needs of different population groups; bridging a gap between labour market requirements and the limited skills of the inner-city residents; addressing inequality in community services between suburbs and poor neighbourhoods; providing supports for the Aboriginal community; involving the inner city residents in the economy and broader community life, and others. Policy responses to the negative impacts of economic restructuring should come from all three levels of government, private and community sector and Academia working in a collaborative fashion.

**List of key words for the document:** inner city, economic restructuring, neighbourhood change

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# 1. Introduction

## 1.1 Statement of the Problem

Metropolitan regions across North America continue to face the persistent challenges presented by the “inner city”. The relative position of inner cities versus suburbs has changed dramatically over the last few decades as illustrated by several indicators: population decline and jobs relocation, median income, concentrations of wealth and poverty, labour force participation and unemployment rates, fiscal health, increased demands for services and others. By these measures, many inner cities and older suburbs are faring poorly compared to newer suburbs. Economic restructuring is one of the major contributing factors to the problem of urban change.

The term ‘economic restructuring’ typically is used in a very general sense to indicate changes in the constituent parts of an economy. In many respects it is a ‘catch-all’ phrase, incorporating factors such as the changing nature of industrial sectors, corporate organization, management strategies, occupational structures, and working practices (Pinch 2002).

Changes triggered by global economic restructuring include the growth of multinational corporations, increased international competition between nations for investment, increased capital and labour force mobility, the erosion of goods-production jobs and the growth of service sector jobs, a weakening of organized labour and decline in formal labour contracts, the decline of real wages, an increase in flexible forms of labour, a growing gap between the rich and poor, and reduced public spending (Massey 1995, Punch et al. 2004, Badcock 1997, Human Resources Development Canada 2002, Canadian Centre for Policy Alternatives 2005, Saunders and Maxwell 2003, Gunderson and Riddell 1999). Globalisation has contributed to a reduction in wage differentials across countries for labour of similar skill, but has led to an increase in wage inequality between lower and higher skill levels within high-wage countries.

The outcomes of globalisation of the economy and a significant restructuring of the labour force experienced by Canadian cities include:

- Pressures associated with international and regional competitiveness;
- Specializing within a narrow set of economic sectors, but being effectively excluded from other activities;
- More mobile capital and freer trade in goods and services;
- A decline in manufacturing and clerical jobs and an increase in the personal and business service sectors;
- Social policy shifts and reduced levels of funding from public sources;
- Increasing demands for services, with a diminished ability to pay for these services;
- Growth in non-standard work arrangements and an increase in ‘precarious’ employment;
- Increased labour force migration;
- Dramatic technological change, especially in the areas of information and computer technologies;
- Suburbanization of many job locations; and
- Increased wage and earnings inequality.

As a result of these processes the position of inner cities became particularly vulnerable. The urban policy debate now centres less on whether older cities will or should survive, and more on whether and under what circumstances cities can adapt to a changing world economy and a new international urban hierarchy. This study intends to examine indicators of the economic restructuring in Winnipeg and the inner city and derive related policy implications.

## **1.2 Objectives**

This thesis aims to examine indicators of economic restructuring in Winnipeg. The study analyzes the position in the new economic order of Winnipeg relative to other metropolitan areas and of the inner city relative to the rest of the city and derives policy implications. This study seeks answers to the following questions:

1. How theories of neighbourhood change were defined in literature and what they tell us about economic re-structuring?
2. What does the changing nature of the economy mean and how does it impact urban processes?
3. What meaningful indicators of urban change caused by the economic restructuring can be suggested?
4. How is the impact of the economic restructuring on Winnipeg CMA different from that of other metropolitan areas?
5. Was the inner city Winnipeg hit more dramatically by the economic restructuring than the rest of the city?
6. What are the policy implications of the inner city change in the context of the economic restructuring?

In order to answer these questions the research process is structured as follows:

1. A relevant introduction outlining the scope of the study is provided.
2. A theoretical framework for the research informed by an extensive literature review of the processes of neighbourhood change is developed.
3. Indicators of urban change pertaining to the economic restructuring are determined.
4. The indicators of urban change on regional and local scale with the particular focus on the inner city are analyzed.
5. Obtaining views of Winnipeg policymakers and urban development professionals on the issue.
6. Policy implications are suggested and conclusions are drawn.

### **1.3 Significance of the Study**

This research is timely and addresses the gap in urban research: the impact of economic restructuring on urban fabrics and inner cities specifically. Economic restructuring has been commonly examined by political economists that look at economical shifts on a more global scale. But their analysis does not include social disadvantage produced by

macro-economic shifts. Urban planners, on the other hand, often do not relate local issues to broader-scale macro-economic changes.

Findings of the proposed study can be employed in further theoretical research concerned with urban development and urban change processes. It is hoped that findings and recommendations developed in the study will inform and help to enhance policies aimed at inner city revitalization. Suggested indicators of the economic restructuring may be used to analyze urban change processes locally as well as in other urban centres.

The study contributes to the understanding of how the impact of the economic restructuring in Winnipeg differs from that in other metropolitan areas and what are the peculiarities of this impact on the inner city.

This research also raises interesting questions for further work on what has been Winnipeg's challenge for many years: the deterioration of the inner city.

This inquiry will be of interest for urban policy makers, urban planners and academics involved in urban research. The study will also be of value to anyone concerned with gaining a better understanding of Canadian inner cities and how they could be improved.

#### **1.4 Methodology**

To ensure systematic analysis of the key research objectives, a five-stage methodology was adopted as follows:

1. A broad literature and theoretical review.
2. Identifying the indicators of economic restructuring.
3. Analysis of the economic restructuring indicators using available sources of data.
4. Key informant interviews.
5. Research analysis and synthesis.

The following sub-sections briefly outline the research methodology:

### **1.4.1 Literature Review**

A thorough investigation of the literature related to the subject area is undertaken. More specifically the literature review:

- Provides a theoretical framework on urban change, including major theories that have been developed to explain neighbourhood change and neighbourhood decline.
- Identifies indicators that have been used to monitor social, physical and economic change in urban communities.
- Investigates the processes of economic restructuring and their impact on urban communities – regionally and locally.
- Determines specific indicators that can be used in studying the impact of the economic restructuring on urban communities.

In addition the literature review identifies principal policy issues, defines questions for key informant interviewing, and contributes to developing final recommendations of the research.

### **1.4.2 Data Analysis**

Based on the literature review of neighbourhood change processes, theories and indicators, and impacts that economic restructuring has had on the urban fabric, the research identifies indicators of urban change caused by economic restructuring processes. Analysis of the appropriate indicators is undertaken both regionally (Winnipeg CMA) and locally (the City). These key indicators enable a comparative analysis specifically highlighting socio-economic differences and similarities between communities (Winnipeg CMA vs. major Canada's CMA's and inner city Winnipeg vs. the rest of the city) as they are expressed in demographic and socio-economic characteristics of individuals and households. The availability of the data provided in several formats determines the analysis timeframe for each particular indicator.

While the inner city is the focus of the study, indicators of economic restructuring are monitored over time for the city on the whole, the inner city, and the city areas outside the inner city. Further, selected indicators for the inner city are analyzed on a neighbourhood level, which allows a detailed examination of the inner city neighbourhoods in terms of the economic restructuring impact they have experienced. The analysis points out to specific geographic areas of potential improvement, gentrification, or further decline.

The sources of information involved in the research include related theoretical texts, research reports, academic journal articles, policy documents and government publications, and Internet websites and databases. A full reference of all the sources of information used is included in bibliography.

### **1.4.3 Key Informant Interviews**

Next the research involved one round of semi-structured key informant interviews. The purpose of the interview process was to explore the insights and opinions of key actors in the urban policy and development areas on the impacts that economic restructuring has had on Winnipeg's inner city and the city in general.

The interviews were partially structured by a written interview guide that included a number of generalized, open-ended questions. The flexible guide helped to focus on the research issue while allowing participants to introduce and discuss issues, which they deem to be relevant. The personal experiences and suggestions from the key informants helped develop the recommendations and derive final conclusions of the research.

## **1.5 Limitations**

Due to the breadth of the subject area it is unrealistic to cover every aspect of the topic. This research has a specific focus on the processes of economic restructuring and their impact on urban change with particular focus on inner city Winnipeg.

## **1.6 Content of the Study**

Chapter One of the study provides an overview of the project, including a statement of the research problem, objectives, scope of the thesis work, and research methods. Based on an extensive literature review Chapter Two provides background information on theories of neighbourhood change. Chapter Three examines economic restructuring, one of the major factors that have an impact on cities today. The literature review considers both international and national research pertaining to the theories of urban change, neighbourhood indicators, globalization of economies, and the role economic restructuring plays in the processes of urban change. The literature review also identifies indicators of economic restructuring in an urban change context. This allows a comparative analysis of the impact of economic restructuring on the Winnipeg CMA to other Canadian metropolitan areas, and inner city Winnipeg compared to the rest of the city and the city on the whole. This analysis is presented in Chapters Four and Five. The literature review and findings of the data analysis clarify questions for key informant interviews. Chapter Six introduces the results of key informant interviews with planners and policy makers involved in Winnipeg's urban development presenting their feedback on issues raised. Chapter Seven concludes with a final synthesis of the research, policy implications, and directions for further research.

## **2. Neighbourhood Change: Literature Review**

This chapter of the literature review aims to document major theories that have been used to explain urban decline, examine causes triggering decline in inner cities and identify indicators of neighbourhood change that have been used by different explanation hypothesis.

### **2.1 Theories of Neighbourhood Change**

Many theories contribute to an understanding of the processes of neighbourhood decline and revitalization. Explanatory processes include natural evolution, ecological succession and down filtering, middle class flight, ageing of population, obsolescence of the built environment, changes in urban form and the pattern of suburban expansion, the unintended effects of public policy, structural economic change and class and racial conflict among others. These theories contribute to a better understanding of the interaction and interdependence of neighbourhood, inner city, city wide, regional, national and international influences, and both macro and micro level processes. They also suggest different indicators of urban change that allow tracking of neighbourhood change. These indicators provide a basis for the analysis of urban change processes caused by economic restructuring.

Scholars distinguish three major schools of thought with regard to theoretical understanding of how and why neighbourhoods change – ecological, subcultural, and political economy (Pitkin 2001, Ding and Knaap 2002). This section expands on these three theoretical trends and provides a summary of the major neighbourhood change theories.

### 2.1. 1 Ecological Models

*Ecological models*<sup>1</sup> originate from the work of urban sociologists and economists and focus on ecological forces, filtering processes, and economic factors that shape the dynamics of neighbourhood change.

The Concentric Zone Model viewed neighbourhood change as a natural and inevitable result of competition for space. The city, according to Burgess (1925), is made up of six concentric rings: the innermost ring being the central business district (CBD), surrounded by the industrial sector, slum housing, working-class housing, higher-status dwellings and finally commuter housing. As the city grows outward, each ring places pressure on the ring surrounding it to expand. Neighbourhoods deteriorate as lower-income residents move into them and push the growth of the city outward.

Invasion-Succession is a process of group displacement. It implies the encroachment of one area of land use upon another, usually an adjoining area and change seems to occur cyclically. The invasion-succession model is often used in combination with a Life-cycle Model of neighbourhood change to describe their evolution: neighbourhoods are born, age, decline, until they eventually are abandoned and demolished (Temkin and Rohe 1996, Galster 2003).

The Sectoral Model considers the direction, not the distance, to be the key factor in determining the urban spatial structure (Hoyt 1939). While the growth is still outward, areas in the same direction tend to maintain the original socio-economic characteristics of more inner areas. The general picture is that sectors alternate in major socio-economic status groups or land use types.

The Multi-Nuclei Theory suggests that a city may have more than one nuclei/centre apart from the CBD from which zones develop (Harris and Ullmann 1945). While the CBD was still seen as the major centre of commerce, specialized cells of activity would

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<sup>1</sup> The term *Ecological Models (processes)* in this section refers to Human Ecology. Ecological Processes mean the tendency towards special forms of spatial and sustenance groupings of the units comprising and ecological distribution. There are 5 major ecological processes: (1) concentration, (2) centralization, (3) segregation, (4) invasion, (5) succession.

develop according to specific requirements of certain activities, different rent-paying abilities, and the tendency for some kinds of economic activity to cluster together. Therefore metropolitan development cannot be explained totally or fundamentally in terms of orientation to the CBD. The multiple nuclei model argues that since a city has topography and history, other centers such as former towns, industrial sites, and immigrant clusters compete with the CBD as minor nodes, around which a suborganization develops.

The Social Area Analysis, developed by Shevsky and Bell (1955), relates changing land use patterns to the social characteristics of the urban population. Social areas of cities cluster according to: 1) economic status, 2) family status, and 3) ethnic composition of its residents.

Many researchers have used the income-succession model as a basis for their own studies of the Filtering of housing stock through various income and racial groups (Galster et al. 2003). Hoyt (1933) expands Burgess's model by applying economic theory to argue that neighbourhoods naturally decline as property owners invest less in ageing properties due to rising maintenance costs and move to new housing on the periphery. He explains expansion outward as due to the attraction of new neighbourhoods on the periphery, not as the result of a push mechanism from the inner circles as in the invasion/succession model. Housing filters down from the rich to the middle class to the poor. It deteriorates over time, so rich people periodically move to new housing that is higher quality. Middle-income people can either buy new housing or buy slightly used housing that was occupied by rich people. Lower income residents can't buy new housing, as they can't afford the cost of construction. They buy used housing that was previously occupied by middle-income people. The price of slightly used housing falls to the point where low-income people can afford it. Housing that used to be occupied by lower income people can't fall any lower in the income distribution and gets abandoned. Smith (1963) builds up on Hoyt's model to argue that other factors such as the existence of mortgage credit and immigration need to be added to the equation of filtering (Pitkin 2001).

The Vacancy Chain hypothesis contends that the dynamic of new housing construction for wealthy households sets in motion a chain of vacancies. The vacancy chain causes households to move into higher status neighbourhoods than the ones they leave, and housing units to be successively occupied by lower and lower status occupants. At the end of the vacancy chain, in the least desirable housing stock and the least desirable neighbourhoods, often in the central core, there is insufficient demand to sustain the housing stock and vacancies go unsatisfied, leading ultimately to housing abandonment. As these neighbourhoods become poorer, social and economic decline accelerate and push the middle class out at the same time the vacancy chain is pulling them. As Orfield (1998) points out, as the various classes move up and/or flee from central city areas, all the social and economic changes that occur in the core of their sectoral housing markets eventually follow them through the vacancy chains into the suburbs.

The next group of ecological models focuses on residential location decisions of households. According to the Neoclassical, or Bid Rent Theory, urban residents make a trade-off between land, housing, and transportation costs (Alonso 1960). The residential bid price curve is “the set of prices for land the individual could pay at various distances while deriving a constant level of satisfaction” (ibid. p.59). Middle- and upper-income households can purchase more of land and housing at lower unit costs toward the periphery while affording the transportation costs. Poor occupy smaller and older housing closer to work sites.

The Border or Tipping Models also focus on the locational decisions of residents but expand the explanatory variables to social characteristics such as race. Proponents of these models contend that the racial transition of a neighbourhood will have an impact on existing residents and increase out-migration. These changes will affect how residents from surrounding areas perceive their own neighbourhoods, especially along the “borders” of the neighbourhoods (Pitkin 2001).

The following theories are based on a premise that the failure of intervention to resolve basic problems of social disadvantage set in motion more complex urban problems. The basic premise of the Cycles of Disadvantage is that spatially concentrated physical,

economic and social handicaps reinforce one another to ensure life-cycle and inter-generational multiple deprivation. As indicated by Jargowsky (1997), the “spatial concentration of poor people acts to magnify poverty and exacerbate its effects” (p. 2). Galster and Hill (1992) draw similar conclusions with a focus on race. Wilson (1987) argues that the fortunes of the underclass are strongly shaped by the neighbourhoods in which they reside. Ellen and Turner (1997) conclude that neighbourhoods influence a variety of individual characteristics such as educational attainment, criminal involvement, teen sexual activity, and employment. When groups of low well-being people live together there may be negative neighbourhood effects that perpetuate social problems and result in even poorer outcomes for these groups (Maré, Mawson and Timmins 2001).

The Broken Windows theory originates from the article by James Wilson and George Kelling entitled *Broken Windows: the Police and Neighbourhood Safety* (1982). The authors argue that signs of physical and social disorder provoke criminal activity that progressively breaks down community standards and ultimately invites criminal invasion; disorder indicates to law-abiding citizens that their neighbourhoods are dangerous places, making these citizens afraid to take an active role in promoting social order in their communities and leading them to withdraw from community life.

The most controversial interpretation of social disadvantage is the idea of the culture of poverty - Urban Underclass. These people, it is argued, cannot or do not want to help themselves or their children (Glennerster et al. 1999). They have a life-style that conflicts with mainstream values and creates or helps to drive area decline. The existence of an urban underclass is often explained by deindustrialization of the central city, a polarized employment structure, and a bipolar distribution of wealth (Wilson 1987, Kasarda 1990).

Ley and Smith (1997) argue that concepts of the underclass vary across nations. In the American context, the underclass have been defined as those who live in extremely poor communities, marked also by high rates of unemployment, welfare dependency, mother-led families, criminal activity, and deficient education or work-related skills. European researchers have focused on one particular factor in defining the underclass - a continued exclusion from the labour market. In Canada there is no empirical evidence detailing

either underclass existence or any critical discussion about whether the underclass provides an appropriate paradigm for the Canadian experience of urban poverty (ibid.).

The Pull and Obsolescence hypotheses combine social and physical factors, and residential preference for suburban living in their interpretation of inner city change. Broadway (1995) argues that in North America this explanation relates more to U.S. metropolitan areas, since several inner cities in Canada are still considered for the most part as a desirable residential location for elites as well as educated professionals:

Indeed, with a few exceptions, wealth in America has fled the city, but in Canada, elite inner-city residential areas have persisted, and in some cases expanded, with gentrification. Well-established elite neighbourhoods such as Rosedale in Toronto, Westmount, Outremont and Mont Royal in Montreal, Shaughnessy Heights in Vancouver and the South End in Halifax attest to the attractiveness of inner city living (ibid. pp.2-3).

Obsolescence in the inner city pushes people out. They dislike many of the characteristics of the inner city, the characteristics of suburban development, on the other hand, are viewed as attractive. The inner city characteristics push, the suburban characteristics pull.

The basic premise of Environmental Determinism is that control and manipulation of the physical environment has a direct and determinate effect on social behaviour. The theory implies that the physical environment is a major determinant of social patterns. It implies a one-way process, in which the physical environment is the independent and human behaviour the dependent variable (Carley 1990). For example, poor quality housing has a detrimental effect on the social well-being of residents. While environmental determinism approaches contain important truths, if overstated they are insufficient as an explanation of interrelated neighbourhood decline problems. They also fail to consider the preferences of different social groups, or the importance of good management and maintenance in housing.

### 2.1.2 Subcultural Models

Subcultural models are less deterministic and focus on factors such as social networks, socially established neighbourhood reputations, and sense of neighbourhood attachment. The subcultural school focuses on concepts such as resident confidence, satisfaction, commitment and social networks and their role in the processes of neighbourhood change. Places where people live can evoke sentimental ties that bind them to their neighbourhoods, apart from simply economic factors (Temkin and Rohe 1996, Pitkin 2001). Pitkin (2001) contends that the subculturalists object to the ecological way of understanding neighbourhood change because of its almost exclusive focus on exogenous forces. Whereas the ecologists contend that rational, economic choices related to the metropolitan real estate market drive neighbourhood change, the subculturalists add endogenous variables to the equation. While in many ecological models resident mobility and neighbourhood decline are seen as inevitable, natural processes, the subculturalists argue that neighbourhoods can remain stable or even improve if the social structure is strong.

The subculturalists also deny the ecological assumption that neighbourhoods are homogeneous, emphasizing their diversity and contending that there are many subcultures that vary across neighbourhoods. This viewpoint comes from in-depth, ethnographic studies of neighbourhoods that emphasize the role of ethnic identity in helping stabilize neighbourhoods. Other identity-based subcultures have also been shown to increase the potential of residents to defend their neighbourhoods against outside threats, which relates the subcultural concept to the social area analysis model.

Temkin and Rohe (1998) propose the Social Capital Model of neighbourhood change that combines earlier discussed ecological, subcultural, as well as political economy approaches. The model integrates the concept of social capital<sup>2</sup> into an explanatory framework of neighbourhood change over time. The social capital hypothesis suggests that social, economic and demographic forces of change do not have the same effect on

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<sup>2</sup> Social Capital refers to features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit. Putnam, Robert. 2000. *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon & Schuster.

every neighbourhood. Their impact depends on the strength of the social capital in the area, which has positive and significant effects on neighbourhood stability. Thus neighbourhood social capital i.e. socio-cultural environment and institutional infrastructure are critical in determining the trajectory of neighbourhood evolution.

### **2.1.3 Political Economy Models**

Political economy models focus on the forces of capital accumulation and the institutions through which accumulation takes place. In these models the type and location of capital investments are critical factors in neighbourhood change (Ding and Knaap 2002).

Political economists view urban development as a result of social, economic, and political conflict. This has led to two influential streams: one focusing on the role of urban “growth machines” in neighbourhood change and another that recognizes that cities have undergone a restructuring process over the past thirty years as the world has become increasingly globalized (Pitkin 2001).

The Urban Growth Machine Thesis states that coalitions of urban elites seek to capture and retain economic power by promoting real estate and population growth (Jonas and Wilson 1999). This ideology of growth fosters the belief that growth will produce a common benefit for all. Members of growth machines include people who directly benefit from increases in population and land values – businesses, realtors, developers, and government elites.

A fundamental component of the growth machine thesis is the distinction between exchange and use values. Place is viewed as a commodity that is socially constructed through competition between those who value the neighbourhood for the “rent” they can gain from it (i.e. exchange value) and those who value it for non-economic reasons (i.e. use value) such as their attachment to it. “Growth machines” seek to maximize the exchange value of urban space, often leading to land speculation and the encouragement of population growth to drive up property values and, consequently, their return on rent (Pitkin 2001). The city as Urban Growth Machine channels public funds into specific private real estate sites in order to artificially increase the exchange value, i.e. the amount

for which the land can be sold. Direct investment isn't the only way in which the Machine increases the value of select parcels of land. It also increases land values through indirect investment, typically in the form of road infrastructure.

The growth machine's exploitation of exchange values and creation of a "value-free" growth ideology negatively impact neighbourhood residents' use values. This can lead to the displacement of vulnerable populations in poor neighbourhoods, as in the cases of urban renewal of the 1960s and gentrification today. It also means that even the rich neighbourhoods can decline, as their exchange value overrides the use value to the growth machine. Institutions working in real estate, such as banks and realtors, are often complicit in this steering of certain people to certain neighbourhoods - especially along racial lines - in order to serve the interests of the growth machine (Pitkin 2001).

Another stream of the political economy's understanding of neighbourhood change is "urban restructuring" or "globalization" (Badcock 1997, Fainstein and Campbell 2002, Gertler 2001, Gregory and Hunter 2003, Human Resources Development Canada 2002, Saunders and Maxwell 2003, Simmons and Bourne. 2003, Gunderson and Riddell 1999, MacNeil 2000). Urban Structural Change has been characterized as a restructuring of capital, as seen in a concurrent process of globalization and corporate concentration. This process has been accelerated by new information and communication technologies that have made it possible for large, dominant firms to globalize production. Financial markets now operate on a global scale that leads to the deregulation of financial institutions, increasing their flexibility and ability to contend with foreign competition. These processes have resulted in a new urban hierarchy in which economic power is concentrated in "global" or "world" cities. In parallel with this restructuring of capital, there has been a general restructuring of labour through mechanisms such as subcontracting and self-employment.

The British analogy Structural Analysis focuses on factors like economic turbulence, the operations of multinational corporations, competition between developed countries and underdeveloped countries, and between levels of government (Carley 1990). The theory

relates factors like deindustrialization, industrial shift, unemployment and regional disparity to neighbourhood decline.

The Spatial Mismatch Hypothesis posits that American cities are undergoing transformations from centres of goods and production to centres of information processing. The blue-collar jobs that once formed the economic base of cities have either vanished or moved to the developing suburbs, if not overseas. Central-city low-skilled manufacturing jobs are no longer available. In addition, neighbourhood retail businesses that served the middle class have also, to a large extent, relocated to the suburbs (Wheeler 1990, Orfield 1998).

The theory states that it is not lack of jobs as such that is the problem. The problem is that the percentage of central-city jobs with high educational requirements is increasing, while the average education and skill level of central-city residents is low. In addition, the net growth in jobs with low educational requirements is occurring mainly in the suburbs and in areas at the very fringe of urban settlement. This low-skilled job exodus to the suburbs disproportionately affects the inner city poor, particularly minorities, who often face more limited choice of housing location in growing areas.

The Exploitation Hypothesis contends that urban change is an outcome of economic manipulation by interest groups (Bourne 1982). The exploitation model is related to the structural change perspective, as it views the abandonment of inner city as an inevitable consequence of industrial capitalism, since private businesses can make greater profits elsewhere (Broadway 1995).

The Fiscal Crisis explanation views inner-city decline as the product of a circular and cumulative causation process. As people and jobs leave the inner city, the tax base is reduced along with the ability to meet the demands of an increasingly service-dependent population, and so, in order to balance the budget and meet this demand, taxes are raised and services cut, which in turn promotes further out migration (Bourne 1982, Broadway 1995).

The following chapters of the document will discuss the processes of economic change and their impact on urban change in more detail.

## **2.2 Factors that Prompt Neighbourhood Decline**

This section of the study looks at other factors that cause and/or contribute to neighbourhood decline. A considerable body of literature identified numerous causes of neighbourhood decline and tried to identify specific origins that initiate this decline. CMHC (2001) indicates that urban decline does not have a readily identifiable starting point or single isolated cause. Instead, decline is triggered by a set of circumstances that is specific to particular cities. Once underway, decline and disinvestment tend to be evolutionary and accretive. Urban decline is a complex, self-reinforcing phenomenon in which symptoms of decline themselves become causes. Based on the literature review the following causes of inner city decline were identified:

### Social

- Poverty
- Racial conflict
- Perception of decline of inner-city schools
- Increased inner-city crime
- Mass in-migration to the inner cities of foreign immigrants
- Middle class preference for single-family home ownership on large suburban lots
- Loss of social capital, sense of community
- Resident perceptions and expectations

### Demographic

- High percentage of elderly people
- High percentage of Aboriginal people
- Unemployment

## Physical Development

- Urban sprawl
- Deterioration of inner-city infrastructure
- Chaotic subdivision of inner-city land, as characterized by irrational lot lines, resulting in odd-shaped or small plots that impede parcel assemblage for modern development
- Ageing and obsolescence of commercial buildings
- Decline of inner-city housing stock
- The spatial distribution of affordable housing
- Parking problems and congestion in an increasingly auto-oriented society
- The mixing of incompatible land uses, which ultimately blights the affected area and reduces property values

## Economic

- Bank and insurance companies redlining
- Low labour force skills
- Investor perception of higher inner-city risk
- Economic restructuring
- Low “creativity” potential as high-tech industries need to be in entrepreneurial environments that attract highly educated people

## Public Finance

- Reduced tax base and tax revenues resulting from disinvestment
- Reduced quality of inner-city services and fiscal stress because of declining revenue sources
- Perception of lower suburban taxes
- Infrastructure that is expensive to repair and/or replace discourages economic development when left unattended through deferred maintenance

The list of factors/causes above are drawn from the various theories and hypothesis discussed in Section 2.1. They are not separate from or additions to these theories. They operate within the various theories.

In order to analyze these factors that cause and/or contribute to neighbourhood decline several neighbourhood indicators, such as poverty levels, unemployment, educational attainment, and many others have been used. The next section discusses indicators of neighbourhood change in more detail.

### **2.3 Indicators of Neighbourhood Change**

Previous material provides background on causes and theories of urban decline. Different theories of neighbourhood change suggest using particular sets of neighbourhood change indicators as they relate to particular social, economic, and demographic processes. The following section presents indicators of neighbourhood change most commonly used.

Neighbourhood indicators provide evidence of conditions or problems and help measure change over time. They also help evaluate whether revitalization actions are having the effects desired. Indicators can be used by a wide variety of people – community groups, researchers, public officials, or private sector organisations. A neighbourhood can use indicators to help determine what conditions exist and whether the direction the neighbourhood is headed is consistent with community goals. It is important to get “early warnings” of trends that might indicate the emergence of new problems or the opening up of new opportunities. Indicators can allow a group to hold itself, its public officials, its funders and supporting institutions accountable to neighbourhood goals. Finally, indicators can also be used as a reporting tool that can assist in consensus building for an action strategy.

In the USA, where there is a fixed poverty line and the census collects income information, it is the convention to identify and analyse neighbourhood change using income poverty as the base. Income poverty can then be related to many other variables such as race, family status, education, employment, and residence (Glennerster et al. 1999).

In Britain, in contrast to North America, unemployment or income poverty are not generally accepted as adequate measures of neighbourhood problems. Deprivation indicators are used there, which comprise different variables, including measures of economic deprivation such as unemployment, along with measures of social deprivation such as household overcrowding (Glennerster et al. 1999).

The concept of deprivation emerged in Britain in the late 1960s. In his article *Deprivation* Townsend (1987, p. 131) argues that “people can be said to be deprived if they lack the types of diet, clothing, housing, household facilities and fuel and environmental, educational, working and social conditions, activities and facilities which are customary...” Townsend elaborates on the distinctions between social and material deprivation (Table 2.1).

**Table 2.1 Material and Social Deprivation**

<b>Types of Deprivation</b>	<b>Example of Indicator</b>
<b>Material Deprivation</b>	
Dietary	At least one day in previous two weeks with insufficient food
Clothing	Inadequate protection against the severe cold
Housing	No electricity
Home facilities	No telephone
Environment	Industrial air pollution
Location	No open space within easy walking distance
Work	Poor working environment (polluted air, dust, noise)
<b>Social Deprivation</b>	
Employment	Unemployed for 2 or more weeks in previous 12 months
Family activity	Problem of health or someone in family
Integration	Racial harassment
Participation in social institutions	Did not vote
Recreational	No holiday away from home during last 12 months
Education	Fewer than 10 years education

Source: Townsend 1987, p. 136.

In Britain a number of indices of deprivation have been developed each to meet different objectives, for example The Index of Local Conditions, The Jarman Underprivileged Area Score, and Townsend Material Deprivation Score (Devon County Council).

In Canada, to document levels of the neighbourhood distress and identify distressed neighbourhoods Hatfield (1997) used five indicators:

- Individual poverty rate in the census tract;
- Proportion of total household income coming from transfer payments;
- A low proportion of the 15-24 population in the tract attending school full-time;
- A low percentage of the male population 15 and over employed full-time; and
- Percentage of families with children at home headed by lone parents.

Hatfield (ibid.) concludes that it appears worthwhile to study both concentrations of income poverty and concentrations of other indicators of social distress. The first helps to understand the context for the formation of distressed neighbourhoods and through the second it may be possible to identify the factors that encourage or act as counterweights to their formation given high rates of income poverty.

With regard to causes of urban decline, there are large-scale socio-economic and historical forces that affect all cities, and particular or local forces that cause urban decline in individual areas. Although levels of urban decline certainly depend on macro forces, the experience of individual cities varies widely as their local attributes can also affect their growth or decline.

## **2.4 Summary**

Since the mid-1960s many cities have experienced population decline and increases in inner-city unemployment and poverty, declines in housing condition and the presence of a range of social problems. The processes leading to the inner-city decline and its characteristics are common to many countries. These include poverty and segregation; vacant and abandoned property; disinvestment and economic decline; changing land uses; and public education decline. Deprived areas can slide into a cycles of decline, making it more and more difficult for people who live there to take advantage of opportunities. As neighbourhoods become less desirable, those who can move out do.

The evidence of decline has been attributed to a range of factors. The literature review documented three major groups of theories that have been used to explain urban decline: Ecological theories, Subcultural models, and Economic hypotheses. It also identified the neighbourhood indicators that have been used by various theories to describe and measure the level and nature of neighbourhood evolution. See Table 2.2.

**Table 2.2 Neighbourhood Change: Selected Theories and Indicators**

<b>Theory</b>	<b>Processes</b>	<b>Indicators</b>
<b>Concentric Zones</b>	Concentric zone residential pattern in which lower-income people would locate toward the centre and higher-income people would locate toward the edge of metropolitan settlements.	<ul style="list-style-type: none"> <li>▪ Geographic distribution of LICO population</li> <li>▪ Geographic distribution of income</li> <li>▪ Housing prices</li> <li>▪ Housing condition</li> <li>▪ Sectors of employment</li> </ul>
<b>Filtering</b>	Housing filters down from the rich to the middle class to the poor as property owners invest less in ageing properties due to rising maintenance costs and move to new housing on the periphery.	<ul style="list-style-type: none"> <li>▪ Housing values</li> <li>▪ Income comparison of in-movers and out-movers</li> <li>▪ Age of housing</li> <li>▪ Income level over time</li> <li>▪ Existence of mortgage credit</li> <li>▪ Immigrants</li> </ul>
<b>Social Area Analysis</b>	The analysis concentrates on the social characteristics of the urban population in attempting to explain land use. "Social areas" clusters of city areas can be defined according to 1) economic status, 2) family status and 3) ethnic composition.	Define social areas: <ul style="list-style-type: none"> <li>▪ Economic status</li> <li>▪ Family status</li> <li>▪ Ethnic composition</li> <li>▪ How are they clustered?</li> <li>▪ What is ethnic distribution (nuclei or multiple nuclei)?</li> <li>▪ Is there any connection between social areas and land use</li> </ul>
<b>Bid Rent Theory</b>	Resident's location decision is a trade-off between land, housing, and transportation costs. Middle- and upper-income can purchase more of land and housing at lower unit costs toward the periphery while affording the transportation costs. Poor occupy smaller and older housing closer to work sites.	<ul style="list-style-type: none"> <li>▪ A threshold of household income at the time when they decide to move from the inner-city</li> <li>▪ Land costs</li> <li>▪ Relationship land costs &amp; proximity to the centre</li> <li>▪ Housing costs</li> <li>▪ Transportation costs</li> </ul>
<b>Life-cycle Theory</b>	<i>Stage 1: Healthy</i> Homogeneous housing and moderate to upper income, insurance and conventional financing available	<ul style="list-style-type: none"> <li>▪ Income</li> <li>▪ Insurance</li> <li>▪ Financing</li> <li>▪ Housing</li> </ul>
	<i>Stage 2: Incipient Decline</i> Aging housing, decline in income and education level, influx of middle-income minorities, fear of racial transition	<ul style="list-style-type: none"> <li>▪ Housing</li> <li>▪ Income</li> <li>▪ Educational level</li> <li>▪ Racial change</li> <li>▪ Minorities</li> </ul>

	<p>Stage 3: Clearly Declining Higher density, visible deterioration, decrease in white in-movers, more minority children in schools, mostly rental housing, problems in securing insurance and financing</p>	<ul style="list-style-type: none"> <li>▪ Density</li> <li>▪ Housing condition</li> <li>▪ Racial change</li> <li>▪ Decrease in white in-movers</li> <li>▪ Minority children in schools</li> <li>▪ Rental &amp; homeownership</li> <li>▪ Insurance &amp; Financing</li> </ul>
	<p>Stage 4: Accelerating Decline Increasing vacancies, predominantly low-income and minority tenants or elderly ethnics, high unemployment, fear of crime, no insurance or institutional financing available, declining public services, absentee- owned properties</p>	<ul style="list-style-type: none"> <li>▪ Vacancies</li> <li>▪ Income</li> <li>▪ Minorities</li> <li>▪ Racial composition</li> <li>▪ Age</li> <li>▪ Unemployment</li> <li>▪ Crime rates</li> <li>▪ Insurance &amp; Financing</li> <li>▪ Public services</li> </ul>
	<p>Stage 5: Abandoned Severe dilapidation, poverty and squatters, high crime and arson, negative cash flow from buildings</p>	<ul style="list-style-type: none"> <li>▪ Poverty</li> <li>▪ Crime rates</li> <li>▪ Housing abandonment</li> <li>▪ Disinvestment</li> </ul>
<b>Vacancy Chain Analysis</b>	<p>When a household moves to a new unit at the periphery, it creates a vacancy, which is filled by another household, which leaves a vacancy at its old address and so on. The building of new housing at the periphery sets in motion vacancy chains reaching far back into the central core. Demand and price decline, which in turn leads to opportunities for the region's poor.</p>	<ul style="list-style-type: none"> <li>▪ Correlation between the number of new houses built at the periphery and vacancy (price decline) in the central core</li> <li>▪ Sequence of households movement (from core to periphery)</li> <li>▪ Do the social and economic changes occur in the areas where residents move</li> </ul>
<b>Urban Underclass</b>	<p>Area problems are created by the people who live there. An underclass is people who have a life-style that conflicts with mainstream values and cannot or do not want to help themselves or their children. Existence of underclass creates or helps to drive area decline.</p>	<ul style="list-style-type: none"> <li>▪ The proportion of 16 to 19 year olds who are not enrolled in school and are not high school graduates);</li> <li>▪ The percentage of males who worked for pay less than 26 weeks in the previous calendar year</li> <li>▪ Welfare recipients</li> <li>▪ Female lone parents</li> </ul>
<b>Environmental Determinism</b>	<p>Focuses on the physical environment as a major determinant of social patterns. It implied a one-way process in which the physical environment is the independent and human behaviour the dependent variable. Control and manipulation of the physical environment had a direct and determinate effect on social behaviour.</p>	<ul style="list-style-type: none"> <li>▪ Housing condition</li> <li>▪ Housing design characteristics</li> <li>▪ Vacant lots</li> <li>▪ Boarded housing</li> <li>▪ Neighbourhood geographic location</li> <li>▪ Housing age</li> <li>▪ Businesses &amp; employment opportunities</li> <li>▪ Services</li> </ul>

<b>Subcultural Theories</b>	Resident confidence, satisfaction, commitment and social networks are important for understanding neighbourhood change. There are many subcultures that vary across neighbourhoods and neighbourhoods can remain stable or even improve if the social structure is strong.	<ul style="list-style-type: none"> <li>▪ Identify identity-based subcultures</li> <li>▪ Identify community organisations &amp; social networks, community organising processes</li> <li>▪ Ethnographic studies of neighbourhoods</li> <li>▪ Resident satisfaction</li> </ul>
<b>Economic Theories</b>	Economic re-structuring and labour force changes impact urban neighbourhoods: employment of neighbourhood residents, social and economic inequality, the built environment, the demographics: uneven impacts of restructuring along racial lines, the social and political life. A spatial mismatch between central city residential location and suburban job growth may result in poor labour market outcomes for inner-city neighbourhoods.	<ul style="list-style-type: none"> <li>▪ Analysis of census data on employment by industries over the years</li> <li>▪ Neighbourhood employment opportunities</li> <li>▪ Age and education of those employed</li> <li>▪ Unemployment</li> </ul>

Section 2.2. of the literature review identified numerous causes triggering decline in inner cities including poverty, racial conflict, ageing of population, suburban sprawl, the spatial distribution of affordable housing, decline of inner-city schools, lack of the creativity factor, and unintended policy effects.

While there is enough evidence to support the theories and hypotheses identified in this literature review, there is little evidence to suggest that one theory is more important than all others in all cities. Urban decline does not have an easy identifiable starting point or single isolated cause. Instead, decline is a complex, self-reinforcing phenomenon in which symptoms of decline themselves become causes (CMHC 2001). Once underway, decline tends to be evolutionary and accretive.

This chapter determined economic restructuring as one of the most important reasons why some inner cities decline. Economic restructuring can have an effect on the influence of many of the theories or hypothesis discussed above. As these theories are interactive, economic restructuring can set in motion many other factors that affect the operation and/or influence of many of the theories.

Indicators of neighbourhood change identified above help to determine specific urban indicators pertaining to the processes of economic restructuring that are discussed in the next chapter of this thesis.

### **3. Economic Restructuring**

This chapter outlines changes that Canadian cities have experienced as a result of the economic restructuring, changes in the social policy context and identifies indicators of the economic restructuring. It examines how economic shifts affect metropolitan change on both a regional and city-wide scale.

#### **3.1 The Changing Nature of the Economy**

The term economic restructuring refers to a series of changes occurring within the global economy including the growth of multinational corporations, increased international competition, increased capital mobility, the erosion of goods-production jobs, the growth of service sector jobs, the decline of real wages, and reduced public spending (Mackenzie et al. 2005, Kasarda 1985, Massey 1995, Punch et al. 2004, Badcock 1997, Human Resources Development Canada 2002, Saunders and Maxwell 2003). Economic restructuring is one of the major contributing factors to the problem of urban change.

This section outlines changes that Canadian cities have experienced as a result of the economic restructuring:

- The Changing Nature of the Labour Force
- Decline in Manufacturing and its Replacement by Knowledge-Intensive Services
- More Flexible Ways of Producing and Organizing Work
- Labour Force Migration
- Increased Wage and Earnings Inequality
- Increased Participation of Women in the Professional Labour Force

These processes made the position of inner cities particularly vulnerable.

### 3.1.1 What Is the New Economy<sup>3</sup>?

According to *The Manitoba Research Alliance on Community Economic Development in the New Economy* The New Economy is underpinned by three major structural changes:

- the development and availability of new information technology
- an increase in "invisible" trade in services, mergers and acquisitions, and the flow of information; and
- a rise in general education levels.

In the New Economy information and knowledge play a central role. They generate economic growth, new employment opportunities, higher productivity, and as a result higher incomes.

The New Economy in Canada is largely concentrated — or “clustered” — in a few large cities, primarily in Quebec and Ontario, and secondarily in British Columbia and Alberta.

Since the early 1990s, clusters have emerged as a widely influential public policy idea, and many governments have made formal attempts to foster clusters of innovation and New Economy development. A “cluster” is essentially a group of interconnected companies, suppliers, and institutions (such as universities) that both compete and cooperate in a field. They are all located in the same geographic area, which could be a city or a region (Silicon Valley, for example). The geographic concentration gives the area critical mass. Proponents of the cluster approach argue that clustering enhances competition, productivity and innovation. Firms and supporting institutions in clusters are linked formally and informally. Firms within the cluster are privy to new research findings and technological developments. Innovation is partly driven by competitive pressures — especially early in the life of a cluster — but, over time, collaboration between members increases as levels of trust are increased.

The Manitoba Research Alliance on CED in the New Economy 2005, p.11

These economic changes have affected the spatial character of economic activity, the patterns of urban development, and government policy. There is also evidence that the benefits of New Economy growth have not been distributed evenly making the most vulnerable people even more insecure.

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<sup>3</sup> This section is based on materials of The Manitoba Research Alliance on CED in the New Economy.

### 3.1.2 Globalization and Open Economies

The development and growth of the New Economy is seen as the key to global competitiveness. Globalization is commonly understood as a process of interaction and integration among the people, companies, and governments of different nations, a process driven by international trade and investment and aided by information technology. The mobility of financial capital has been enhanced as financial markets have become more global. The same applies to physical capital as multinationals and even small employers make their plant location and investment decisions on a global basis (Gunderson and Riddell 1999).

With these changes there has been a move toward deregulation of labour markets, as well as a corresponding increase in flexible forms of labour such as part-time work, contracting and sub-contracting, outsourcing and homework. The economy has shifted from manufacturing to service based, being dominated occupationally by professionals and managers (or “symbolic analysts ” as defined by Reich (1992). The shift was accompanied by increased mobility of highly skilled workers and highly skilled jobs, and enhanced flows of goods, new ideas and technology across borders. Globalisation has contributed to a reduction in wage differentials across countries for labour of similar skill, but has led to an increase in wage inequality between lower and higher skill levels within high-wage countries.

Along with other countries, Canada has experienced globalisation of the economy and a significant restructuring of the labour force. This has been characterized by:

- Pressures associated with international competitiveness;
- Specializing within a narrow set of economic sectors, but being effectively excluded from other activities;
- More mobile capital and freer trade in goods and services;
- A decline in manufacturing and clerical jobs and an increase in the personal and business service sectors;
- Social policy shifts and reduced levels of funding from public sources;

- Growth in non-standard work arrangements and an increase in ‘precarious’ employment;
- Increased labour force migration – both nationally and internationally;
- Dramatic technological change, especially in the areas of information and computer technologies;
- Increased participation of women in the professional labour force;
- Suburbanization of many job locations; and
- Increased wage and earnings inequality.

With governments trying to reduce deficits and employers striving to increase productivity and lower production costs, restructuring, including downsizing and privatization, resulted in numerous changes to the public and private sectors. Globalization, by making the markets for goods and services more competitive, has heightened the need for economic and social policies to foster competitiveness. It has also put a higher value on workplace practices that support flexibility and adaptability. Reorganization of Canada's economy to better fit the globalization mode caused an increase in policies aimed at reducing governmental expenditures (Bakker 1996, Saunders and Maxwell 2003, MacNeil 2000).

### **3.1.3 The Changing Nature of the Labour Force**

Forces affecting the changing nature of work can be categorized as affecting the demand side of labour markets, the supply side, or the institutions and laws that affect the interaction of supply and demand (Gunderson and Riddell 1999). These forces generally affect the external labour market (wages and unemployment) as well as the workplace or internal labour markets of firms (restructuring, turnover, retirements and layoffs).

The demand for labour is derived from the demand for the product and services of firms therefore the demand side of the labour market is affected by the pressures that firms face in their markets for goods, services, and capital. These inter-related pressures include global competition, trade liberalization, technological change, industrial restructuring,

greater capital mobility and prolonged recessions (ibid.). Need for highly skilled workers and the demand for computer specialists are some of the outcomes of these pressures.

A set of forces on the supply side of the labour market is associated with the changing nature of the workforce. The workforce in Canada as a whole is aging because of low birth rates and increased life expectancy. Youth as a percentage of the population is declining thereby reducing the supply of new labour market entrants over the next decade. Much of the new growth in the labour force is coming from immigration and women, especially women with children: women accounted for fully two-thirds, or 884,400, of the overall 1.3 million gain in the labour force during the 1990s in Canada (Statistics Canada 2003a). More and more women are employed in highly skilled occupations. There has been a continuous decline in the labour force participation of men, with much of that decline happening in the form of early retirement. Certain traditionally male occupations, mainly in the primary resource industries and manufacturing, are disappearing. Trends among youth include a lengthening of the transition between school and work, rising educational enrolment and attainment levels, and falling labour-force participation. The changing nature of the workforce has given rise to increased pressure for work time arrangements to meet the new and divergent needs of families and individuals.

The labour market is also being affected by changes in the institutional environment. The most important institutional changes that take place are associated with the pressures on labour law and policy that it is brought about by trade liberalization, greater economic integration across countries, and advances in information and computer technologies. Governments are under increasing pressure to compete for investments, business and the associated jobs, and one way of competing is by reducing costly legislation and regulations.

### **3.1.4 Decline in Manufacturing and its Replacement by Knowledge-Intensive Services**

Industrialized economies have experienced a substantial reduction in employment in primary industries and manufacturing industries as a share of total employment, and the continuing growth of employment in services. Large-scale mass-production systems have been transformed into production systems characterized by smaller scale, greater flexibility in the organization of work, greater emphasis on skill, and flatter hierarchies (Saunders and Maxwell 2003, Chaykowski and Giles 1998). Another important development associated with restructuring is the decline of the public sector. Canada has been also shifting to a knowledge-based economy with a dominant service sector. Simmons and Bourne report (2003, p.3):

Virtually all of the job creation over the last 15 years has occurred in the services, especially business services; these activities usually originate in larger cities. Primary and secondary activities have undergone substantial employment downsizing. The old economic base model no longer drives urban growth in Canada. Only Fort McMurray, Alberta, continues to grow rapidly as a resource-based boomtown on the frontier. Alberta is also spending oil and gas revenues on health and education facilities to support small cities.

Since 1998 Manitoba benefited from the emergence of 33,000 new jobs, which included the gain of 38,000 jobs in the service sector and the loss of 5,000 jobs in the goods-producing sector. In the goods sector, the most significant job losses occurred in agriculture (The Institute of Chartered Accountants of Manitoba 2004).

In 2001 of the 15.6 million Canadians in the labour force, more than 2.5 million were in highly skilled occupations that normally required university education, which represented a 33 percent increase from 1991, triple the rate of growth for the labour force as a whole. Highly skilled occupations accounted for almost one-half of the total labour force growth over the decade (Statistics Canada 2003a).

During the 1990s the demand for computer specialists led the growth in the labour force: in 2001 the number of persons in computer-related occupations, more than doubled compared to 1991. These professions included analysts, consultants, programmers,

website developers, software writers. Almost three-quarters of this group were in occupations requiring a university education (Statistics Canada 2003a). This technology boom translated into big gains for men working in computer and information-system jobs. Between 1990 and 2000, the number of men in these occupations earning more than \$100,000 increased eight fold. University-educated workers accounted for two-thirds of the growth among high-earners, with 61% of those earning more than \$100,000 in 2000 holding a university degree (The Canadian Press 2003).

As new hi-tech industries have grown, both high-skill and low-skill jobs have been created in research, development, and in management (Sassen 1991, 1994; Human Resources Development Canada 2002). The service sector also exhibits a similar dichotomy between high-skill jobs in producer services and low-skill jobs in personal services usually accompanied by short-term labour contracts, privatised services, and part-time work. The labour market has become increasingly split into good jobs and bad jobs (Torjman 2001, Jackson and Robinson 2000; Economic Council of Canada 1990). The so-called good jobs pay well and typically require high levels of skill; they usually provide benefits, such as employer-sponsored pensions and supplementary health insurance. Bad jobs, by contrast, are low-paid, require relatively few skills, and rarely provide a pension, benefits or opportunities for promotion. The growth of high-end and low-end jobs has resulted in some shrinkage of work in the middle-earnings range.

### **3.1.5 More Flexible Ways of Producing and Organizing Work**

Global competition, the introduction of new technologies, innovative ways of working such as telework, telecommuting, call centres and telecottages, the search for greater flexibility and the changing nature of the workforce have had important implications for organizing work. There is a greater diversity of needs for alternative work time arrangements on the part of both employers and employees. These new circumstances contributed to the growing proportion of non-standard forms of work.

Many Canadians have employment that differs from the traditional model of a full-time job. Non-standard forms of work include part-time, employment on a short-term or time-

limited contract basis, temporary, non-day, homework, and shiftwork, multiple job-holding, and contracting and sub-contracting (Human Resources Development Canada 2002, Saunders 2003). It also includes the self-employed who work on their own and do not themselves employ others. Non-standard employment has increased in nearly all segments of the labour market: in the lower-tier service sector, which includes retail trade, domestic service, and other consumer services, as well as in the upper-tier service sector, including education, health and welfare.

A study *Precarious Employment In The Canadian Labour Market: A Statistical Portrait* (Vosko et al. 2003) illustrates the break down of total employment in Canada in 2002 into standard employment and the various forms of non-standard employment. Between 1989 and 1994, the share of the workforce engaged in part-time work, temporary work, own-account self-employment, or multiple jobholding grew from 28 to 34%. Since then, it has stayed close to this level. The rise in non-standard employment in the early 1990s was fuelled by increases in own-account self-employment and full-time temporary paid work. Full-time permanent employment became less common, dropping from 67% in 1989 to 64% of the total labour force in 1994. In 2002 full-time employees comprised 63% of the total labour force, while 11% were permanent part-time employees; 7% - full-time temporary workers; 4% - part-time temporary; 10% - own-account self-employed; and 5% - self-employed employers.

The labour market has moved to extremes in yet another way: the growth of both long and short hours of work. Actual hours of work have become more polarized over the last two decades. Over the 1976-95 period the proportion of employees working 35-40 hours declined, while the proportions working both more and less increased and the trend toward increased polarization of hours of work has continued in the 1990s (Sheridan et.al.1995).

Another trend associated with economic restructuring is the substantial expansion in self-employment. As reported by Human Resources Development Canada (2002) thirty-one percent of employment growth from 1976 to 1997 has been in the form of self-employment. The number of self-employed has rapidly expanded as large corporations

and governments downsize and jobs are eliminated. Rising self-employment is also associated with the growth of the service sector and with the adoption of government policies promoting contracting out and privatization as a way of promoting economic independence and job growth (Human Resources Development Canada 2002, Hughes 1999, Connelly and MacDonald 1996, Lin et al 1999, MacNeil 2000).

A lot of people have been able to take advantage of rewarding opportunities of non-standard employment in the new economy. The census shows that 20% of people earning \$100,000 and more in 2000 did not work full time (The Canadian Press 2003). A disproportionately high number of these workers were specialist doctors, general practitioners and business consultants, and one-fifth of them were women.

At the same time demand for workplace flexibility has contributed to greater income inequality between low and high-skill workers, reduced workers' leverage and undermined income security in all sectors of the economy (Saunders and Maxwell 2003, Saunders 2003). Among the problems associated with non-standard work, for example, are poor pay, little job security, a lack of access to important statutory benefits and protections (such as Employment Insurance, employment standards protections, workers' compensation, the right to collective bargaining) and a lack of access to employer-provided benefits such as dental, life and disability insurance (Law Commission of Canada 2004).

### **3.1.6 Labour Force Migration**

Globalization has intensified not only the flow of capital, information, goods and services, but also the substantial freedom of mobility for people.

Over the past couple of decades Canadian cities had become home to a large proportion of immigrants, and the immigrant population had become much more ethnically diverse. Immigration is one of the engines for the development of the national economy today. Immigrants are attracted to the highly developed regions; many end up in the major, or "global" cities within developed countries or emerging cities in the developing world (Carter 2004). Toronto and Vancouver, and to a lesser extent Montreal, are part of a

group of global cities exposed to immigration associated with the globalizing economy. While immigrants comprised 18.4% of Canada's population in 2001, they made up to 44% of the population of the Toronto Census Metropolitan Area (Papillon 2002). This is higher than in any other city in North America. The analogous numbers were 35% for Vancouver, 18% for Montreal and 16% for the Ottawa-Gatineau region. In 2001, 48% of immigrants and refugees settled in Toronto, 15% in Vancouver, 12% in Montreal, and only eight percent in the following cities combined: Calgary, Ottawa-Carleton, Edmonton, Winnipeg, Hamilton, London, Quebec City, Halifax, Regina, Saskatoon and Victoria. The tendency of immigrants to concentrate in the three largest cities, especially Toronto, continues to increase (Papillon 2002).

Immigration policy has changed the nature of immigrants arriving in Canada. By 2001, the proportion of immigrants of European origin had fallen to 17% (it had been 80% prior to the 1967 *Immigration Act*). While immigration from Asia accounted for less than two percent of all immigrants in the 1950s and less than 10% in 1966, it is now by far the largest category, with more than 63 % of all newcomers coming from the region (Papillon 2002).

The integration of recent immigrants into the labour market and Canadian society pose significant challenges. Recent immigrants, those who have been in Canada for ten years or less, are among the most economically disadvantaged groups in Canadian cities. Gertler (2002) reviewed recent studies on urban poverty. He documents that (p.7):

... recent immigrant communities exhibit amongst the highest poverty rates of those Canadians residing in urban areas (52.1% for recent immigrants, compared to 24.5% for all city residents). For non-permanent residents (including refugee claimants, foreign students and foreign workers), the urban poverty rate was even higher — 62.4 percent. These findings echo the results of earlier work based on changes in Canadian metropolitan areas between 1981 and 1991, which found that recent immigrants were associated with urban poverty — notably in mid-size cities such as Winnipeg and Quebec City.

Over the past 15-20 years policy has also placed a growing emphasis on wealth, education and employment skill levels of the prospective immigrants adding a business class to the categories of people who are accepted. This focus on skills and investment potential has increased the number of immigrants with substantial amounts of money

entering the country and greater earning capacity (Carter 2004). Their existing or potential wealth plus their preference for home ownership contribute to overall housing demand and help sustain price increases.

More Canadians are working outside the country. According to Statistics Canada (2003c), between 1996 and 2001, many more Canadians reported that they usually worked outside the country: 0.5% of the employed labour force said they worked outside Canada in 2001. This is an increase of 39% compared to 1996. A tenth of these workers were truck drivers, while others were computer analysts and consultants or registered nurses.

As noted by Simmons and Bourne (2003), substantial flows occur within provinces as well. During the 1950s and 1960s people tended to move from rural areas and small towns to the cities; the 1970s witnessed a reverse flow, temporarily, as the population dispersed into smaller places. More recently, larger cities are again attracting migrants from smaller centres. Some cities, like Calgary, are attractions due to their buoyant economy. Others draw large in-flows from nearby larger cities in the form of overspill suburbanization (Oshawa from Toronto; Abbotsford from Vancouver). At the same time continued rapid economic growth, immigration, and associated high house prices encourage part-time workers or retirees in larger cities to relocate to small town and ex-urban settings, often outside the CMA boundaries. Simmons and Bourne conclude that a city's future well-being will increasingly depend on its ability to attract migrants, domestic or international.

### **3.1.7 Increased Wage and Earnings Inequality**

Increased income inequalities among population groups are commonly explained as an outcome of economic restructuring and the loss of significant numbers of blue-collar jobs in the 1980s followed by the loss of public sector jobs in the 1990s; the cuts to social assistance benefits, (un) employment insurance and transfer payments in the mid-1990s; and demographic structure changes (population ageing and household size decline) (Jenson 2004, Gertler 2001, Bourne and Rose 2001, Badcock 1997, Lee 2000, Federation

of Canadian Municipalities 2001). The 2003 Human Development Report (UNDP) points to a widening income gap between the world's richest and poorest nations, as well as levels of inequality within individual countries.

During the 1980s and 1990s, incomes for the wealthiest segment of the population in Canada grew at far faster rates than did those in the poorest segment of the distribution and these trends have continued into the second half of the 1990s. Over recent decades, there has been a redistribution of income, such that all quintiles except the highest have lost a significant share of the total. From 1980 to 2000, the highest quintile captured three more percentage points of total income, while the lowest quintile increased its percentage of total income one point, primarily due to the effects of income transfers. This meant that the fourth, middle and second quintiles – the “middle class” – lost four points all together. This pattern clearly diverges from the post-1945 decades, when between 1951 and 1981 the fifth quintile lost a point and the lowest quintile was stuck at four percent. It was only after 1981 that the lowest quintile made a gain, increasing its portion by one point (Jenson 2004). Increasingly, the workforce is segmented into a primary labour market offering good wages, job security, and opportunities for advancement, and a secondary labour market of low-paid, contingent workers. As the post-industrial – now termed knowledge-based – economy has intensified, this fundamental cleavage has deepened (Jenson 2004, Human Resources Development Canada 2002).

The economic changes have increased the rise in earnings inequality in Canada for both men and women, between more- and less-educated workers, and between older and younger workers (Saunders 2003). The ranks of high-salaried Canadian workers who earned more than \$100,000 a year increased by more than one-thirds between 1990 and 2000 (The Canadian Press 2003). These high earners accounted for 2.7% of all earners in 2000 compared to only 1.8% in 1990. But at the opposite end of the scale, the number of full-time workers who earned \$20,000 or less also increased in the 1990s, accounting for 17.3% of all earners in 2000 (ibid.). According to Saunders (2004) 14% of employed adults in Canada worked in 2003 for under \$10 an hour. Of this group two-thirds are women; one-third are the sole income earner in the family; 38% have a post-secondary certificate, diploma, or degree; and another 40% have completed high school.

Certain types of households and individuals have suffered more than others as a result of these trends. The most vulnerable groups include the Aboriginal population, children, recent immigrants, visible minorities and people with disabilities, unattached individuals, and single parent families, especially those headed by a female. Decreases in average incomes associated with lower wages and insecure employment have affected particularly young adults, young families, and recent immigrants. Declining incomes generate problems in many Canadian communities: neighbourhoods with concentrated poverty, an increase in use of the food banks, street homelessness and panhandling and rising social housing waiting lists. Observations from food banks across the country by *HungerCount*, the national survey of emergency food programs in Canada, indicate that they are assisting increasing numbers of the ‘working poor’ (i.e., people who are working part time and/or receiving low wages). The increased presence of ‘working poor’ is a likely consequence of the massive economic restructuring that has occurred in Canada in recent times, which is associated with the increasing prevalence of tenuous low-wage jobs. Percentage of food bank users with jobs in 2004 comprised 13.3% compared to 12.9% in 2003, or 11.9% in 2002. In 1998 only 10% of food bank users received employment income.

### 3.1.8 Increased Participation of Women in the Professional Labour Force

Global economic and labour market changes have had a distinct impact on women. In the last 60 years women’s labour force participation rate increased from 21% in 1941 to almost 60% in 2001 (Table 3.1) (Jenson 2004). In contrast, for men the rate declined from 86 to 74.5% over the same period of time.

**Table 3.1 Labour Force Participation Rates for Men and Women, 1941-2001**

	1941	1951	1961	1971	1981	1991	2001
Women’s labour force participation, as a percent of women over 15	20.7	24.1	29.5	38.7	51.9	58.4	59.7
Men’s labour force participation, as a percent of men over 15	85.8	83.8	77.7	77.3	78.7	75.1	72.5

Income distribution patterns have also changed. There was a reduction in wage disparity between men and women. As reported by the Institute of Chartered Accountants of

Manitoba (2004) between 1998 and 2003, the average nominal hourly wage rate in Manitoba grew at 17.2% for women, and only 12.3% for men. During this time, growth in average earnings for men in Manitoba slowed, as high-paying jobs in the goods-producing sector were lost, particularly resources and oil and gas.

Growth in women's earnings was fuelled by greater educational attainment by women, and their growing share of better-paying jobs. The 2001 census showed that women accounted for more than one-half of the growth in highly skilled occupations between 1990 and 2002, which normally require a university education. Their numbers doubled in information technology occupations and more than doubled in professional occupations in business and finance. The number of women managers increased by more than 40% over the decade (Statistics Canada 2003a).

The number of women earners with a university degree has almost tripled since 1980. As a result, the proportion of women earners with a university degree is greater than the proportion of men. Consequently, women are more likely to be in occupations paying above the average. In 2000, almost one-third of women (31.7%) worked in occupations paying more than the national average; in 1980 only about a quarter (23.4%) did so (Statistics Canada 2003b). More than a half of the men earning \$100,000 and more worked in sales, marketing or as ad managers, while high-earning women tended to be lawyers and family doctors.

### **3.2 The Changing Social Policy Context**

Apart from the demographic and labour market changes outlined above Canadian social policy has been transformed significantly over the last few decades, which was also a result of global economic influences.

Canadian social policy has moved from broad interventionist strategies of the '60s and '70s and the non-interventionist strategies of the '80s and early '90s to the current trend toward federal disentanglement and downloading to the provinces in many areas of social policy and public expenditure priorities (Carter 2001). Mishra (1999) argues that globalization is not just an economic phenomenon: it has economic, ideological and

political aspects. The substantial decline of funding levels from public sources and the devolution and privatization of federal government responsibilities was in part a result of global economic influences as economic restructuring put governments under rising pressure to reduce regulations that require substantial public spending. By enhancing the mobility of capital, globalization has constrained government policy such that policies that are seen as weakening economic efficiency are avoided as they could lead to capital flight (Saunders and Maxwell 2003, Cohen 1997).

In the 1980s and the 1990s, for instance, federal and provincial governments in Canada have turned away from past approaches of direct intervention and job creation, choosing instead to promote the merits of an enterprise culture. Arguing that small business and self-employment offer the greatest potential for regenerating the Canadian economy, governments have opted for a role as “facilitators,” rather than “creators,” of job growth (Hughes 1999). The labour policies that are most "at risk" are the policies that have a distributive or equity purpose and do not enhance economic efficiency or competitiveness as governments that provide such equity oriented policies risk losing business investment and the associated jobs (Gunderson and Riddell 1999, pp.14-15). They also risk serving as an attraction for the inflow of people in need, especially if the assistance is reduced elsewhere. Unfortunately, the pressure to reduce these equity oriented policies is coming just at a time when they are likely to be most needed due to increasing unemployment, flexibilization of the labour market and declining wages and working conditions, the public sector is required to play a greater role in social protection.

In 1990-91, Canada was in the midst of a recession that invoked a strong response from the federal and provincial governments, and tremendous public support to reduce public debt and deficits. Governments' actions resulted in major social policy changes and spending cuts. The key changes in the early and mid-1990s included the reduction and capping of overall federal transfers to the provinces under the Canada Health and Social Transfer (CHST); reduction in Unemployment/Employment Insurance support; reduction and capping of federal housing expenditures; and the devolution of housing program administration to the provinces. The impacts on Canadians from these spending cuts and social program devolution are numerous, manifesting themselves mainly at the provincial

and municipal levels through the deterioration of services and the diminishment of equity policies. Decreases in Employment Insurance support and in Social Assistance payments in some provinces (notably Ontario and Quebec) have reduced the safety net for those not doing well in the labour force (Federation of Canadian Municipalities 1999). Today Canadian social policy, similarly to other Anglo-Saxon countries, is in retreat reflected in the downsizing of social expenditure, reduction of the tax base and the erosion of social citizenship resulting in increasing inequality and a growing social deficit.

For much of the postwar period in Canada, cities have benefited from federal-provincial funded and relatively comprehensive social programs, infrastructure investments, and metropolitan governance frameworks. Changes in social policy, commonly referred to as local service realignment, or disentanglement, have had an adverse impact on urban areas. The historical overview of “local places in Canadian space” by Bradford (2002) illustrates the major dynamics across the four key historic periods for Canadian cities (Table 3.2).

When the federal government reduced its contributions to the provinces, the latter found themselves squeezed between growing health care costs and shrinking revenues from transfers. Municipalities were left without matching revenue or authority to cope with their new responsibilities, which, depending on the province, include municipal transit, child welfare, social housing, airport and harbour management, and others. Urban municipalities struggle to try to provide needed services with their own limited fiscal tools, which were designed for an earlier era and are appropriate for a much narrower set of demands than presently exists in Canadian cities.

**Table 3.2 Canadian Cities in Political Space – Historical and Comparative Perspectives**

	<b>1900-1930 Progressivism</b>	<b>1940-1970 Keynesianism</b>	<b>1960-1980 Neighbourhoods and Regions</b>	<b>1980-2000 Neo-Liberalism</b>
<b>Scale of Action</b>	<ul style="list-style-type: none"> <li>• Local</li> <li>• Municipal</li> </ul>	<ul style="list-style-type: none"> <li>• National</li> <li>• Provincial</li> </ul>	<ul style="list-style-type: none"> <li>• Local</li> <li>• Neighbourhood</li> </ul>	<ul style="list-style-type: none"> <li>• National</li> <li>• Global</li> </ul>
<b>Key Policy Goals</b>	<ul style="list-style-type: none"> <li>• Efficient city and business expansion</li> </ul>	<ul style="list-style-type: none"> <li>• National income redistribution and property servicing</li> </ul>	<ul style="list-style-type: none"> <li>• Neighbourhood preservation and environmental conservation</li> </ul>	<ul style="list-style-type: none"> <li>• National economic competitiveness and government cost-cutting</li> </ul>
<b>Urban Economy</b>	<ul style="list-style-type: none"> <li>• City center industry and manufacturing</li> <li>• Railway and waterway transport</li> </ul>	<ul style="list-style-type: none"> <li>• Relocation of assembly-line manufacturing to city's edge</li> <li>• Head office development in city center</li> <li>• Highway and air transport</li> </ul>	<ul style="list-style-type: none"> <li>• De-industrialization of city centers</li> <li>• Back office development in suburbs</li> <li>• Decline of hinterland "staples" communities</li> </ul>	<ul style="list-style-type: none"> <li>• Service economy growth</li> <li>• Emphasis on central business district "flagship retail and tourism projects" and new technology clusters</li> </ul>
<b>Urban Form</b>	<ul style="list-style-type: none"> <li>• Factory-gate neighbourhoods</li> <li>• High density housing and mixed-use development in city center</li> <li>• Walkways and streetcars</li> </ul>	<ul style="list-style-type: none"> <li>• Metropolitan suburbanization</li> <li>• Low density housing and "greenfield" business parks</li> <li>• Automobiles and expressways</li> </ul>	<ul style="list-style-type: none"> <li>• Advocating compact urban design, neighbourhood preservation, and environmental conservation</li> <li>• Advocating an end to expressways and reinvestment in public transit, walkways and streetscapes</li> </ul>	<ul style="list-style-type: none"> <li>• Sprawling development</li> <li>• Growth of outer suburbs and "edge cities"</li> <li>• Deteriorating central business districts and neighbourhood gentrification in many cities</li> </ul>
<b>Governance System</b>	<ul style="list-style-type: none"> <li>• Professional expertise in infrastructure provision</li> <li>• Municipal "boosterism" for business attraction</li> <li>• Local charities and voluntary organizations for social services</li> </ul>	<ul style="list-style-type: none"> <li>• Federal bureaucratic economic management</li> <li>• Centralized social services</li> <li>• Urban "growth machines" dominate the metropolitan (two tiers)</li> </ul>	<ul style="list-style-type: none"> <li>• Citizen activism and participatory land use planning</li> <li>• Neighbourhood challenges to urban and suburban developers and to federal-provincial urban renewal</li> </ul>	<ul style="list-style-type: none"> <li>• Partnerships with business</li> <li>• Administrative decentralization and fiscal offloading</li> <li>• Amalgamated municipalities</li> </ul>
<b>Stress Points and Vulnerabilities</b>	<ul style="list-style-type: none"> <li>• Fiscal crises and social service gaps</li> </ul>	<ul style="list-style-type: none"> <li>• A spatial "one size fits all" national policies</li> <li>• Inner city decline and suburban sprawl</li> </ul>	<ul style="list-style-type: none"> <li>• Development industry opposition to "neighbourhood agenda"</li> <li>• Global economic downturn and mounting government deficits</li> </ul>	<ul style="list-style-type: none"> <li>• Social polarization and deteriorating urban infrastructure</li> <li>• Ecological consequences of urban sprawl</li> </ul>

Source: Bradford 2002, p.28.

### **3.3 Economic Restructuring and the Uneven City**

Cities and towns are experiencing a range of changes as they deal with the effects of globalization, socio-economic trends, and wide-ranging social policy changes. This

section presents an overview of the underlying driving forces of urban change, and the effects of economic shifts on metropolitan change on regional and city scale.

### **3.3.1 The Underlying Driving Forces of Metropolitan Change**

Some of the key pressures that influence today's urban structure and development include (Bourne 2004, Smith 1984, 1996, Harvey 1989, Massey 1995, Punch et al. 2004, Perrons 2004):

- The changing scale and function of cities within a global system of cities;
- The changing role of urban centres in their regional economies;
- Employment restructuring and differential regional economic development;
- The impact of information technology, electronic media and communications;
- Social policy changes and urban policy pressures;
- Socio-demographic trends: population ageing, changing household structure, and increased numbers of single elderly persons and single-parent families;
- The significant migration of Aboriginal people to some urban centres;
- Dealing with population growth in fast growth cities or the slow growth in slow growth centres;
- Upswings in immigration to core areas;
- National and international mobility of the labour force;
- Continuous out-migration of the inner city residents and businesses to the suburbs;
- Land use pressures;
- The fiscal difficulties facing urban municipalities and the extensive expenditures that are required on the renewal of aging housing stock and infrastructure;
- Housing market dynamics and financing; and
- Environmental constraints.

The result of these pressures has been rapid urban change. Globalization has a particularly profound impact on the restructuring of the localities: the performance of cities and regions is increasingly affected as well as constituted by processes and forces external to their geographical areas, and even to national boundaries. According to Sykora (1994) contemporary urban restructuring is characterized by:

- Increasing internationalization of metropolitan regions in terms of both capital and labour, and the formation of Global Cities;
- Changing power relations between the public and private sector, which has led to the reducing governmental regulations, deregulation of planning control, favouring entrepreneurialism, and attracting foreign investments;
- Industrial restructuring and consequent shifts in production patterns and labour structures;
- Increasing social and economic polarization, simultaneous concentration of an executive-professional-managerial technocracy and an urban underclass in the same places;
- Emergence of postmodern urban landscapes, characterized by new modes of urban culture and consumption; and
- Marketability of place became the crucial strategy of current capital accumulation in the context of growing competition on international and global scales.

All the processes outlined above have an important impact on the geographical re-composition of urban form (for instance the creation of economic development areas in the form of Urban Development Corporations or Enterprise Zones, the social and economic revitalization of central cities, or the gentrification of inner city neighbourhoods). Globalization on the one hand contributes to a certain kind of homogenization on a global scale, but on the other hand it does not always have uniform effects on all countries, regions and localities. The unevenness of growth and change are clearly evident at the local, regional, as well as the national scale (Bourne 2004).

### 3.3.2 The Effects of Economic Shifts: the Regional Scale

There are complex linkages between particular places and the broader structures and processes of economy and society. Current economic changes are having effects on metropolises that go beyond economic factors: economic restructuring and globalization are among the major sources of geographically uneven development caused by an uneven integration of different regions and localities into the global system. Moreover, these processes have differential implications not only for different places, but also for different social groups within those places.

With the globalization of the marketplace, regions, rather than the cities or states, have become the basic competitive economic unit and their role in the broader world economy is subject to constant change. Urban regions play the dual role - as engines of economic growth, but also as contributors to over-consumption of resources and socio-economic inequality. Metropolitan areas have a major role to play in managing the impacts of globalisation. The new economic order has had a huge impact on urban centres, which are competing more and more within an international market trying to attract new investments, workers, headquarters and international events in order to maintain or improve their position.

Simmons and Bourne (2003) report that between 1971 and 2001 there were three changes in the Canadian economy that shaped the Canadian urban system:

1. Firstly, this has been a period of substantial economic growth.
2. As part of this growth the economy has shifted in terms of the sectoral and the spatial distribution of jobs and population. Private-sector services and the large cities that support them have gained most of the jobs, while primary and manufacturing activities have lagged behind.
3. The levels of imports and exports relative to GDP have increased, which have also modified the sectoral and spatial patterns of economic activity and the networks of connections among places.

The globalization of the economy has increased Canada's orientation to export markets. Multinational corporations define the nature and geography of the growth processes and will probably play an increasing role in the Canadian urban system economy in the future (Simmons and Bourne 2003). Cities and regions that produce exports are favoured over those that produce for the domestic market and locations that are most accessible to the growing export markets have prospered. The external markets that have grown most rapidly are in Asia (served by Vancouver) and the United States, to which Southern Ontario is closely linked. The decline in the relative importance of domestic trade flows and markets relative to exports reduces the incentives for richer export-oriented provinces to share revenues with poorer provinces. The latter are no longer viewed as essential to the domestic market, but as part of the competition for export markets outside the country. Pressures to maintain the political and economic integration of the country are thus reduced.

Today regional linkages are more diffused, as the results of production are increasingly financial flows (profits, taxes and dividends), which tend to follow institutional relationships rather than product inputs and outputs (Simmons and Bourne 2003). Corporations redistribute the income from one mine or plant to another part of the corporate network, either in Canada or abroad. Governments have intervened to redistribute the value of production at certain locations into jobs in public services at other locations. Therefore the entire Canadian urban system

operates like a single metropolitan area: we depend on the success of the overall urban economy for our jobs and pensions, but we are free to work and live in any neighbourhood that we choose: the big city or the smaller centre, Anglophone or Francophone, ethnic or not, milder or colder climate, nearer or farther from the family. But just as in the metropolis, the neighbourhood may be shaped by the particular municipality to which it belongs.

Simmons and Bourne 2003, p.6

Two kinds of cities are most likely to succeed in this competitive environment: the very large cities that attract the business, financial, and public services that continue to generate jobs and bring in immigrants that will provide most of the future population growth, and the smaller centres in amenity areas near the largest cities that attract retirees or foot-loose service workers. But if the recent experience of Victoria or St. Catharines is

relevant, these latter places will not grow rapidly (Simmons and Bourne 2003). In Canada's national urban economic system the Calgary-Edmonton corridor, Vancouver and the Lower Mainland, the Greater Toronto Area, and the Montreal region drive the national economy and experience population growth.

The key to local prosperity may also depend on the spatial organization of the corporate and public-sector links that tie the space and economy together. According to Seasons and co-authors (2004), cities that provide the right balance of infrastructure, quality of life, human resources, locational advantage (e.g., proximity to expanding markets or communications or transportation infrastructure), and innovation in production processes, adapt to structural economic change more easily.

At the same time, the local impacts of economic change have been unevenly experienced in Canada's cities. Cities that are unable to adapt face several economic and social challenges. The negative effects of structural economic change have been felt most in Canada's older industrial cities. The social and environmental costs of economic change in Canada's urban communities include no- or slow-growth economy, inner city population decline, increasing rates of unemployment or under-employment, reduced property values, reduced development activity, the under-use of municipal investments in infrastructure, the high costs of repairing or replacing obsolescent infrastructure, and complicated and expensive remediation of brownfield sites.

### **3.3.3 The Effects of Economic Shifts: the City Scale**

The restructuring of the economy had particularly marked economic, social and physical implications for inner cities. At the local scale, the decentralization of jobs and population has left many older municipalities with reduced economic bases, declining fiscal capacity, and pockets of concentrated poverty. Shifting patterns of investment and disinvestment are reflected in inner-city decay, peripheral sprawl and gentrification.

Many cities became more socially polarised, which was also articulated spatially through the mechanisms of urban development and residential differentiation. Rising neighbourhood income inequality over the last couple of decades in the United States was

illustrated by Wilson (1987), Massey and Denton (1993), Jargowsky (1997), and many others. In Canada Myles, Picot, and Pyper (2000) document the rising level of neighbourhood income inequality over the last two decades, while Hatfield (1997) and Lee (2000) find a rising incidence of low-income neighbourhoods.

Major differences can be seen between inner city and outer suburbs. Inner cities have experienced lower population growth, lower income levels, an under-representation of youth and over-representation of the elderly, higher proportions of visible minorities, recent immigrants, single-parent families, and (in some cities) people of Aboriginal origin (Bourne 2000, Bourne and Rose 2001, Statistics Canada 2002, Gertler 2002). Urban poor became more spatially concentrated in the poorest neighbourhoods and poorest neighbourhoods tend to be clustered in the innermost parts of Canadian cities.

At the same time in many North American cities the areas of urban decline have moved further out from the city centre with the older inner suburbs and newer centres also containing disadvantaged neighbourhoods. Some of the inner suburban areas - those built in the interwar and immediate post-war period – have an aging population and decaying housing stock. Low-income people move into these areas forced by gentrification of certain inner city neighbourhoods accompanied by rising housing prices. Suburbs, too, have experienced tremendous change as they have transformed from bedroom communities to sprawling residential and commercial centers.

The acute disparity between inner cities and areas of urban prosperity resulted essentially from globalisation of the economy and a significant restructuring of the labour force. The spatial segregation and socio-economic polarisation of inner-city populations is an outcome of a shift in emphasis to part-time and temporary jobs, a decline in job opportunities for low-skilled workers, and an increase in long-term unemployment. Within this scenario, the employment situation of marginal groups became increasingly insecure. Even those people who are employed, are often “working poor” whose earnings have declined in real terms.

The blue-collar jobs that once formed the economic base of cities have either disappeared or moved to the suburbs, leading to a spatial mismatch between low-skilled jobs available in the periphery and central location of low-income neighbourhoods. Suburbs now provide also a much richer supply of low-skilled jobs as the growing suburban population base has given rise to a large, diversified service and retailing sector where educational requirements are relatively low. The low-skilled job flight to the suburbs disproportionately affects central-city low-income people, whose choice of affordable housing in growing areas is more than limited and few, if any, options for affordable transportation are available. The growing proportion of the long-term jobless and recipients of transfer payments further contribute to poverty and social inequity increase in inner cities.

As wages have decreased in real terms and in relation to the cost of shelter, paying for housing represents a higher proportion of disposable income, especially for low-income families. It has become difficult for many residents to qualify for mortgage loans that have become scarcer due to the deregulation of financial institutions and withdrawal of the federal government from supporting low-income housing (Pitkin 2001). Moreover, globalization has brought about the withdraw of many real estate developers from the low- and medium-income housing market who are attracted to the rapidly expanding housing demand in suburban areas.

A series of fiscal crises brought about by economic restructuring have also contributed to decreased public spending on social services and cuts in government spending on urban revitalization programs, thus placing more strain on low-income residents of many inner-city neighbourhoods. Today's urban welfare economies, along with "place-oriented" housing projects limit mobility and reinforce the concentration and isolation of those without access to the economic mainstream.

It should be acknowledged, however, that several North American US cities show increased job growth and residential development in city cores. Though suburbanisation continues to dominate the development of many big cities in Canada, over the past couple of decades we see evidence of changing preferences amongst certain sectors of society

with respect to living in the inner city. As Bourne (1992) indicates, the recent Canadian experience shows evidence of a modest but distinctive repopulation of the central core and inner city. These changes may be seen as an outcome of a range of demographic changes, market and policy interventions, and of lifestyle choices and can be summarised as follows (Stimson et al. 2000):

- In-movement by middle-class or higher-income households and the concomitant out-migration of lower-income households;
- New forms of inner-city lifestyle with services satisfying the consumption needs of the 'yuppies', the 'empty-nesters' and students;
- Declining household size;
- Changes in the nature of work and occupation patterns as traditional blue-collar jobs are replaced with jobs in the advanced producer services sector;
- Physical renovation or rehabilitation of existing dwellings, a process commonly associated with gentrification, and the construction of new dwelling structures on vacant land and in-fill developments;
- Appreciation of land values; and
- Marked change of tenure towards renting and away from ownership.

Changes in the demographic profile that include shifts in household size and structure together with the life style attributes have made residence in the city an attractive option. For such households the inner city is associated with a cosmopolitan and vibrant lifestyle. It reflects a preference to live in the city and be close to amenities such as restaurants, cafes, theatres and galleries. Households with these attributes are potentially more amenable and are positively attracted to central locations and their more "urbane" living and working environments.

Certain kinds of high-income and often childless households have always lived in the centre of the city. More recently, the movement of people back into the inner city has been associated with mainly young, single, educated and childless households seeking a low maintenance lifestyle, a more dynamic and culturally diverse environment, and the concentration of single, non-attached people. They also tend to work in many of the

“knowledge value” industries, such as new media, graphic arts, advertising and software development. But it also includes the so-called empty nesters - couples whose children have grown up and left home. The inner cities have also been a main destination for immigrants that are drawn to the city centre for both economic and cultural reasons.

Social change and the growth of high-order occupations have created a new class of residents that values urban lifestyle. A comparison of the occupational structure between the inner city and the suburbs of Toronto and Montreal reveals an overrepresentation of professionals in the inner city of the two cities (Dansereau et al. 1999). Those professionals who are more heavily concentrated in the inner city are in consumer and other services, including an important proportion of the arts and culture community, especially in Montreal. These categories of professionals are also particularly active in the gentrification process that has been under way for some time in both inner cities. The central cities of both Montreal and Toronto also contain high concentrations of shops, cultural infrastructure and high-level teaching institutions.

### **3.4 Indicators of Economic Restructuring**

Based on the literature review of neighbourhood change processes, theories and indicators, and also on a review of the impact that economic restructuring has had on the urban fabric, this section briefly outlines the indicators chosen to analyse the processes of urban change related to economic processes. Analysis of these indicators will be undertaken for selected Canada’s Census Metropolitan Areas and for Winnipeg.

Key indicators were identified that enable comparative analysis, specifically highlighting socioeconomic and sociocultural differences and similarities between communities. These were associated with the urban areas’ economic performance, as they were expressed in residents’ and individuals’ characteristics and with socioeconomic and sociocultural characteristics of households and residents more generally. For instance, occupational composition is believed to be an effective tool of monitoring neighbourhood change, more effective than tenure or income (Badcock 1997). It helps to identify whether economic restructuring is occurring by allowing tracking of occupational

structure changes over the years, to determine areas of gentrification, decline and stability, and to research the correlation of occupational structure with class, ethnicity, and other indicators. Though occupation by place of residence does not capture all aspects of economic class, it is probably the best single indicator of it.

Although the demographic processes have made substantial contributions to the changes in the urban system in their own right, economic restructuring has also shaped these processes of spatial redistribution. For example, the positive effects of economic change are reflected in rapid rates of population growth while the proportion of single-parent families in the community is often used as the measure of household disadvantage and urban decline. Some of the key indicators selected are presented in Table 3.3 below:

**Table 3.3 Selected Indicators of Economic Restructuring**

Demography	<ul style="list-style-type: none"> <li>▪ Population change</li> <li>▪ Population ageing</li> <li>▪ Recent immigrants</li> <li>▪ Foreign born</li> <li>▪ Mobility levels</li> <li>▪ Lone parent families</li> </ul>
Occupational Structure	<ul style="list-style-type: none"> <li>▪ Persons employed in professional occupations</li> <li>▪ Women in professional occupations</li> <li>▪ Persons employed in primary industry</li> </ul>
Labour Force Characteristics	<ul style="list-style-type: none"> <li>▪ Unemployment rate</li> <li>▪ Labour force participation rate</li> <li>▪ Part-time employment</li> </ul>
Educational Attainment	<ul style="list-style-type: none"> <li>▪ The number of persons with a Bachelor's degree or better</li> <li>▪ The persons with less than a grade nine education</li> </ul>
Income	<ul style="list-style-type: none"> <li>▪ Average household income</li> </ul>
Poverty	<ul style="list-style-type: none"> <li>▪ Household poverty rates</li> </ul>

### 3.5 Summary

Metropolitan regions across North America continue to face the persistent challenges presented by the "inner city." The relative position of inner cities versus suburbs has changed dramatically over the last few decades based on the changes in several indicators: population decline and jobs relocation, median income, concentrations of

wealth and poverty, labour force participation and unemployment rates, fiscal health, increased demands for services amongst others. By these measures, many inner cities and older suburbs are faring poorly compared to newer suburbs. The economic restructuring taking place is one of the major contributing factors to the problem of urban change.

The outcomes of globalisation of the economy and a significant restructuring of the labour force experienced by Canadian cities include:

- Pressures associated with international and regional competitiveness;
- Specializing within a narrow set of economic sectors, but being effectively excluded from other activities;
- More mobile capital and freer trade in goods and services;
- Increased labour force migration;
- A decline in manufacturing jobs and an increase in the knowledge-based, personal and business service sectors;
- Suburbanization of many job locations;
- Social policy shifts and reduced levels of funding from public sources;
- Growth in non-standard work arrangements and an increase in 'precarious' employment; and
- Increased wage and earnings inequality.

The negative effects of structural economic change have been felt most in Canada's older industrial cities. The social and environmental costs of economic change include a no- or slow-growth economy, inner city population decline, increasing rates of unemployment or under-employment, reduced property values, reduced development activity, and the high costs of repairing or replacing obsolescent infrastructure.

The position of inner cities became particularly vulnerable: inner city and adjoining old neighbourhoods exhibit a complex, interdependent mixture of problems - developmental, ecological, economic, infrastructural, and social. The spatial segregation and socio-economic polarisation of inner-city populations is an outcome of a shift in emphasis to part-time and temporary jobs, a decline in job opportunities for low-skilled workers, and

an increase in long-term unemployment. The fact that indicators of socio-economic deprivation are becoming more spatially concentrated in inner cities likely means that “the geography of this phenomenon affects both the nature of its evolution and the ease with which it can be countered” (Gertler 2002, p.22).

Based on the literature review that focused on neighbourhood change processes, theories and indicators, and also on a review of the impact that the economic restructuring has had on the urban fabric, the following indicators of the economic restructuring were identified: occupational structure, unemployment and participation rates, part-time employment, educational levels, average household income, poverty rates, recent immigrant population, population change and composition, and lone-parent family households. These indicators will be used in further analysis presented in Chapters Four and Five.

## **4. Economic Restructuring: Winnipeg and National Trends**

The following chapter discusses some of the differences that exist between eleven of Canada's metropolitan centres and illustrates the position of Winnipeg on selected indicators. It compares Winnipeg's position on these indicators to other CMAs and tries to provide an account of the recent socio-economic processes that have led to the current position of the city in Canada's urban hierarchy.

### **4.1 Indicators of the Economic Restructuring in Eleven Selected CMAs**

Eleven centres chosen for this analysis include four centres characterized by population growth and the "new economy" - Toronto, Ottawa, Calgary, and Vancouver; four centres characterized by relative economic stability and slow population growth – Winnipeg, Montreal, Quebec, and Halifax. The last group of cities, Regina, St. John's and Saint John, demonstrate lower socio-economic characteristics.

The section focuses on several socio-economic and demographic indicators that relate to economic restructuring:

- Population Change
- Population Aging
- Education
- Employment Characteristics
- Income
- Low-income Households
- Aboriginal Population
- Immigrants: Foreign Born, Recent Immigrants and Economic Immigrants
- Lone Parent Families
- Outmigration, and
- Occupational Structure

This analysis illustrates the diversity that exists across Canada's metropolitan areas and illustrates the position of Winnipeg.

#### **4.1.1 Population Change**

Economic activity and population growth in Canada, similarly to other developed countries, have become more highly concentrated in a few large metropolitan regions that have the critical mass of economic power to be competitive in a global marketplace. City regions such as the Calgary-Edmonton corridor, Vancouver and the Lower Mainland, the Greater Toronto Area, and the Montreal Region continue to grow in population and drive the national economy. Growing advanced manufacturing and service-based economies in these centres as well as immigrants account for most urban growth, with the exception of Alberta's healthy oil industry (Statistics Canada 2002).

During the 1996-2001 period Canada's eleven metropolitan centres grew at an average rate of 3.4%. The three largest metropolitan centres, Toronto, Montreal and Vancouver accounted for 58% of total growth in Canada that suggests a growing concentration of Canada's population in the major metropolitan centres. Calgary's population grew the most during the five-year period with an increase of almost 16%.

Other centres that grew more rapidly than the 11-centre average included Ottawa-Hull, Toronto, Vancouver and Halifax. Halifax's growth can be explained by the fact that the city has been able to generate positive net youth migration and become a top destination for well-educated younger workers. It is among the top cities in the country in attracting and retaining talent as measured by those in the population with a BA or higher.

There were also three centres that experienced declining population during this period: Regina, St. John's and Saint John.

The population of Winnipeg, one of the slowest growing metropolitan centres, increased by 0.6%. Overall, Winnipeg's ranking in size has fallen far behind other metropolitan areas. The increase in the population of the Winnipeg CMA from 1996 to 2000 was based on natural increase, as the region experienced a net loss of residents due to out-migration,

primarily to Calgary followed by Vancouver, destinations within Manitoba outside the Winnipeg CMA, and Toronto (Government of Canada 2003).

#### **4.1.2 Population Ageing**

Demographic indicators reveal that in 2001 Winnipeg had the lowest percentage of population in the 20-34-age range among the eleven centres. The percentage of the population 65 years and older varied in the eleven centres from 9% in Calgary to 13.7% in Winnipeg compared to the average of 11.9%. Other CMAs with a substantial proportion of seniors (approximately 13%) included Montreal, Quebec and Saint John. In terms of the median age of the population, the youngest cities of the eleven are Regina and Calgary (just above 34 years old) while the oldest is Quebec City (40).

According to 2006 census, the general trend of population aging in Canada continues: the proportion of people aged 65 and over increased in every province and territory during the preceding five years, while the percentage of people under 15 years continued to shrink. The proportion of people aged 65 and over in all CMAs combined rose from 12.6% in 2001 to 13.3% in 2006. The new census data shows that Canada's median age was 39.5 in 2006, compared with 37.6 in 2001 (1.4 years older). In 2006 the median age of those living in the Winnipeg region was 38.8, compared to 37.3 in 2001. The median age for Manitoba in 2006 was 38.1 compared to 36.8 five years ago (0.7 years older). These numbers suggest that the Manitoba population is aging less quickly than Canada's population.

#### **4.1.3 Education**

Toronto, Vancouver, Ottawa-Hull and Calgary are all well above the eleven centres' average of the proportion of university graduates, which is almost 18%. Halifax, Montreal and Quebec City also have a ratio of university graduates above the average. St. John's is just slightly above and Regina is slightly below the national average. Winnipeg sits directly on the average. Saint John scored poorly with only 14 % of university graduates.

On average eight and a half percent of the population 20 years of age or older had less than a grade nine education in the eleven centres. Winnipeg was just slightly better than the average. Calgary had the lowest percentage with less than a grade nine education at 4.4% while Quebec and Montreal had 11.6 and 13.6% in this category. Approximately 16.5% of the population 20 years or older were without a high school diploma. Quebec has the lowest (10%) level of population without a high school diploma. Winnipeg's ratio is the highest at 20.5%.

#### **4.1.4 Employment Characteristics**

The average unemployment rate for the eleven centres is just above seven percent. Although there is not a great deal of variation, St. John's jobless rate stands out at 11%, the highest ratio for the cities. The rate is low in Calgary, Ottawa-Hull, Winnipeg and Toronto. The average labour force participation rate is approximately 67%. Calgary has the highest participation rate of 75%. Winnipeg approximates the median. Saint John and St. John's reported the lowest participation rates amongst the eleven metropolitan areas.

The average percentage of the population 15 years and over with employment income that worked full year, full time for the eleven centres is 55%. Ottawa-Hull, Toronto and Winnipeg have the largest ratios of full time full year employees and the lowest proportion of those who worked part year or part time. Vancouver, Saint John, Québec, St. John's and Montréal reported higher than average (42.6%) ratios of part year or part time workers.

#### **4.1.5 Income**

Two indicators are used to describe income – average and median household income. Average household income in the 11 centres is approximately \$30,000; the median income is about \$6,300 lower at approximately \$23,500. The larger centres with the exceptions of Montreal, Quebec City and Winnipeg have relatively high incomes. Toronto, Ottawa – Hull, Calgary and Vancouver all have average household incomes higher than the eleven centres' average. The lowest incomes were reported in Saint John, St. John's and Québec City. Winnipeg is in ninth position with both average and median

household income below the average. However, that lower incomes do not necessarily mean reduced purchasing power or poorer quality of life as the cost of housing and the cost of living in general may also be lower in these centres (Carter, Polevychok and Sargent 2005a).

#### **4.1.6 Low-income Households**

The average percentage of all households in poverty in the 11 centres is approximately 16%. Calgary has the lowest proportion of households in poverty at 14%. In Montreal, Vancouver and Winnipeg household poverty rates were the highest. For families the average proportion in poverty is 12.5%. Ottawa, Halifax and Regina all have low rate of family poverty below 12%. Montreal and Vancouver both have the highest family poverty levels above 17%. Winnipeg's proportion is 14.6%. The highest poverty rates were recorded for single individuals with an almost 40 % average for the 11 centres. Poverty amongst individuals is highest in Montreal, Quebec City, Winnipeg and St. John's; the lowest in Ottawa and Calgary. In Winnipeg, approximately 44% of single individuals fall below the poverty line.

When the three indicators are considered (families, individuals and total households) there are some centres common to all the categories. Calgary, Regina, Halifax and Ottawa-Hull have low poverty rates. Montreal, Quebec City, Winnipeg and Vancouver have high poverty rates. There is probably no common explanation that applies to all centres. Instead, there is a complex number of factors ranging from the nature of the economy and the presence of low and high paying jobs, the cost of housing and living in general and the presence of low income Aboriginal and other migrant households (Carter, et al. 2005a).

With respect to income composition of the 11 centres, Calgary, Toronto, Ottawa and Vancouver have employment income ratios above the average of 77.7%. The average proportion of government transfers for the 11 cities is 10.8%. Saint John, St. John's, Québec, Montréal and Winnipeg are all above average on this indicator.

#### **4.1.7 Aboriginal Population**

The average proportion of Aboriginal people across the 11 centres is about 2.5% of total population. Most centres were well below this average, which is increased by the high proportion in Winnipeg and Regina that recorded ratios above 8%. In 2001 Winnipeg had the greatest number of the people of Aboriginal identity (55,755) of the nation's 27 census metropolitan areas, followed by Edmonton, Vancouver, Calgary, Toronto, Saskatoon, Regina, Ottawa-Hull, Montréal and Victoria. Centres with a very low proportion of people of Aboriginal identity include those in Quebec and the Maritime Provinces. This pattern generally reflects the regional distribution of the Aboriginal population in Canada.

#### **4.1.8 Immigrants**

##### Foreign Born Population

Almost 17% of the population in the 11 centres is foreign born. Toronto leads all centres with 45% of the total population falling in the category foreign born. Vancouver is a close second with just under 40%. It is followed by Calgary (22%), Montréal (19%), Ottawa - Hull (18%) and Winnipeg (17%) that approximates the national average. Overall there is a correlation between percent foreign born and the size of the centre as smaller centres have less significant proportions of their population in this category.

##### Recent Immigrants<sup>4</sup>

Recent immigrants, those arriving in the last five years, represent approximately 2.3% of the population of the 11 centres, although this figure rises to almost nine percent in Toronto and Vancouver. Winnipeg's proportion is just below the 11-centre average. The distribution pattern for recent immigrants across the CMAs demonstrated the relationship to centre size.

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<sup>4</sup> Those who immigrated to Canada in the 5 years preceding the census, excluding the census year itself.

## Economic Immigrants<sup>5</sup>

Individuals immigrating to Canada may be admitted through one of three administrative streams that reflect the different objectives of immigration policy: economic immigrants, family class immigrants and refugees. Economic immigrants include skilled workers, business class immigrants, live-in caregivers and provincial/territorial nominees. More immigrants are also coming as entrepreneurs. These people, as well as individuals who are well educated, tend to do better in the labour market than those who enter for family reasons, or as refugees. Economic class immigrants have several advantages compared to the other two streams in adapting to a new country and succeeding socially and economically. For example, 79% of immigrants admitted as skilled workers (principal applicants) in 1998 had employment earnings in 2000, compared with 64% of refugees. And of the individuals in these groups who had employment, average earnings were \$33,000 and \$15,400 respectively. It is also a group that is most likely to enhance local capacity to generate economic activity.

There is considerable variation in the composition of immigrants intending to settle in different urban areas. Overall, of all the immigrants who landed in Canada since the mid-1990s, 58% were in the economic stream, 29% were in the family stream and 12% were refugees. Grant Schellenberg considered the admission streams of immigrants intending to settle in different CMAs using administrative data from Citizenship and Immigration Canada. Table 4.1 shows the intended destination of immigrations who landed in Canada through different admissions streams since the mid-1990s for 10 selected CMAs. Most immigrants do settle in their intended destination, which suggests that this is a reasonable proxy for the actual administrative composition of immigrants in different CMAs (although some secondary migration takes place after initial settlement).

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<sup>5</sup> This section of the research summarizes some of the findings reported by Grant Schellenberg. 2004. Trends and Conditions in Census Metropolitan Areas. Immigrants in Canada's Census Metropolitan Areas. Statistics Canada. Catalogue No. 89-613-MIE, No. 003.

**Table 4.1 Immigrant Arrivals 1995-2002 by Intended Destination**

	<b>Economic</b>	<b>Family Class</b>	<b>Refugees</b>	<b>Other</b>	<b>Total %</b>
Total	57.7	29.1	12.1	1.1	100.0
<b>Intending to reside in</b>					
Vancouver	67.2	26.7	5.3	0.8	100.0
Toronto	60.5	28.4	9.5	1.6	100.0
Calgary	59.4	30.2	10.3	0.2	100.0
Edmonton	53.3	35.4	11.1	0.1	100.0
Montréal	51.7	26.4	20.7	1.2	100.0
Ottawa–Hull	49.2	27.1	23.3	0.4	100.0
<b>Winnipeg</b>	<b>47.9</b>	<b>28.1</b>	<b>23.8</b>	<b>0.1</b>	<b>100.0</b>
Victoria	45.3	49.6	4.7	0.4	100.0
Hamilton	43.9	36.5	18.6	0.9	100.0
London	40.1	28.0	31.5	0.4	100.0

Source: Adapted from Schellenberg 2004, p.34.

Vancouver gained the largest share of economic immigrants (67%), followed by Toronto and Calgary with 61% and 60% of the immigrants intending to settle there respectively. Winnipeg sits ten percentage points below the national average of almost 58%. The unique attributes of certain CMAs as well as established social and family ties certainly play a role in attracting immigrants. For immigrants admitted to Canada in the economic class job prospects and business prospects were principal considerations in the settlement decisions.

In Winnipeg almost 24% of the immigrants intending to settle there were refugees, while this was the case for 10% of the immigrants intending to settle in Toronto and 5% in Vancouver. Relatively large shares of immigrants intending to settle in London, Ottawa–Hull, Montréal and Hamilton also were refugees. This reflects efforts on the part of Citizenship and Immigration Canada to resettle government-assisted refugees in smaller centres.

#### **4.1.9 Lone Parent Families**

One more demographic trend that is often used as a disadvantage indicator for communities is the ratio of lone-parent families. In the 11 centres as a whole, just over 16.5% of all families are led by a lone parent, generally female. The proportion is slightly higher than average in Montreal, Winnipeg, Regina, St. John's and Saint John. Centres farthest below the average included Calgary and Vancouver.

#### **4.1.10 Outmigration**

The levels of outmigration in the 11 centres reveal that smaller centres had larger population losses. With the average 1996-2001 outmigration ratio of 9% of the total population Saint John, Québec, Halifax, St. John's and Regina's outmigration levels were higher than the average. Outmigration ratios in Montreal and Toronto were the lowest, just over 5%, Vancouver and Ottawa lost just over 7%, and the ratio for Winnipeg and Calgary was approximately 8.5%. Toronto's CMA was the biggest net loser at over 258,000 out-migrants followed by Montreal (over 182,000) and Vancouver (over 141,000). These losses were quite substantially offset by in-migration and international immigration to these metropolitan regions.

In-migration exceeded outmigration in Calgary (10.5%), Vancouver (7.4%), Toronto (7%), Ottawa-Hull (6.7%), Halifax (4%), and Montreal (3%). St. John's migration population loss was the largest at 2.4%. Winnipeg's population gain due to migration comprised just 1%, or 6910 people, which is below the 11-cities' average gain of 3%. As a result of migration, Saint John, Québec and Regina also had population loss of above 1%.

#### **4.1.11 Occupational Structure**

Using 2001 Census data the labour force in the eleven centres was analyzed by the percentage of the selected occupational groups out of total labour force. The selected groups include:

1. Professional occupations in

- Management
- Business and finance
- Natural and applied sciences
- Health
- Social science, education, government service and religion
- Occupations in art, culture, recreation and sport

2. Sales and service occupations

3. Occupations unique to primary industry

4. Occupations unique to processing, manufacturing and utilities

### Management

In terms of Management occupations it is the city of Toronto and Ottawa that rank first with about 13% of their employed population working in professional management. Calgary and Vancouver are second with approximately 12%, followed by Halifax at 11.6%. On the other end Saint John and Quebec City have the lowest percentage of managers amongst the eleven cities with just above 9%. Winnipeg is the third last with 9.5% of its employed labour force working as managers.

### Business and finance

On average about 3% of the labour force in the cities worked in professional business occupations. Toronto and Calgary lead with 3.8% followed by Ottawa, Vancouver and Montreal all above average. Saint John and St. John's have the lowest ratio at 2% and 2.4% respectively. Winnipeg is the forth last with 2.5%.

### Natural and applied sciences

Approximately four and a half percent of the labour force in the eleven centres is in professional jobs in natural and applied sciences. Ottawa-Hull is a single leader in this

category at almost 9%. Calgary and Toronto are also above the average. Winnipeg scored the last with only 2.7%.

### Health

Winnipeg has a relatively good position in professional health occupations with 1.4%, (fourth position in the hierarchy) higher than the cities average of 1.3%. St. John's, Halifax and Québec are the leaders in this category. Calgary has the lowest ratio of 1.1%.

### Social science, education, government service and religion

In the social sciences, education, government service and religion category Winnipeg was just below the average of 6.4%. Ottawa again was first at 8.4%. St. John's and Québec also scored high, while Toronto, Calgary and Saint John all had below 6% of their labour force in these occupations.

### Occupations in art, culture, recreation and sport

The position of Winnipeg in this category is the third last with only 1.2% compared to the cities' average of 1.5%. Only Calgary and Saint John had the lower ratios. It is rather surprising as Winnipegger's view their city as the one characterised by vibrant cultural life and varied artistic venues. The ranking can be explained by the fact that for the majority of professional performances performers come to the city, but they do not live here. Many cultural events do involve local artists, however art is not their professional occupation.

Ottawa again took the lead in this category with 2.2% followed by Vancouver, Montréal and Toronto. A strong cultural life is believed to attract members of the creative class. According to Jedwab (2004) it is Ottawa that has the most per capita librarians, authors and writers, likely due to the needs of the national capital. Vancouver and Toronto are the leading cities in the country with regard to dancers, musicians and actors.

### Women in professional occupations

The average proportion of women employed in professional occupations for the selected eleven CMAs is just above 24%, which is four percentage points lower than for males. Ottawa leads with 32%, followed by Toronto, Calgary, and Vancouver, all above the average. The lowest shares were documented for Winnipeg and Saint John at 21% and 19% respectively.

#### Sales and service occupations

While Toronto and Ottawa have the highest percentage of managers they have the lowest share of persons in sales and service (21%). Sales and service occupations are the single most dominant occupations in most cities across the country and for the eleven cities comprise on average a quarter of their labour force. Montréal was the third last. Winnipeg sits directly on the average. It is Saint John that has the largest percentage of persons employed in sales and service, followed by Halifax and St. John's.

#### Occupations unique to primary industry

Regina is the city with the largest share of its labour force in occupations unique to primary industry at 2.5%. The eleven cities' average is 1.5%. Other centres above the average include Calgary, St. John's, Saint John and Vancouver. Winnipeg is just below the average at 1.3%. The least share in this occupational category was shown by Toronto and Montreal with 0.9% and 0.7% respectively.

#### Occupations unique to processing, manufacturing and utilities

With respect to professions unique to processing, manufacturing and utilities, the centres' average comprised 4.3%. The position of Winnipeg is third at 7%. The higher ratios were recorded only for Toronto and Montréal, both just below 8%. Ottawa – Hull, St. John's, Halifax and Regina had the lowest shares, all below 3%.

### **4.2 Selected Indicators: Summary and Ranking**

The rankings in table 4.2 illustrate the diversity that exists across Canada's metropolitan areas with respect to selected indicators pertaining to the economic restructuring. Overall

largest cities scored the best. The top three CMAs are Ottawa-Hull, Toronto and Calgary. For Vancouver Halifax, Montréal and Québec results were also fairly good. The last group of cities including Regina, St. John's, Winnipeg and Saint John scored poorly on selected indicators. Winnipeg's position is second last.

On some indicators Winnipeg parallels the average for the eleven metropolitan centres. This is true of the share of persons with a university degree, outmigration levels, percentage of recent immigrants, and the proportion of persons in sales and service occupations. On the proportion of the population not in the labour force and the average share of Government transfer payments Winnipeg is also not different from the centres' averages.

Winnipeg has better than average unemployment and participation rates as well as the proportion of full time full year employees. The city's ratio of persons with less than grade nine education is lower than the average as well as the proportion of persons employed in occupations unique to primary industry. Also Winnipeg has higher than average share of foreign born and economic immigrants.

With respect to rate of population growth, Winnipeg sits in 8<sup>th</sup> place with 0.6% compared to the 3.4% average. Winnipeg has the highest proportion of persons 65 and older, persons without a high school diploma, and the highest share of population with Aboriginal identity. The city has high poverty levels for households, families and individuals and its percentage of lone-parent families is above the average. Winnipeg's average income level is lower than the eleven centre's median. In addition Winnipeg has the highest proportion of dwellings in need of major repair of Canada's 25 major metropolitan centres, one of the highest proportions of older dwellings (built prior to 1946) and the second lowest proportion of new dwellings (built since 1996) (Carter et al. 2005a).

Table 4.3 presents the proportions of persons employed in each professional category out of total persons employed for the eleven centres as well as the eleven cities' average and ranking of the cities. In professional occupations Winnipeg has the second last position

with just 23.5% of its labour force in professional occupations compared to the average of almost 28% and top 37% for Ottawa. Only Saint John had a lower ratio. Winnipeg and Saint John also documented the lowest proportions of women employed in professional occupations of the selected CMAs. Cities that score above the average are Ottawa – Hull, Toronto, Calgary and Vancouver. Halifax, St. John's, Montréal and Québec are just below the average, having approximately 27% of their labour force in professional occupations. They are followed by Regina with 25.6%.

With respect to other occupational categories selected, all cities showed high shares of their labour force working in sales and services, around 25%. Winnipeg approximates this average (Table 4.4). The city is just below the average proportion of 1.5% engaged in primary industries for the eleven CMAs. Winnipeg scored high in the Processing and Manufacturing category at 7%, showing the third highest result for the eleven centres.

#### **4.3 Evidence of Economic Restructuring in Winnipeg**

This section of the study compares Winnipeg's position on indicators selected to other CMAs and provides an account of the recent socio-economic processes that have led to the current position of the city in Canada's urban hierarchy.

The positive effects of economic change are reflected in rapid rates of population and economic growth. A growing population increases the productive capacity of its economy by increasing the labour force, entrepreneurial skills and financial resources. Growing population increases the demand for both public and private goods and services, which would stimulate domestic producers (Baragar 2005). In cities undergoing limited growth, there is relatively little new investment in the downtown area to offset the decline and suburbanization of its commercial aspects. In rapidly growing cities, on the other hand, there may be sufficient investment in the downtown to spur expansion that swallows up adjacent decayed residential areas. Winnipeg's rate of the population growth over the last decades has been low, which may indicate a challenge to increase its rate of economic expansion relative to other Canadian CMAs that the city faces.

**Table 4.2 Ranking of the Eleven CMAs by Selected Indicators**

<b>GEOGRAPHY</b>	<b>Ottawa- Hull</b>	<b>Toronto</b>	<b>Calgary</b>	<b>Vancouver</b>	<b>Halifax</b>	<b>Montréal</b>	<b>Québec</b>	<b>Regina</b>	<b>St. John's</b>	<b>Winnipeg</b>	<b>Saint John</b>
% Pop. Change 1996-2001	4	2	1	3	5	6	7	9	10	8	11
% Pop. 65+	3	5	1	6	4	8	9	7	2	11	10
% Ed. less than Grade 9	4	9	1	5	2	11	10	3	6	7	8
% Ed. without HS Diploma	2	4	6	5	7	3	1	9	8	11	10
% Ed. BA+	1	2	3	5	4	6	7	10	8	9	11
% Lone Parent Families	4	3	1	2	6	8	5	11	10	7	9
% LICO Households	2	5	1	10	3	11	8	4	6	9	7
% LICO Single Individuals	2	3	1	7	5	10	11	4	9	8	6
% LICO Families	3	6	1	10	4	11	5	2	8	7	9
% Aboriginal (ID)	7	2	8	9	6	1	3	10	4	11	5
% Foreign Born	5	1	3	2	8	4	10	7	11	6	9
% Recent Immigrants	4	1	3	2	7	5	9	8	10	6	11
% Economic Immigrants	4	3	8	6	7	1	2	9	11	5	10
Unemployment Rate	3	4	1	8	7	9	6	5	11	2	10
Participation Rate	2	4	1	7	6	8	9	3	10	5	11
Average Household Income	1	3	2	4	6	7	9	5	10	8	11
Median Household Income	1	3	2	5	6	9	7	4	10	8	11
% Professional Managerial Occup.	2	1	3	4	5	6	11	8	7	9	10
% Professional Business Occupations	3	1	2	4	9	5	7	6	10	8	11
% Professional Natural Science Occup.	1	3	2	6	9	5	4	8	7	11	10
% Professional Health Occupations	7	10	11	5	2	6	3	9	1	4	8
% Prof. Social Science, Education	1	9	10	7	4	8	3	5	2	6	11
% Professional Art and Culture Occup.	1	4	10	2	6	3	8	7	5	9	11
% Professional Occupations	1	2	3	4	6	7	8	9	5	10	11
% Occupations in Primary Industry	4	2	10	7	5	1	3	11	9	6	8
% Females in Professional Occup.	1	2	3	4	6	5	8	9	7	10	11
% Worked Full Year, Full Time	1	3	6	11	4	8	9	5	7	2	10
% Worked Part Year or Part Time	11	10	6	1	7	5	3	8	4	9	2
Score	85	107	110	151	156	177	185	195	208	212	262
<b>Total Ranking</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>

**Table 4.3 Professional Occupations Ratios in the Eleven Centres**

<b>GEOGRAPHY</b>	<b>Manager.</b>	<b>Business</b>	<b>Natural Science</b>	<b>Health</b>	<b>Social Science, Education</b>	<b>Art, Culture</b>	<b>Professional Occupations</b>	<b>Rank</b>
Average, %	11.0	2.9	4.6	1.3	6.4	1.5	27.7	
Ottawa - Hull	12.9	3.4	8.8	1.2	8.4	2.2	37.0	1
Toronto	13.0	3.8	5.3	1.2	5.7	1.7	30.6	2
Calgary	12.1	3.8	6.3	1.1	5.2	1.2	29.7	3
Vancouver	11.9	3.2	4.2	1.3	6.1	1.8	28.4	4
Halifax	11.6	2.4	3.6	1.5	6.5	1.6	27.3	5
St. John's	10.3	2.2	3.8	1.6	7.7	1.6	27.2	6
Montréal	10.9	3.0	4.3	1.3	6.0	1.7	27.2	7
Québec	9.1	2.8	4.6	1.5	7.5	1.3	26.8	8
Regina	10.2	2.8	3.7	1.2	6.3	1.4	25.6	9
Winnipeg	9.5	2.5	2.7	1.4	6.2	1.2	23.5	10
Saint John	9.4	2.0	2.9	1.2	5.2	1.0	21.7	11

**Table 4.4 Occupational Categories Ratios in the Eleven Centres**

<b>GEOGRAPHY</b>	<b>Professional Occupations</b>	<b>Sales and Services</b>	<b>Primary Industry</b>	<b>Processing and Manufacturing</b>
Average, %	27.7	24.8	1.5	4.3
Calgary	29.7	23.2	1.9	3.7
Toronto	30.6	21.3	0.9	7.9
Vancouver	28.4	25.1	1.7	4.4
Ottawa - Hull	37.0	21.3	1.1	2.7
Halifax	27.3	27.9	1.3	2.2
Montréal	27.2	22.6	0.7	7.7
Québec	26.8	25.8	1.1	3.7
Winnipeg	23.5	24.9	1.3	7.0
Regina	25.6	26.0	2.5	2.2
St. John's	27.2	26.2	1.8	2.3
Saint John	21.7	28.6	1.8	3.4

Winnipeg has also suffered a decline in its downtown, as evidenced by high rates of vacancy, building and infrastructure deterioration, and store closures.

On the other hand Winnipeg's slow growth could be seen as an asset as it *“stems from the fact that the economic base is a well-balanced mix of agriculture, manufacturing, government (the provincial capital and a major regional centre for the federal government) and education (two universities and a community college), not subject to*

*booms, but also relatively well-insulated from busts*” (Leo and Anderson 2006). Among benefits of Winnipeg’s slow growth is availability of affordable housing and decent schooling at all levels. Significant influxes of immigrants do not put the same strains on Winnipeg’s housing market and services as in fast growing communities.

For Winnipeg, with low rates of natural population increase, it is immigration that mainly determines population growth rates. There is some improvement in immigration inflows into Manitoba. Winnipeg has higher than the eleven centres’ average share of foreign born and economic immigrants. This can be explained by Manitoba’s aggressive immigration policy. However immigration numbers are small relative to the overall size of the province’s population. Immigration continues to become increasingly focused on a few metropolitan gateway centres. According to Statistics Canada over 90% of Canada’s immigrants who arrived during the 1990s reside in large metropolitan areas (Statistics Canada. 2003a). Nearly three-quarters of these immigrants settled in three areas: Toronto, Vancouver and Montreal. Calgary and Ottawa-Hull are also emerging centers of attraction for immigrants.

Internal mobility is also an important factor in metropolitan population change. As with immigration, internal movers are disproportionately young and highly educated, contributing to the growth of some regions while depleting others. Older industrial and resource-based cities with economies that are static or declining, especially in Manitoba, Saskatchewan and the Atlantic Provinces, show evidence of proportionally larger levels of out-migration, which have been increasing the rate of population aging. Though population ageing is a global trend, common for the Canadian population, Winnipeg’s percentage of the population 65 years and older is the highest among the eleven selected CMAs. High rates of population aging in Winnipeg, exacerbated by outmigration of educated 24-44 year olds weaken Winnipeg’s economic potential.

An educated labour force is crucial for future economic sustainability in Winnipeg as it attracts business and job creation, and provides the tax base to finance health care and other social programming that demographic projections point to as requiring increased funding in the future. While educational levels improved between 1996 and 2001,

Winnipeg scored poorly on education indicators, and there is a marked disparity between the non-Aboriginal and Aboriginal attainment levels despite significant educational advances by the Aboriginal population. Overall the level of education varied between the metropolitan centres and seemed to relate to city size, the nature of the economy, the concentration of educational institutions, and a focus on research and development and information technology. For instance centres with a focus on secondary manufacturing and less diversified economies like Regina, St. John's and Saint John had lower proportions of university graduates.

Winnipeg's Aboriginal population represents the greatest number of the people of Aboriginal identity of the Canada's 27 CMAs in 2001. Winnipeg's Aboriginal population is continuing to increase as a result of a higher birth rate among this group, and increased migration to the city due to limited employment opportunities on reserves. A study by the Manitoba Bureau of Statistics projected that the Aboriginal population in Winnipeg would increase by 71% over a 25-year period, rising to 76,800 by 2016 and will represent 10.7% of Winnipeg's population (Human Resources Development Canada 2002). This growth of the Aboriginal population and its spatial concentration poses significant challenges, but also opportunities as this young Aboriginal population represents a very significant source of new entrants to the region's labour force. At the same time the general socio-economic characteristics of Aboriginal people highlight a high level of marginalization and poverty, low levels of schooling and skills and high mobility rates. For instance, Aboriginal people were nearly three times as likely to be below LICO as the general population in Winnipeg CMA in 2001. This adds to the challenges faced by Aboriginal peoples entering the labour market. On the national level, if the proportion of the Aboriginal workforce in selected sectors is compared to the proportion of the total workforce present in the same sectors, it shows that Aboriginal people are notably absent from management services, finance and insurance, and professional, scientific and technical services (Lamontagne 2004). This is not surprising since a large number of the jobs found in these sectors require university or college degrees.

Low-income rates in the cities reflect the state of local economies. However, a disproportionate share of the low income in certain population groups also is an

important factor. Winnipeg's high proportions of poverty for households, families and individuals in part can be explained by high percentages of the Aboriginal population that is characterized by much higher low-income rates relative to the entire CMA population. CMAs like Montreal and Vancouver with high shares of recent immigrants and refugees correspondingly have high shares of the low-income population.

The low unemployment rates in Winnipeg can be attributed to Winnipeg's very high participation and employment rates. The growth in employment has exceeded population growth. Winnipeg has also experienced a net outflow of residents and the high levels of out migration have been reducing the pool of the unemployed.

According to the analysis on occupational structure presented in the previous section, the position of Winnipeg on the ratios of professionals in the labour force is not optimistic. Cities that have a high proportion of people in professional jobs have a better potential for today's information, research and development, financial and technology progress. They also have a diversity of lifestyles and ethnic and racial groups that add interest and diversity to the urban environment. All this is not the case in Winnipeg: overall the city lags behind with the second last result among the eleven centres. At the same time Winnipeg's ratios of professional occupations in social science, education, government service and religion for example were close to the 11-centres' average. The ratio of professional occupations in health was higher than average and perhaps can be explained by relatively high expenditure on health per capita plus a strong health research industry. On the other hand, this ratio might indicate the considerable strains placed on the health care system by seniors and Aboriginal people, which suggests higher demand for health services, particularly in the future.

The closer look at the employment dynamics by occupational category over the 1991-2001 decade shows that in Winnipeg natural and applied sciences occupations grew at the highest rate of 24%. Health occupations, occupations in art and culture and occupations in manufacturing added approximately 12% each. Seven percent growth was recorded for occupations in social science, education, government service and religion. During this

period occupations unique to primary industry declined the most (22%) followed by trades, transport and equipment occupations (9%).

In terms of nominal change over the decade the number of employed persons increased by 10,185 people. This growth was distributed unevenly among the occupational categories: 4000 in natural and applied sciences occupations; 2910 in manufacturing; just above 2600 in each of health occupations and sales and services; 1720 in social science, education, government service and religion; 1120 in management; and just over 1000 in art, culture, recreation and sport. Trades, transport and equipment occupations declined by 4455 people and occupations unique to primary industry by 1325. There was also some decline in business and finance occupations – 85 people.

During this decade the number of all occupation for women grew 5.8%, which is double of that for the total population. The number of women employed in management and natural and social sciences occupations increased more substantially than the same numbers for the total population. These trends reflect the economic restructuring trends that have witnessed greater participation of women in the labour force.

The 1991-2001 data on changes in Winnipeg's labour force by industry confirm the trends outlined above. Table 5.6 shows the current employment levels and the rates of job growth for selected Winnipeg industries over the 1991-2001 period. The most substantial growth occurred in services, especially in business, health and social service and accommodation, food and beverage service. Notable is the significant decrease in all primary sector industries, which is the consequence of the global restructuring trends.

Certain manufacturing industries have experienced significant losses as well. The wages of Manitoba manufacturing workers are many times the rates received by comparable workers in developing countries that have contributed to the outsourcing of manufacturing industries. For instance apparel manufacturing has largely been outsourced from Canada to developing countries like China, Bangladesh, Mexico and Guatemala. Today, the industry designs and markets their Canadian goods but the assembly is primarily done offshore (Baragar 2005):

In recent years, Winnipeg's garment industry has been directly involved in this global reorganization of production as leading firms such as Nygard, Gemini Fashions and Western Glove have moved to outsource the bulk of their manufacturing production to facilities in Asia and Central America. The revised character of this industry was clearly defined by Bob Silver, president of Western Glove, who recently stated that the long term future of his company is to be "based upon product development, marketing, design and washing. Not production."

According to the Winnipeg Labour Market Bulletin 2004, Western Glove employed 1,200 people in 2002, 700 employees in 2004. In 2007 it had 280 employees.

The health of Winnipeg's labour market overall largely reflects the performance of Manitoba's labour market. Growth in employment has generally been below that of Canada, but so has population growth. Employment growth in the province over the 1991-2001 decade was 5.5% compared to 13% of employment growth for Canada overall. Labour force growth in Manitoba over 1996-2001 was 0.9% compared to 1.6 in Canada. The positive sign is that the province has low unemployment rates. There are vacancies for both skilled and unskilled labour.

Only a few of large international corporations have their head offices in Winnipeg, such as Great-West Life (insurance), or CanWest Global Communications Corp. (media). Smaller international corporations are Cangene Corp. (biotech) and Paterson Global Foods Inc. (agri-business). Winnipeg is home to 17 of Canada's large corporations compared to 51 head offices located in Calgary, 40 in Vancouver or 87 in Montréal; Toronto stands out with 194 head offices (Roach 2003).

Leading Winnipeg's public sector employers are The Province of Manitoba, The City, The University of Manitoba, Health Sciences Centre, Manitoba Hydro, and Manitoba Telecom. The largest private sector employers include Palliser Furniture, Great-West Life, Motor Coach Industries, New Flyer Industries, and Boeing Canada Technologies Ltd.

On a positive side, the Winnipeg CMA has a highly diversified economy. In 2002, Montréal was Canada's most diversified urban region, followed by Toronto, Vancouver, and Winnipeg (Beckstead and Brown 2003). The cluster of industries and services that

arose from this historic role now combine to serve as the economic foundation for the region's long-term strength related to the manufacture, service and delivery of a wide range of transportation-related equipment and services. The four largest contributors to GDP in the Winnipeg CMA are the finance, insurance and real estate (22.6%), manufacturing (14.1%), non-commercial services (12.1%), and wholesale and retail trade (11.7%) sectors (Government of Canada. 2003). The sectors accounting for the largest numbers of employees are commercial services (24.5%), non-commercial services (19.5%), wholesale and retail trade (15.5%), and manufacturing (14.2%).

A growing range of high-technology, knowledge-based companies and research facilities can also be attributed to Winnipeg's strengths. Winnipeg has the potential for cluster development in several key emerging industries: aerospace, agri-food, information technology, health, financial services, call centres, film and audio, arts and culture, utilities, and tourism. According to Western Economic Diversification Canada (2001):

...Winnipeg has the second highest concentration of aerospace and consumer durables jobs in the country, the third highest concentration of finance industry jobs, the fourth highest concentration of transportation and cargo industry jobs and the sixth highest concentration of insurance industry, real estate and textiles, leather and apparel industry jobs. Winnipeg dominates the Manitoba economy in areas such as manufacturing, communications and the wholesale trade, business services, the finance, insurance and real estate sectors, accommodation and foodservice, and the amusement and recreation sectors. Key emerging industries include aerospace, agri-food, health industries, financial services, call centres, and information technology (IT)... Despite its growth, however, Winnipeg's IT sector lacks critical mass and is not as well developed as that of other successful urban centres.

Winnipeg and the surrounding area is home to approximately 47% of the province's businesses - generating close to 75% of the province's GDP. Most of the province's high-growth sectors and research and development facilities are "anchored" in Winnipeg. Despite this concentration of economic activity, innovation indicators (such as expenditures on R&D, manufacturing productivity, the number of patents issued and technology commercialization and adoption rates) are lower for Winnipeg than for many other Canadian and international cities. This points to structural weaknesses in Winnipeg's innovation system that needs to be addressed.

Winnipeg has many of the quality of life assets that are essential to the new economy such as the city's vibrant cultural community, the historic Exchange District, The Forks, sports and entertainment venues and strong educational institutions. The film and audio industry, arts and culture sector, utilities and tourism are experiencing growth.

Winnipeg also has relatively low location-sensitive costs (labour, utilities, interest and depreciation costs, taxes) and low location-sensitive operating costs (electricity, transportation and labour) but high taxes, due in part to high property taxes (ibid.). Winnipeg therefore enjoys a cost-advantage in industries where electricity and transportation are important cost components but not in relation to businesses where these factors are of lesser significance.

#### **4.4 Summary**

To summarize, evidence of economic restructuring can be seen in several indicators characterizing Winnipeg. Outmigration of educated young people and negative migration from the city, the aging population, the presence of a large Aboriginal population, potential shortage of skilled workers, lack of ability to attract the knowledge economy are factors that are most likely to have an impact on Winnipeg's socio-economic future.

Economic growth in Winnipeg has not acted as a powerful magnet in attracting to the region a growing share of the geographically mobile population both within Canada and abroad. Winnipeg's slow rate of population growth, however, has both positive and negative implications. Without the growth pressures experienced by some metropolitan centres Winnipeg enjoys lower housing costs and a lower incidence of housing affordability problems. However, lower growth rates also mean lower levels of job creation, perhaps fewer high-income jobs and more difficulty attracting immigrants, all of which makes Winnipeg globally less competitive and more vulnerable to the negative outcomes of the economic restructuring. In Manitoba the New Economy is relatively small and growing slowly; concentrated in the service sector, rather than in advanced manufacturing; and centred in Winnipeg.

Analysis presented in this chapter highlighted diversity in the metropolitan hierarchy and the position of Winnipeg in particular. It ranks Calgary, Toronto, Vancouver, and Ottawa-Hull as “new economy cities” characterized by population and economic growth. Among the “stable economy” cities group that initially included Halifax, Montréal, Québec, and Winnipeg, Halifax is doing better than others in its group in terms of economic restructuring indicators. At the same time Winnipeg scored worse than expected: it sits the second last in the ranking table followed only by Saint John. The Winnipeg’s score indicates that the city is less competitive and more vulnerable to the negative outcomes of economic restructuring than other centres.

Over the years the inner city has lost its importance of an urban core and has become just one among the competing nodes in Winnipeg’s polycentric urban structure. Though the inner city has been the target of successful revitalization initiatives, these efforts have been able to counter the negative impacts of general trends in the economy, but not reverse them. Several trends outlined above suggest that although inner city programming is making a positive difference, economic swings on a national basis are very influential in defining the future of inner city residents. Though the economy is diversified and stable, it does not attract enough human capital into the city, does not produce enough new jobs, nor generate a significant enough demand for services to stimulate substantive urban revitalization.

The next chapter of the thesis examines the differences on selected indicators that exist within the city of Winnipeg.

## **5. Impact of the Economic Restructuring on the Inner City**

The following chapter examines impact of the economic restructuring on the inner city by analysing selected indicators of Winnipeg's inner city including population change and composition, education attainment, employment characteristics, income, immigration, mobility, and occupational structure and compares them to those of the city overall.

### **5.1 Indicators of the Economic Restructuring in the Inner City**

In North America the relative position of inner cities versus suburbs has changed dramatically over the last few decades as illustrated by trends of several indicators: population decline and jobs relocation, median income, concentrations of wealth and poverty, labour force participation and unemployment rates, fiscal health, increased demands for services and others. By these measures, many inner cities and older suburbs are faring poorly compared to newer suburbs. Discussions below look at several characteristics of Winnipeg's inner city and compare them to those of the city.

#### **5.1.1 Population Change**

The population of Winnipeg's CMA has grown from 660,450 in 1991 to 671,382 in 2001, an increase of almost 1.7% over the last decade (Table 5.1). Over the ten-year period the City of Winnipeg experienced 0.7-percentage growth. Despite its relatively moderate overall growth Winnipeg's dynamics of population change varied significantly by area.

**Table 5.1 Population Change in Winnipeg CMA 1991-2001**

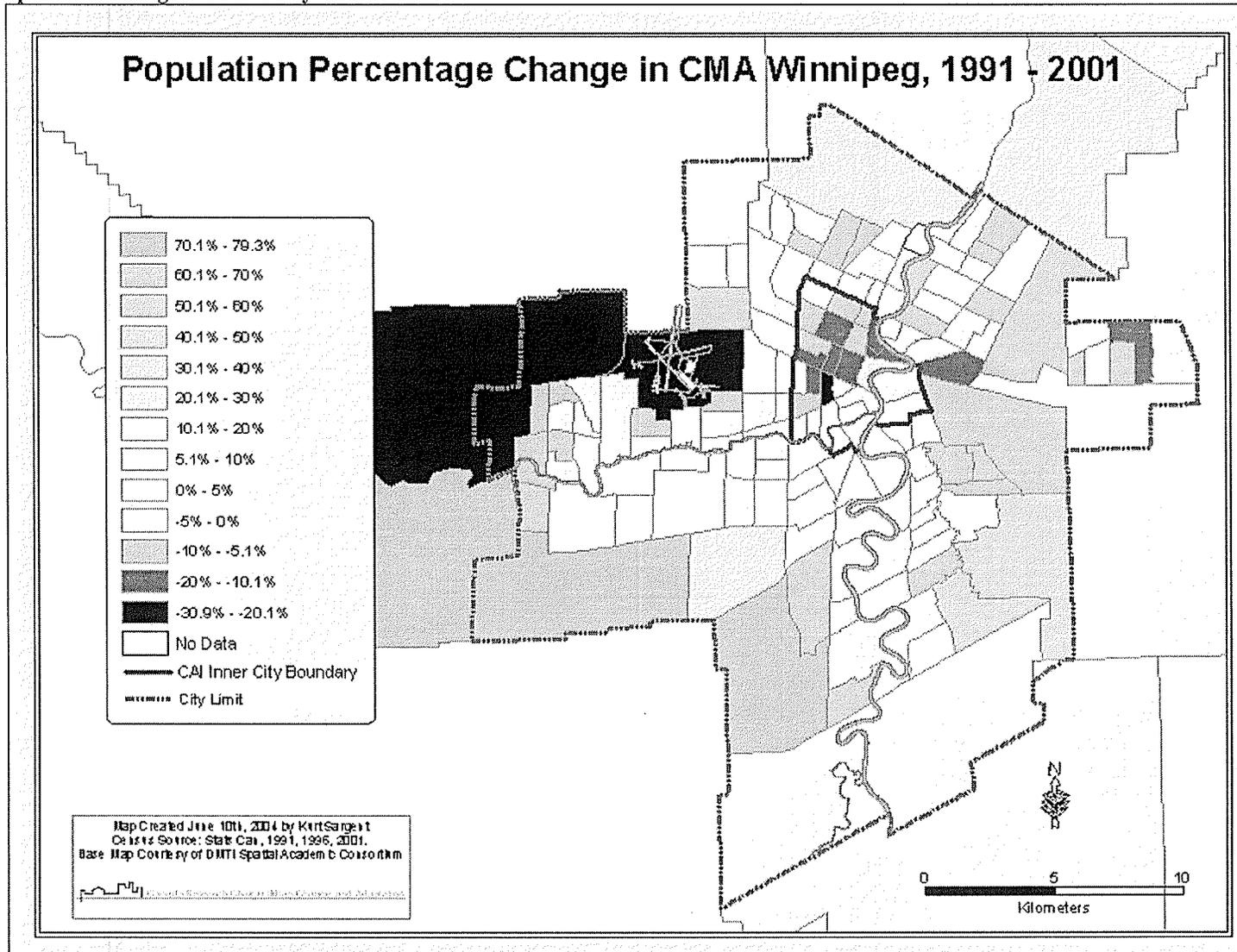
Area	Pop. 1991	Pop. 1996	Pop. 2001	1991-1996 % Change	1996-2001 % Change	1991-2001 % Change
Inner City	100079	96158	94822	-3.9	-1.4	-5.3
Non-Inner City	560371	571051	576560	1.8	1.0	2.8
Winnipeg CMA	660450	667209	671382	1.0	0.6	1.7
City of Winnipeg	615215	618475	619544	0.5	0.2	0.7
Winnipeg CMA excluding WPG City	45235	48730	52154	7.0	6.4	13.3

Most of the growth in the CMA occurred outside the city boundaries in surrounding municipalities – 13.3% of growth over the decade. For the area of CMA excluding the inner city (non-inner city) this growth constitutes 2.8%. In contrast, the inner city population (94,822 in 2001) declined by 5.3% compared to the 1991 level (100,079).

On a census tract level, areas of the most substantial population decline in Winnipeg include the inner city and the cluster of census tracts in the West End. Winnipeg's inner city continues to lose people. On the whole over 1971-2001 only three inner city census tracts out of a total of 27 grew in population (the South Portage, the Forks, Broadway Assiniboine and North Portage neighbourhoods). Population of the remaining 24 census tracts declined. For some census tracts population loss was very dramatic - up to 50% of the population. The areas that experienced the largest population losses are West Alexander, Centennial, Logan C.P.R., Lord Selkirk Park, and William Whyte.

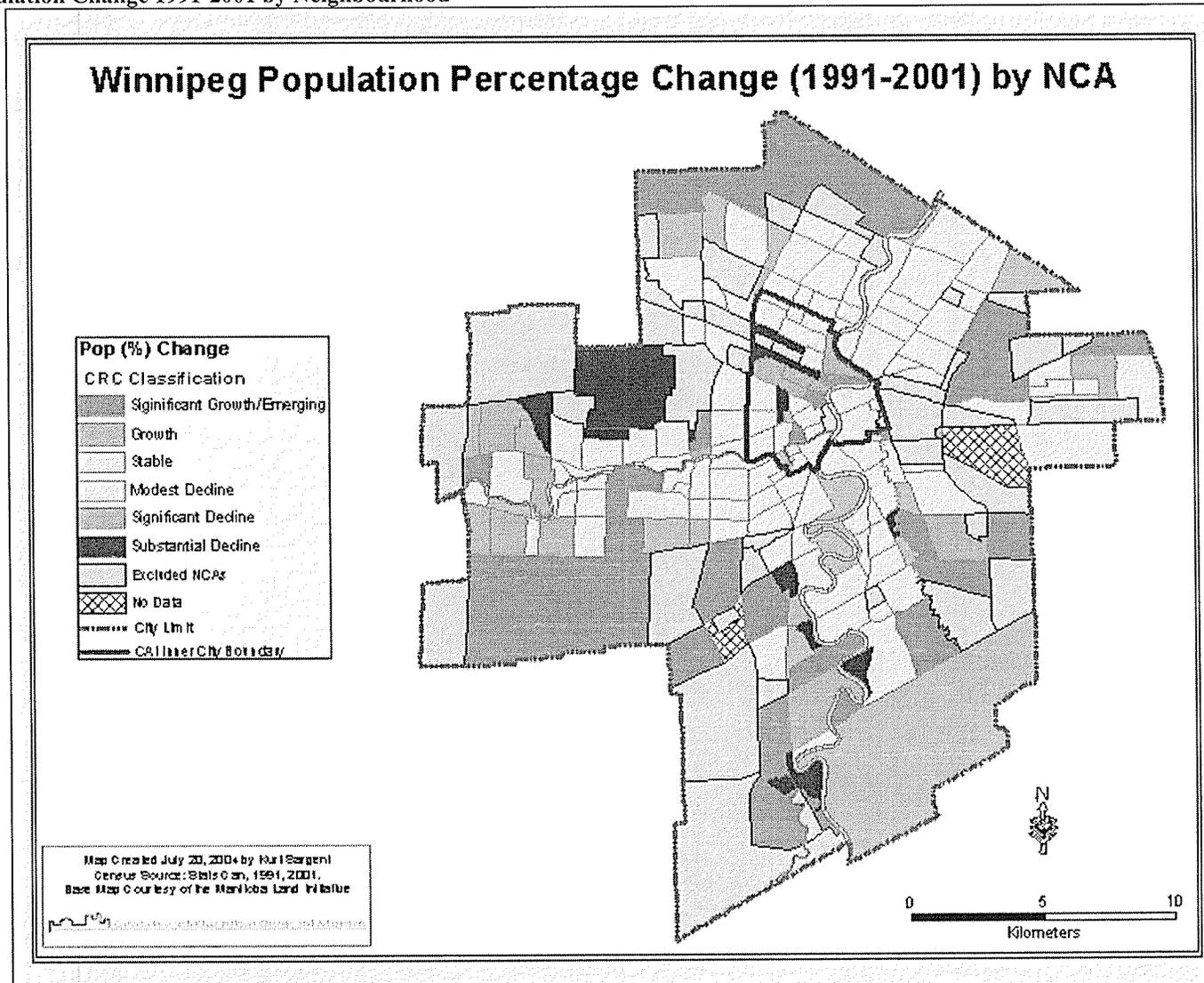
Maps below illustrate population change patterns in CMA Winnipeg during 1991-2001 by census tract and by neighbourhood.

Figure 5.1 Population Change 1991-2001 by Census Tract



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Figure 5.2 Population Change 1991-2001 by Neighbourhood



### 5.1.2 Age distribution

When the age distribution of the population in the inner city is compared to the non-inner city and the City as a whole, there are no significant differences (Table 5.2). The inner city has a slightly lower proportion of children 0-14, a slightly higher proportion of people 15-24 and 25-44. The proportion of people in the 45-64 cohort in the inner city falls below that of other areas. The inner city area has the highest proportion of the population in the 65+ age group. Over half of all senior households living downtown live below the poverty line (Carter 2005). This proportion rises to 90% for Aboriginal seniors and is just below 50% for non-minority, non-Aboriginal seniors. Poverty rates fall slightly for groups of seniors in the inner city area, but are still very high.

Table 5.2 Age Groups for Selected Winnipeg Geographic Areas, 2001

Indicator	CMA Winnipeg	City of Winnipeg	Non-inner City	Inner City
% of persons aged 0 to 14	19.09	18.81	19	18.06
% of persons aged 15 to 24	13.7	13.73	13.66	13.98
% of persons aged 25 to 44	30.05	30.16	29.4	33.11
% of persons aged 45 to 64	23.43	23.16	23.93	20.13
% of persons aged 65 and older	13.73	14.15	14	14.72

Source: Adapted from Carter, Polevychok and Sargent 2003.

The area that does illustrate considerable differences is the part of the CMA that falls outside City boundaries. This area contains a higher proportion of children 0-14 and a higher proportion of people 45-64 years of age. The proportion of the population 65 and over, however, falls to about half that of other areas. This area has a strong family focus.

### 5.1.3 Education

Though levels of educational attainment in the inner city have been improving, they continue to be consistently lower than those in the Winnipeg CMA. Approximately 12.5% of the population have grade nine or less, almost double the proportions in other

parts of the CMA. Almost a quarter does not have a high school diploma (Carter et al. 2003). In the Centennial neighbourhood of the inner city, for example, 30% of residents have an educational attainment level of less than grade 9 while 37% have an educational attainment level between grades 9-12. For Winnipeg the comparable percentages are 9% and 26% (The Winnipeg Foundation 2004). The inner city also has a lower proportion of the population with a bachelor's degree or better, approximately 14% compared to close to 20% in the CMA, the City and the non-inner city (Carter et al. 2003).

#### **5.1.4 Employment and Labour Force Characteristics**

The education characteristics of inner-city residents leave many at a disadvantage when trying to access adequate, permanent employment. The unemployment rate exceeds 9% in the inner city compared to approximately 5% in the other areas. Participation rates are also five to seven percentage points lower.

#### **5.1.5 Poverty**

Poverty levels in the inner city are much higher for all population groups. Approximately four out of every ten households fall below the poverty line (Statistics Canada 2001). For individuals this rises to more than one out of every two and for families the ratio is one of every three families. These ratios are much lower in the City as a whole, particularly for all households and families where ratios approximate one in five and one in ten respectively. At the same time statistical data reveal the dynamics of significant spread of poverty in Winnipeg from the inner city into the older suburban neighbourhoods. More than 25,000 inner-city households had incomes below the LICO in 2000, accounting for 40% of all households in Winnipeg in poverty.

In 2001 the neighbourhoods with the highest poverty levels, above 50% of households below LICO, were the inner city neighbourhoods (Carter, Polevychok and Sargent 2005b):

- Lord Selkirk Park (87.8% of households below LICO),
- Main Street North (74.4%),

- Logan-C.P.R. (69.2%),
- Centennial (67.9%),
- Spence (66.9%),
- West Broadway (66.6%),
- Dufferin (68.1%),
- North Portage (60%),
- William Whyte (59.9%),
- North Point Douglas (59.9%), and
- South Portage (52.0%).

Similar to other indicators of poverty, Winnipeg's social assistance caseload is highly concentrated in the inner city. At the same time, people on social assistance find their monthly assistance is declining relative to costs. With less purchasing power they face increasingly limited housing options. While the inner city accounts for less than 20% of the city's total population, it accounts for more than half (54.6%) of Winnipeg's total caseload. Correspondingly, 28% of all inner city households receive social assistance, compared to 10.6% of all households in Winnipeg.

The inner city neighbourhoods remain a prime residential destination for Winnipeg's poor who have less purchasing power and increasingly limited housing options. The median inner-city family income in 2000 was \$33 411, compared with \$54,724 city-wide. Winnipeg's poorest neighbourhoods are characterized by concentrations of Aboriginal peoples and recent immigrants.

### **5.1.6 Aboriginal Households**

In 2001 there were 55,755 Aboriginal people in Winnipeg, comprising 8.4% of Winnipeg's total population. Winnipeg's Aboriginal population is continuing to increase as a result of a higher birth rate among this group, and increased migration to the city due to limited employment opportunities on reserves.

The Aboriginal population is concentrated in the inner city where approximately one of every five people identified themselves as an Aboriginal (Carter et al. 2003). This

proportion is three to four times higher than in other areas where less than one in ten people claimed Aboriginal identity. The proportion falls to almost one in twenty in the non-inner city. In some inner city census tracts Aboriginal people form up to 52% of the total census tract population.

The challenges Aboriginal people experience in terms of education levels, employment, income, housing, crime, family stability, and health pose serious pressures on the inner city. Aboriginal people are more likely to live in lone parent families, have poorer health status, higher rates of homelessness, and greater housing need. They are also over-represented in the criminal justice system – as both victims and offenders – and are more likely to experience domestic violence. One third of the Aboriginal population is under the age of fifteen, and a relatively high percentage of these children are living in either single-parent families or adoptive households. Lower education levels restrict Aboriginal people to low-wage jobs with few opportunities for advancement. Many Aboriginal people coming from First Nations also lack previous work experience, creating an additional barrier to securing employment.

### **5.1.7 Recent Immigrants and Foreign Born**

The inner city is a destination for immigrants. Nearly 4% of the population of the inner city consist of recent immigrants (arriving within the last five years), almost double the proportion of any other area. The area has also the highest proportion of foreign-born residents; approximately 22%, compared to 16-17% in other areas and only 7% in the part of the CMA outside the City boundaries (Carter et al. 2003). In 2001 the largest numbers of immigrants resided in the Daniel Macintyre and St. Matthews inner-city neighbourhoods.

Before 1961 12% of the CMA immigrant population resided in the inner city. The number increased to 20% by 2001. The proportion of the inner city immigrants compared to the CMA's has been increasing over the years. Only 12% of those arrived in 1961-1970 settled in the inner city. The proportion grew to almost 30% in 1991-2001, which

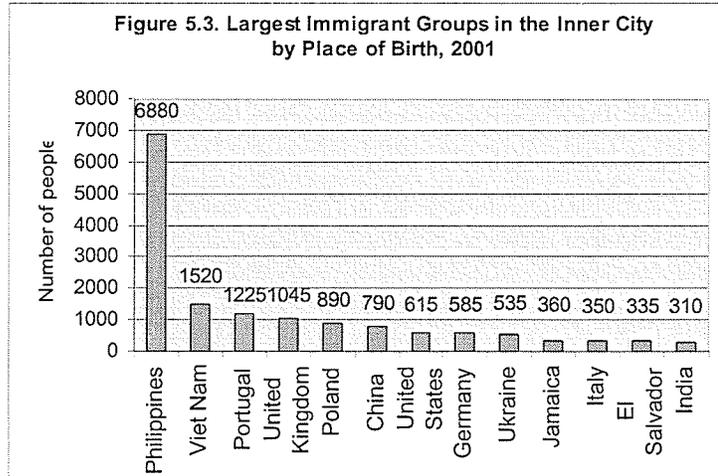
suggests that the inner city is a number one residential location choice for new Canadians settling in Winnipeg.

**Table 5.3 Immigrant Population by Period of Immigration**

	Total imm. 2001	Arrived before 1961	%	1961-1970	%	1971-1980	%	1981-1990	%	1991-1995	%	1996-2001	%
Inner City	22130	2790	12.6	1800	8.1	3925	17.7	5810	26.3	3910	17.7	3850	17.4
Outer City	87255	19740	22.6	13485	15.5	18745	21.5	16715	19.2	9055	10.4	9530	10.9
Winnipeg CMA	109385	22530	20.6	15285	14.0	22670	20.7	22525	20.6	12965	11.9	13380	12.2

By the period of arrival the 2001 inner-city immigrant population was composed of 12.6% of the immigrants that arrived before 1961; 8% were added in 1961-1970; 17% in 1971-1980; 26% in 1981-1990; and 35% over the 1991-2001 period (Table 5.3). For the outer city and the CMA the dynamics of immigrant arrival was quite different.

The inner city is more ethnically diverse than the city on the whole. The 1971 census found a larger than average number of Ukrainians, French, Polish, Italians, Asians and Hungarians living in the inner city (Johnston 1979). These ethnic groups tended to concentrate within sub-areas of the core: the Ukrainians and Polish in the North End; the French in St. Boniface; the Italians between Notre Dame and Portage Avenue, and the Asians west of Main. Major immigrant groups in the inner city in 2001 were immigrants from Philippines, Viet Nam, Portugal, United Kingdom, Poland, China, United States, Germany, Ukraine, Jamaica, Italy, El Salvador, and India (Figure 5.3):



### 5.1.8 Lone Parent Families

With respect to family structure the inner city has a higher proportion of families led by a single parent. The proportion in the inner city is close to 30% compared to 16 to 18% in the non-inner city and the City as a whole. The area of the CMA outside the City boundaries has only 8.4% of family households led by a single parent (Carter et al. 2003). Lone parent families are generally led by a female. In 2001 only one in every six single parent families in the inner city was led by a male. The proportion of lone parent census families in the City grew by 5.5% over the 1981-2001 period, while in the inner city it grew by 10%, or almost twice as much.

### 5.1.9 Mobility

The inner city is characterized by high levels of residential mobility: approximately one in four households, or 23%, move every year. In the City this proportion falls to 13%. Five-year mobility rates are even higher: nearly 55% of households in the inner city had moved in the previous five years, compared to approximately 40% in other areas of the City and only 30% in the area of the CMA outside the City boundaries (Carter et al. 2003).

### **5.1.10 Housing Conditions**

Residents of Winnipeg's inner city are much more likely to be renters than owners and live in poor housing conditions. Inner city housing stock is ageing, needs major repair and is predominantly occupied by renters. Almost 14% of the dwellings in the inner city are in need of major repair compared to 8 to 10% in the other areas (Carter et al. 2003). Very little investment in new housing is focused on the inner city area: between 1996 and 2001 the new stock added represented only 0.24% of total stock in the inner city while the City's proportion was 2.35%. Inner city residents are predominantly renters: just over 37% of the inner city households own the dwelling they live in, compared to 64% in the City. While for the Winnipeg CMA homeownership rate grew by 6.6% over 1971-2001, for the inner city it increased only by 3.7%.

Approximately 42% of inner city households that are renting have housing affordability problems, compared to 38% in the City as a whole. A much lower proportion of owners in the inner city are faced with affordability problems – approximately 15%, however, this is approximately four percentage points higher than other areas of the CMA.

### **5.1.11 Occupational Structure**

The shift away from manufacturing for Winnipeg workforce is evident in the 22% decline in occupations unique to primary industry over the 1991-2001 period (Table 5.4). Table 5.5 on employment by industry also shows that the blue-collar jobs in the city have been disappearing. Fishing, logging and forestry, and mining all saw a decline at more than 25% over the 1991-2001 decade. For the less-educated inner city residents it meant that their employment opportunities have fallen markedly. During the same period employment grew in service industries: accommodation, food and beverage service by 12%, health and social service 18%, business services 55%.

**Table 5.4 Winnipeg CMA: Employment by Occupational Category 1991-2001**

Occupational Category	Total Population				Females
	91-96	96-01	91-01	91-01	91-01
All occupations	-2.3	5.4	2.9	10,185	5.78
Management occupations	-15.1	21.7	3.4	1,120	28.09
Business, finance and administrative occupations	-3.5	3.5	-0.1	-85	-2.00
Natural and applied sciences and related occupations	2.4	21.4	24.3	4,000	33.65
Health occupations	-4.5	17.9	12.5	2,665	10.73
Occupations in social science, education, government service and religion	1.4	5.5	7.0	1,720	14.35
Occupations in art, culture, recreation and sport	5.9	5.4	11.7	1,005	6.55
Sales and service occupations	5.9	-2.9	2.9	2,615	5.95
Trades, transport and equipment operators and related occupations	-9.5	0.9	-8.7	-4,455	4.59
Occupations unique to primary industry	-9.2	-14.1	-22.0	-1,325	-18.57
Occupations unique to processing, manufacturing and utilities	-3.6	16.0	11.8	2,910	-1.82

Table 5.6 illustrates that while primary industry occupations in Winnipeg declined overall over 1996-2001, the decline was much more evident for inner city population: a 31.5% decline in occupations unique to primary industry for Winnipeg's inner city compared to 11.4% decline for the rest of the city. The inner city saw an increase in occupations unique to processing, manufacturing and utilities of 3.7%, however for the rest of the city the growth comprised 8%.

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Table 5.5 Winnipeg CMA: Employment by Industry<sup>6</sup> 1991-2001

Industry Divisions	1991		1996		2001		1991-1996 change		1996-2001 change		1991-2001 change	
	Total	% of labour force	Total	% of labour force	Total	% of labour force	%	#	%	#	%	#
Total labour force	356,910		352,755		366,070		-1.2	-4,155	3.8	13,315	2.6	9,160
Division A - Agricultural and related service	4,070	1.1	3,695	1.0	3,305	0.9	-9.2	-375	-10.6	-390	-18.8	-765
Division B - Fishing and trapping	160	0.04	110	0.03	120	0.03	-31.3	-50	9.1	10	-25.0	-40
Division C - Logging and forestry	415	0.1	310	0.1	310	0.1	-25.3	-105	0.0	0	-25.3	-105
Division D - Mining (including milling), quarrying and oil well	590	0.2	530	0.2	435	0.1	-10.2	-60	-17.9	-95	-26.3	-155
Division E - Manufacturing	47,060	13.2	45,125	12.8	49,295	13.5	-4.1	-1,935	9.2	4,170	4.7	2,235
Division F - Construction	18,760	5.3	15,665	4.4	16,745	4.6	-16.5	-3,095	6.9	1,080	-10.7	-2,015
Division G - Transportation and storage	21,695	6.1	20,175	5.7	19,405	5.3	-7.0	-1,520	-3.8	-770	-10.6	-2,290
Division H - Communication and other utility	14,580	4.1	13,910	3.9	13,075	3.6	-4.6	-670	-6.0	-835	-10.3	-1,505
Division I - Wholesale trade	17,725	5.0	18,905	5.4	19,170	5.2	6.7	1,180	1.4	265	8.2	1,445
Division J - Retail trade	44,025	12.3	41,320	11.7	42,690	11.7	-6.1	-2,705	3.3	1,370	-3.0	-1,335
Division K - Finance and insurance	16,365	4.6	13,540	3.8	13,980	3.8	-17.3	-2,825	3.2	440	-14.6	-2,385
Division L - Real estate operator and insurance agent	6,490	1.8	6,855	1.9	6,785	1.9	5.6	365	-1.0	-70	4.5	295
Division M - Business service	16,200	4.5	19,785	5.6	25,170	6.9	22.1	3,585	27.2	5,385	55.4	8,970
Division N - Government service	31,005	8.7	25,115	7.1	26,350	7.2	-19.0	-5,890	4.9	1,235	-15.0	-4,655
Division O - Educational service	26,580	7.4	26,335	7.5	27,155	7.4	-0.9	-245	3.1	820	2.2	575
Division P - Health and social service	38,465	10.8	40,460	11.5	45,545	12.4	5.2	1,995	12.6	5,085	18.4	7,080
Division Q - Accommodation, food and beverage service	23,440	6.6	24,280	6.9	26,210	7.2	3.6	840	7.9	1,930	11.8	2,770

<sup>6</sup> Source: Statistics Canada, 2003, 2001 Census of Canada, Catalogue number 97F0012XCB01014, Ottawa.

Over the 1996-2001 period the inner city saw increase in labour force occupied in management (735 occupations), business and finance (740), health related occupations (785), natural sciences (770), social science, education, government service and religion (1005), art, culture, recreation and sport occupations (420). The inner city's percentage of increase in these high-skilled occupations over 1996-2001 was higher compared to the rest of the city. It should be noted that though the rate of this increase for the inner city is higher, the share of residents in these occupations in the total labour force in the inner city, with the exception of art and culture occupations, is still lower than in other areas.

Correspondingly, figures on the proportion of the labour force that work in what Richard Florida describes as the Creative Class are also lower in the inner city. Creative Class (sciences, technology, professionals, arts and entertainment professionals, a group that can drive urban change and is instrumental in the vitality of cities) is represented by a consistently lower share of the labour force residing in the inner city compared to other geographic areas. Only the ratio of arts and culture occupations in the inner city is higher.

Table 5.7 presents ratios of occupational categories by selected neighbourhoods and areas of the city. The table illustrates trends toward gentrification in the inner city areas of Wolseley, parts of St. Boniface, and West Broadway. For instance, the percentage of people employed in management occupations in Wolseley equals the city's ratio. The same can be said about business and finance professionals living in St. Boniface. North St. Boniface has higher ratio of natural science and health occupations than any other area of the city. Wolseley leads with over 19% of its residents in social science, education, and government service and religion occupations. This ratio is half as much in the city on the whole. Within this scenario, many people are forced into low-cost, often low-quality housing in areas characterized by decline.

**Table 5.6 Occupational Categories by Area of the City, 1996-2001**

Occupational Category	Geography														
	Inner City					The City					Outer City				
	1996	% of labour force	2001	% of labour force	1996-2001 % change	1996	% of labour force	2001	% of labour force	1996-2001 % change	1996	% of labour force	2001	% of labour force	1996-2001 % change
Labour force - 15 y.o. and over	53700	100.0	59080	100.0	10.0	312235	100	330110	100	5.7	258535	100.0	271030	100.0	4.8
A. Management occupations	2915	5.4	3650	6.2	25.2	25515	8.2	31320	9.5	22.8	22600	8.7	27670	10.2	22.4
B. Business, finance and administrative occupations	8620	16.1	9360	15.8	8.6	66315	21.2	67725	20.5	2.1	57695	22.3	58365	21.5	1.2
C. Natural and applied sciences and related occupations	1790	3.3	2560	4.3	43.0	14475	4.6	18765	5.7	29.6	12685	4.9	16205	6.0	27.7
D. Health occupations	2660	5.0	3445	5.8	29.5	18420	5.9	22065	6.7	19.8	15760	6.1	18620	6.9	18.1
E. Social science, education, government service and religion	3500	6.5	4505	7.6	28.7	22860	7.3	28080	8.5	22.8	19360	7.5	23575	8.7	21.8
F. Art, culture, recreation and sport	1830	3.4	2250	3.8	23.0	8465	2.7	9020	2.7	6.6	6635	2.6	6770	2.5	2.0
G. Sales and service occupations	17000	31.7	16495	27.9	-3.0	90170	28.9	83420	25.3	-7.5	73170	28.3	66925	24.7	-8.5
H. Trades, transport and equipment operators & related occupations	7745	14.4	9175	15.5	18.5	40460	13.0	43210	13.1	6.8	32715	12.7	34035	12.6	4.0
I. Occupations in primary industry	810	1.5	555	0.9	-31.5	3360	1.1	2815	0.9	-16.2	2550	1.0	2260	0.8	-11.4
J. Occupations in processing, manufacture & utilities	6830	12.7	7085	12.0	3.7	22195	7.1	23690	7.2	6.7	15365	5.9	16605	6.1	8.1

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**Table 5.7 Occupational Categories by Selected Neighbourhood and Area of the City, 2001**

Occupational Category	Central St. Boniface		North St. Boniface		West Broadway		Woleseley		CA Inner City		CA Non-Inner City		CA City of Winnipeg		Winnipeg CMA	
		%		%		%		%		%		%		%		%
Total - All Occupations	2820	100	1070	100	2605	100	4925	100	60240	100	271640	100	331875	100	361745	100
A. Management occupations	170	6.0	75	7.0	125	4.8	465	9.4	3730	6.2	27695	10.2	31425	9.5	34480	9.5
B. Business, finance and administrative occupations	580	20.6	210	19.6	425	16.3	670	13.6	9590	15.9	58390	21.5	67975	20.5	73885	20.4
C. Natural and applied sciences and related occupations	135	4.8	70	6.5	150	5.8	270	5.5	2610	4.3	16275	6.0	18890	5.7	20440	5.7
D Health Occupations	195	6.9	90	8.4	135	5.2	295	6.0	3450	5.7	18700	6.9	22150	6.7	23955	6.6
E. Occupations in social science, education, government service and religion	350	12.4	80	7.5	205	7.9	945	19.2	4625	7.7	23640	8.7	28260	8.5	30225	8.4
F. Occupations in art, culture, recreation and sport	90	3.2	50	4.7	150	5.8	470	9.5	2305	3.8	6725	2.5	9025	2.7	9605	2.7
G. Sales and service occupations	750	26.6	260	24.3	890	34.2	1265	25.7	16800	27.9	67090	24.7	83890	25.3	90015	24.9
H. Trades, transport and equipment operators and related occupations	335	11.9	145	13.6	280	10.7	430	8.7	9370	15.6	34165	12.6	43540	13.1	49215	13.6
I. Occupations unique to primary industry	45	1.6	20	1.9	35	1.3	30	0.6	595	1.0	2245	0.8	2835	0.9	4685	1.3
J. Occupations unique to processing, manufacturing and utilities	175	6.2	75	7.0	200	7.7	95	1.9	7170	11.9	16710	6.2	23875	7.2	25245	7.0

## 5.2 Summary of Inner City Trends

The socio-economic indicators of Winnipeg's inner city illustrate that the processes of economic restructuring have enhanced the disparity between the inner city and outer city Winnipeg. Significant challenges and barriers have been common to the inner city for several decades. Labour force participation rates and average income levels, unemployment rates, the proportion of single parent households and poverty rates continue to indicate that most areas of the inner city are occupied by a marginalized group of people. Population decline has contributed to high concentrations of disadvantaged groups and deteriorating housing conditions in the core area. Higher levels of poverty, lower levels of education, higher residential mobility and unemployment rates, high concentrations of Aboriginal people and recent immigrants characterize the inner city residents. The figures also illustrate that residents of Winnipeg's inner city were much more likely to be renters than owners and live in poor housing conditions.

Indicators demonstrate that the socio-economic gap between the inner city and suburban areas has increased as opposed to decreased. A shift in emphasis to part-time and temporary jobs, a decline in job opportunities for inner city low-skilled workers, and the growing proportion of the long-term jobless and recipients of transfer payments further contribute to poverty and social inequity increase in the inner city.

At present Winnipeg is not experiencing repopulation of its inner city like central cities of many other urban centres. Though Winnipeg's inner city has been experiencing substantial revitalization efforts including community-based efforts to rehabilitate housing and build stronger communities, inner city residents still have to cope with critical issues like poverty, unemployment, poor quality housing, and others.

## 6. Interview Findings

Material below presents findings from key informant interviews that involved government representatives, policy makers, academics, business and non-profit organizations. The interview guide can be found in Appendix B.

### 6.1 Is There Evidence of Economic Restructuring in Winnipeg?

Interview participants confirmed that there is evidence of economic restructuring in the city. The nature of its impact is varied, ranging from decline of Winnipeg's role as a national transportation hub to labour force changes, and from increasing concentration of poverty and other social ills in the inner city to public investment strategies trying to reverse macro-economic trends. Some of the opinions expressed are outlined below.

Winnipeg has been experiencing the impact of economic restructuring since the Panama Canal was built in 1914, which offered a cheaper route for freight west to east and east to west. Winnipeg's role as a key Canadian centre has been diminishing since then. As one interviewee said "*Winnipeg has been a victim of economic restructuring throughout its history*".

Historically, Winnipeg served as a transportation hub in the North American economy that was geographically positioned East-West. As the North American economy became more North-South focused, the historic role of Winnipeg as an important transportation, economic railway centre disappeared. The city had to transform itself into a manufacturing center with, amongst others, extensive clothing, food processing, furniture, farm machinery, machine tool and electronic components industries. While this diversification accounts for the city's economic stability, economic restructuring has led to declines in manufacturing and primary industries and increases in services. In the labour market many low-skilled jobs disappeared, moved to the suburbs, or moved to other North American destinations or overseas. This created problems for those inner-city residents with little or no skills, particularly young Aboriginal men.

As a result of economic restructuring the retail focus of the inner city has largely diminished. Selkirk Avenue, once a thriving small business area, is struggling today. The Eaton's store is gone and the Bay is undergoing restructuring. In Downtown the large retailers were replaced by small boutiques and low-end factory outlets. Downtown has become the centre of office employment and is gaining in importance as an entertainment centre. The next phase of Downtown restructuring includes construction of high-end housing. However, these dwellings are not affordable for some of their potential consumers, for instance students and young professionals. A balance between market housing and affordable rentals that provide housing options for students and entrepreneurs that prefer a work-live downtown option, and high-end users (Waterfront Drive housing) would work better than a focus on high-end condos alone.

Several policy responses can be also viewed as part of economic restructuring processes, for instance the commitment of the Provincial and Municipal governments to "Downtown First" policies. They intended to respond to diminishing jobs in the inner city by promising to preserve office space in Downtown and in the inner city (the policy does not refer to residential neighbourhoods). Downtown First policies contributed to successful re-investment projects such as the MTS Centre, Manitoba Hydro building, and The Forks.

## **6.2 Main Characteristics of the Impact of Economic Restructuring**

The impact of economic restructuring was described by interviewees in both positive and negative terms. Key negative characteristics of the impact of economic restructuring in Winnipeg include:

- Loss of head and regional offices to other cities.
- Decline in manufacturing, loss of low-skilled jobs and increase in service jobs.
- Limited value of the tax base.
- The lack of businesses and jobs in disadvantaged urban areas fuels social problems such as drug abuse and crime.

- Population flight out of the inner city.
- Inadequacy or the lack of appropriate programming that make reversing the inner city decline difficult.

One interviewee emphasized, “*Economic restructuring does have spatial dimensions*”.

While some areas were able to capitalize on high-tech sectors of the economy and high-paying jobs and as a result saw revitalization, others, including inner city Winnipeg, have experienced spatial concentrations of poverty and socio-economic disadvantage.

Among positive trends in the city that resulted from economic restructuring are:

- Winnipeg, due to its slow growth, has a relatively significant share of affordable housing
- Some high skilled high-paying jobs were created in the city core
- Unlike Calgary, Winnipeg has been able to preserve its historic buildings
- Some re-investment does occur in Downtown Winnipeg that is the sign of a slow turnover. “*The city slowly starts reinventing itself.*” Signs of renewal include condo development in the Exchange; the work of CentreVenture has been effective; the relocation of CTV to the Downtown; and the MTS Centre is breathing new life into Portage Avenue and so will the new headquarters for Manitoba Hydro. The Waterfront Drive development is an exciting undertaking into neighbourhood building.

An important impact of economic restructuring and revitalization on the inner city is an emergence of pockets of local residents who want to have control over their communities and are looking for ways to address social and economic problems. Among others these include West Broadway, Spence, some areas in North End and along Selkirk Avenue, Point Douglas, and Elmwood neighbourhood. It is also possible that residents of the communities that are in greater need are most active in their efforts to revitalize these areas.

### 6.3 The Inner City: More Adverse Impacts of Economic Restructuring

Interviewees felt that the inner city is definitely experiencing more adverse impacts of macro-economic changes than the rest of the city. The inner city is characterized by:

- Population decline and greater loss of employment
- Increasing numbers of displaced and marginalized individuals
- Racialization of poverty
- Geographical concentrations of LICO households
- Increase in recent immigrants that congregate in the inner city where affordable housing can be found.
- Housing programs and services in the inner city are overwhelmed.

The inner city is characterized by a geographic job mismatch: people come to work in Downtown and leave in the afternoon. At the same time people who live here lack skills, education and work experience to be able to use job opportunities the Downtown provides (except low-skilled jobs like cleaning etc.).

The inner city is experiencing greater in-migration of Aboriginal people, which has become largely an economic issue. The Aboriginal population's high unemployment and mobility rates, low education and skill levels, addictions problems and poor health all result in a serious problem for the inner city and the city overall.

Another distinct trend in the inner city produced by broad macro-economic changes in the Canadian economy is the rise of fringe banks. Poor banking options are having a negative impact on the inner city. The trend of bank branch closures in the inner city has left the poor without access to mainstream financial services. They are increasingly turning to "fringe" financial services that include services such as pawn-brokering, cheque cashing, rent-to-own services, payday lending, tax rebate discounting, and fee-for-service ATMs. Some of them provide services with conditions and fees that may perpetuate debt and poverty.

Decline in inner city infrastructure is more marked compared to the rest of the city. Inner city libraries, schools, community centres are much older and therefore more expensive to maintain or renovate. It is much harder to raise money here to put infrastructure in place. Besides, it is political influence that makes it difficult to spend dollars in declining areas. As a result inner city schools do not have proper facilities, sport teams and they are not able to compete with suburban schools. As a result, children from declining areas have much higher dropout rates. Residents who want to stay in the inner city face a difficult choice between their community and the well being of their children as staying puts their kids at risk.

One participant indicated that inner city decline in Winnipeg is very complex, and it is impossible to capture it through indicators alone. Combination of disadvantages, the marginalization of the inner city residents, their feel of being locked in the inner city, hopelessness, low self-esteem, racism are characteristics that are difficult to measure, but they are the reason why the inner-city residents cannot move forward and improve their lives.

#### **6.4 Are Winnipeg and Its Inner City Different?**

When interviewees were asked whether Winnipeg differs from other large urban centres in Canada, they identified several distinctions:

- Unlike rapid-growth cities, Winnipeg's slow growth prevents accumulation of the commercial sector in the inner city. On the other hand faster growing cities face problems such as limited access to social services, lack of housing, overdevelopment, and displacement.
- Winnipeg is an old city with old infrastructure. Only Montreal has an older housing stock in the country.
- Manitoba is less attractive for migrants because of image problems.
- Winnipeg is a conservative city that has a certain resistance to growth.
- It is a "Government" city, which makes it very similar to Edmonton (i.e. government jobs in the city, government offices).

Although other North American cities experience similar impacts of macro-economic trends, some of them were able to take advantage of the new economy. They saw inner city and downtown revitalization using the café culture, entertainment, business centre, high-tech themes and others.

Those cities that have experienced downtown revitalization, however, do not necessarily experience spillover effects, or “filtering” of revitalization further into inner city or older suburban areas. This illustrates that a revitalized downtown might have little or no benefits for other inner-city residents if there is no economic connection between a revitalized downtown and inner city neighbourhoods.

The city is home to a large Aboriginal population that makes it very similar to other prairie centres like Saskatoon, Regina or Edmonton. They all experience significant immigration of the Aboriginal poor who are not prepared for occupations in the new economy. In other cities (for example Atlantic Canada) poverty is also racialized, but the most disadvantaged population there are visible minorities. However, Aboriginals remain the most disadvantaged group in western cities.

Similar to other North American cores, Downtown Winnipeg is busy during the day and empty at night. But even during the day, Winnipeg’s downtown is less vibrant; it has less activity and fewer retail outlets. It should be noticed, however, that in some American cities, circumstances in city centres are much worse than in Winnipeg, for instance in Detroit, Baltimore or Philadelphia.

## **6.5 Effectiveness of Revitalization Efforts**

Winnipeg has the longest history of revitalization efforts in the country – its revitalization initiatives go back to the late 1960s. Winnipeg has much longer history of public investment in revitalization than other cities. The long history of revitalization initiatives in the city, including tri-level government agreements, have contributed to the emergence of several community-based organizations.

Although interviewees believed that overall Winnipeg has had good revitalization policies with good targets and objectives, they felt that the inner-city revitalization efforts have only been partially successful. Over the years revitalization initiatives have been losing their inner city focus, moving towards economic development models with development agencies working with the whole city, not inner city specifically. Economic business development and community development are disconnected.

Winnipeg also has a distinct history of community-based grass root approaches. In fact, Winnipeg's neighbourhood-based community-led revitalization approach is probably the biggest success of its revitalization efforts. The value of the grass root approach lies in its independence from political changes in society and economic recessions. Winnipeg's community-led approach proved to be highly effective in both housing improvement and social revival of neighbourhoods, for instance West Broadway and Spence.

Participants felt that though previous renewal projects made a difference, they did not accumulate enough momentum for successful revitalization to become self-sustaining. The inner city is revitalizing but revitalization is evident only in selected neighbourhoods. The difficulties associated with revitalization efforts in the inner city mentioned by interviewees include:

- The area is too large geographically.
- Government investment in inner-city community-based organizations has been too limited to make their efforts truly transformative, capable of reversing decline processes.
- Efforts of governments, private sector and agencies have been too disjointed and often have had different mandates.
- Different governmental departments work in different sectors. Therefore, governmental responses are very fragmented while the inner city is very holistic as are its issues.
- Planning decisions of late 60s and early 70s to build large suburban malls that diminished downtown's role of a retail centre.

- Government decisions on building better roads leading to suburban communities exacerbated inner-city decline.
- There is still dependency on public dollars. Ideally the process should get to the point that inner city revitalization becomes market-driven.
- Rent controls create artificial barriers to investment in housing renovation. It would be better to assist people through rent subsidies.

The provincial immigration strategy definitely helps counter population decline, outmigration, and labour shortages. In particular, the Provincial Nominee Program has been recognized as a success in bringing skilled immigrants to the province. Importance of family and social ties are unique about the Manitoba immigration strategy.

Attractiveness of Manitoba to immigrants is the affordability of living in Manitoba; it is relatively easy to get first jobs; good entry programming for certain professions, for example pharmacy, nursing, engineering; Manitoba's universities; outdoor-recreational lifestyle and 4-season climate; and opportunities for farming. For inner city revitalization most critical now is matching immigrants to jobs, training, and availability of quality affordable rental housing.

When asked, *"Do you feel that urban revitalization policies can counter the general trends in the economy? Are they able to reverse these trends?"* some participants believed that urban revitalization policies cannot reverse general trends in economy completely, however they can mitigate them. Others felt that revitalization policies can counter the negative effects of economic restructuring on the inner city but more public investment is needed. People in suburbs have to pay higher taxes though it would be hard for politicians to convince suburban residents to pay more taxes to fund revitalization because of the stereotypes that exist about the inner city and its residents and its negative image.

Interviewees felt that economic arguments alone provide an insufficient basis for policy making. Economic restructuring has both an economic and social side to it. Therefore both economic and social policies and initiatives are required. A market-oriented approach is insufficient to overcome the serious obstacles facing most disadvantaged

communities. None of the interviewees found Michael Porter's "The Competitive Advantage of the Inner City" ideas fully applicable to Winnipeg. Participants see Winnipeg's Inner City Economic Development model as being led by government providing services or funding in collaboration with community grassroot groups and the private sector. For Winnipeg, enhancing the capacities of disadvantaged communities so they might participate in the New Economy is important.

## **6.6 Appropriate Policy Response to the Impact of Economic Restructuring**

Participants emphasized that there is recognition of a need to invest in the inner city, downtown renewal, and rebuilding infrastructure. Partly it comes from a global recognition of the link between local issues and broader-scale macro-economic shifts. A city is a unique organism where all realities co-exist. While some city areas were able to capitalize on macro-economic trends, others, including the inner city, have experienced spatial concentrations of poverty and socio-economic disadvantage. Revitalization efforts should address those disadvantaged areas to make the city sustainable. There is also a global recognition of sustainability issues and benefits of a compact urban form. Appropriate policy responses to the economic restructuring suggested by interview participants include:

- Encouraging mix-use development in Downtown and compact urban form.
- Restricting urban sprawl and implementing sound growth management.
- Continuing support for community-driven neighbourhood revitalization.
- Creating job opportunities in conjunction with skills development for disadvantaged inner city population, which would enable them to take advantage of a pool of jobs already existent in the inner city and Downtown.
- Focusing on housing development in the Downtown.
- The City needs to establish by-laws to create an attractive investment environment.
- Heritage preservation issues. The Exchange District should be made attractive for investment. There are a series of regulations about heritage designation

that prevent investment and make it very difficult. Alternative codes make heritage buildings more attractive for private investment.

- Supporting neighbourhood businesses through policies such as targeted development zones and tax incentives. Business tax decreases to target re-investment in the inner city. Tax breaks for businesses in exchange for them paying decent salaries to their employees.
- Connecting needs of business and quality of jobs they are providing. It is discouraging for children to study only to expect low wages in the end.
- Overcoming racism to new immigrants, especially to visible minorities. Support for businesses in exchange for hiring local residents who are recent immigrants, visible minority. Business owners are unwilling to hire them, as they fear that it will impact customers.
- Addressing inequality in community services between suburbs and poor neighbourhoods should be a priority.

There is a need to acknowledge that for different people becoming active members of society means different things. It is not always about employment, but strong community ties, or just being accepted in society. For some life skills should come first so they don't feel isolated. Some people will never be able to get or to keep a job because of mental/physical/learning disabilities.

Economic development has to be better connected to a broader neighbourhood community strategy and its needs. For instance, a secondary plan for the Health Sciences Centre in Centennial involves community, Health Sciences Centre and government and aims to combine physical and economic restructuring of the area with local community involvement to have a lasting positive effect on the neighbourhood. The project on infrastructure development intends to provide jobs for local community residents, however training and skills development might be needed.

Winnipeg has to find a new role for itself. It would be very difficult for Winnipeg to "attract talent" to the city. It has to rely on home-grown human resources and sectors. It

has to support its education, provide incentives to local people to innovate and start companies here.

### **6.7 Alleviating the Impacts of Economic Restructuring: Most Urgent Steps**

Interview participants expressed different opinions as to what measures in alleviating negative impacts of economic restructuring on the inner city are most crucial. The most common concern expressed was a need to create a vibrant community in Downtown including housing, improved urban design and more diverse activity, and make downtown a more attractive area for investment. Changing perceptions towards inner-city living and encouraging people to move and live downtown are important.

Another important theme identified by interviewees is the issue of inner city residents that face multiple systemic disadvantages. Too many people in the inner city do not participate in the economy and broader community life. People who live there should be invited to participate in the social economy, betterment of the community etc. In residential inner-city neighbourhoods the highest priority should be employment, supports for Aboriginal people, and building community capacity Addressing issues faced by the Aboriginal community including poverty, low education, unemployment, and health deficits because this inner-city population group is most negatively affected by economic restructuring and macro-economic changes.

A focus on education was also mentioned as a high policy priority. Education models should be scaled and tailored to different population groups in the inner city to meet everyone's needs (Adult education, Aboriginal education etc.). Alternative and innovative education models should be implemented, for instance Early School Completion initiatives for Aboriginal children and youth. Dance, music, sports and many other extracurricular activities help to keep children in school and reduce dropout rates. One interviewee provided a good example of innovation in adult education:

North Point Douglas Women's Centre, program SISTAR. The organization asked Red River College to conduct childcare workers education in the neighbourhood while children are in daycare (Single location for both daycare and education). Many local residents became

interested. These women become role models for their children, who would perhaps strive to get education in the future.

When asked where the response to economic restructuring should come from, the answers of interviewees were very consistent. As a city is a collection of communities, economies, and social issues, response to negative impacts of economic restructuring should come from all domains: social policy, economic measures and community initiatives. The challenge lies in the interaction of parties, as currently this interaction is more ad hoc, need driven, reactive instead of being pro-active. Part of it is “we will deal with the issue when it arises” approach. Response should come from all domains - all three levels of government, private, community sector and Academia working in collaborative fashion. In some areas these responses to economic restructuring would have a more economic/ investment focus. In some – social, depending on particular issue that needs to be addressed.

Government should provide funding. Communities have innovative ideas that would work for them. Educational institutions should help make it happen. Private initiatives and investment based on economic self-interest can create a sustainable economic base in the inner city.

## **6.8 Summary**

The interviews confirmed that there is evidence of economic restructuring in Winnipeg. Participants described the impact of economic restructuring as both positive and negative terms. There was a consensus that the inner city experienced more adverse impacts of economic restructuring than the rest of the city. This impact is characterized by population decline and greater low-skilled jobs losses, high concentrations of LICO households, Aboriginal population and recent immigrants, and lack or inadequacy of services. The lack of businesses and jobs in disadvantaged urban areas fuels drug abuse, crime and other social ills. The combination of disadvantages prompts a feeling among the inner city residents of being locked in the inner city, hopelessness, low self-esteem and other characteristics that are difficult to measure, but they make it difficult for the inner-city residents to improve their life circumstances.

Winnipeg experiences similar impacts of macro-economic trends as other North American cities. However, unlike some urban centres Winnipeg has not been able to take advantage of the New Economy, which contributed to its inner-city decline.

Participants felt that revitalization initiatives undertaken in Winnipeg to date have been successful and have really made a difference. However, their collective impact has not been sufficient to reverse the impact of macro-economic trends on the inner city.

Participants felt that revitalization policies can counter the negative effects of economic restructuring on the inner city but more public investment is needed.

Interviewees felt that economic development approaches alone are insufficient to overcome the serious obstacles facing most disadvantaged communities. Among appropriate policy responses to the economic restructuring, participants suggested encouraging mix-use development and growth management policies appropriate for slow-growth centres; creating job opportunities in conjunction with skills development for disadvantaged inner city population, creating an attractive investment environment; supporting neighbourhood businesses; and overcoming racism. It would be difficult for Winnipeg to “attract talent” to the city. Winnipeg has to rely more on home-grown human resources and sectors, support its education, provide incentives to local people to innovate and start companies here. For Winnipeg, enhancing the capacities of disadvantaged communities so they can participate in the New Economy is also important.

Interviewees felt that responses to the negative impacts of economic restructuring should come from all three levels of government, private and community sector and Academia working in a collaborative fashion. At the same time participants often were unable to identify specifically who should be responsible for the particular policy response and its implementation.

## 7. Conclusions and Policy Implications

This chapter presents conclusion of this study, policy implications and directions for further research.

Since the mid-1960s many cities have experienced population decline and increases in inner-city unemployment and poverty, declines in housing condition and the presence of a range of social problems. The processes leading to the inner-city decline and its characteristics are common to many countries. These include poverty and segregation; vacant property; disinvestment and economic decline; changing land uses; and public education decline.

The evidence of decline has been attributed to a range of factors. The literature review component of the study documented three major groups of theories that have been used to explain urban decline: Ecological theories, Subcultural models, and Economic hypotheses. It also identified indicators of neighbourhood change that have been used by various theories to describe and measure the level and nature of neighbourhood evolution. It also identified causes triggering decline in inner cities including poverty, racial conflict, ageing of population, suburban sprawl, the spatial distribution of affordable housing, decline of inner-city schools, lack of the creativity factor, and unintended policy effects. The research found that there is no evidence of a consistent trend in support of any of these theories or hypotheses. Urban decline is a complex, self-reinforcing phenomenon in which symptoms of decline themselves become causes. Once underway, decline tends to be evolutionary and accretive.

The review of theories and hypothesis of urban change and macro-economic trends presented in Chapters Two and Three determined economic restructuring as one of the most important reasons why some inner cities decline. Economic restructuring can have an effect on the influence of many of the theories of urban decline. As these theories are interactive, economic restructuring can set in motion many other factors that affect the operation and/or influence of many of the theories.

The negative effects of structural economic change have been felt most in Canada's older industrial cities. The social and environmental costs of economic change include a no- or slow-growth economy, inner city population decline, increasing rates of unemployment or under-employment, reduced property values, reduced development activity, and the high costs of repairing or replacing obsolescent infrastructure.

The review of theories of urban change and macro-economic trends also allowed identifying the indicators of economic restructuring that provided a tool for analysis of the position of Winnipeg compared to other large urban centres in Canada and for examination of the position of inner city Winnipeg compared to the rest of the city. Indicators of the economic restructuring used for the analysis included: occupational structure, unemployment and participation rates, part-time employment, educational levels, average household income, poverty rates, recent immigrant population, population change and composition, and lone-parent family households.

Chapter Four highlighted diversity in the metropolitan hierarchy and determined the position of Winnipeg on selected indicators of economic restructuring. It ranked Calgary, Toronto, Vancouver, and Ottawa-Hull as "new economy cities" characterized by population and economic growth. Among the group of "stable economy" cities that initially included Halifax, Montréal, Québec, and Winnipeg, Halifax did better than others in terms of economic restructuring indicators. Overall Winnipeg scored worse than expected. It was the second last in the ranking table followed only by Saint John.

The evidence of the economic restructuring can be seen in several indicators characterizing Winnipeg. The aging population, the presence of a large Aboriginal population, negative migration from the city, potential shortage of skilled workers, and the ability to attract knowledge economy factors that are most likely to have an impact on Winnipeg's socio-economic future.

More detailed analysis of the differences in selected indicators that exist within the city of Winnipeg presented in Chapter Five illustrated that the processes of economic restructuring have enhanced the disparity between the inner city and outer city Winnipeg.

Labour force participation rates and average income levels, unemployment rates, the proportion of single parent households and poverty rates continue to indicate that most areas of the inner city are occupied by a marginalized group of people. Population decline has contributed to high concentrations of disadvantaged groups and deteriorating housing conditions in the core area. Higher levels of poverty, lower levels of education, higher residential mobility and unemployment rates, high concentrations of Aboriginal people and recent immigrants characterize the inner city residents. The figures also illustrated that residents of Winnipeg's inner city were much more likely to be renters than owners and live in poor housing conditions.

Indicators demonstrated that the socio-economic gap between the inner city and suburban areas has increased as opposed to decreased. A shift in emphasis to part-time and temporary jobs, a decline in job opportunities for inner city low-skilled workers, and an increase in long-term unemployment disproportionately affected the inner-city poor, who often face more limited choice of housing location in other city areas. The growing proportion of the long-term jobless and recipients of transfer payments further contribute to poverty and social inequity increase in the inner city. Figures on the proportion of the labour force that work in what Richard Florida describes as the Creative Class are lower in the inner city: managers, sciences, technology professionals, a group that can drive urban change and is instrumental in the vitality of cities, is represented by a consistently lower share of the labour force residing in the inner city compared to other geographic areas

The study found that many characteristics of Winnipeg's inner-city decline make it the typical model of urban decline that has occurred in many North American cities since World War II and the challenges the inner city is facing parallel those of other urban centres. However, while many inner cities across North America were able to benefit from economic restructuring changes, there is little evidence of such benefits for the inner city Winnipeg.

Revitalization initiatives undertaken in Winnipeg to date have been successful and have really made a difference. However, their collective impact has not been sufficient to

reverse the impact of macro-economic trends on the inner city. The case may well be that although inner city programming can make a difference; economic swings on a national basis are very influential.

### **7.1 Discussion and Policy Implications**

There are several characteristics that make Winnipeg unique compared other large urban centres in Canada. Some of them pose difficulties regarding the revitalization of the inner city:

- Unlike rapid-growth cities, Winnipeg's slow growth prevents accumulation of the commercial sector in the inner city.
- Winnipeg is an old city with old infrastructure.
- The city is home to a large Aboriginal population that is not prepared for high-skilled occupations in the new economy.
- Winnipeg's downtown is less vibrant; it has less activity and fewer retail outlets.
- The inner city has become just one among the competing nodes in Winnipeg's polycentric urban structure, not an urban core.

The prevailing residential choice in Winnipeg and in the province overall traditionally has been suburban living. Winnipeg is a city with suburban values rooted in its rural origins with the mentality of local residents based on traditional rural lifestyle, low densities, and prairie landscape.

What sets Winnipeg's inner city apart from other city cores is its urban design. Apart from poor housing conditions and inadequate housing choices, urban design of the inner city fails at encouraging communal space for urban living and public traffic in the city core. The city's residents and visitors do not perceive the inner city as a "gathering place".

The circumstances of Winnipeg's cold winter make the possibility of creating "Café culture" in the city's core similar to that of Montreal or Vancouver questionable.

The inner city is not seen as a prestigious place to live, largely because of its negative public image that often exaggerates the actual inner-city conditions and circumstances, first of all safety concerns.

All these factors combined: the preference for traditional rural lifestyle, safety issues, concentrations of minorities and poor, poor housing conditions and limited housing choices do not make inner city Winnipeg an attractive option to live, shop, or spend leisure time.

The economic and social issues discussed in this study hold many implications for urban planning. As economic restructuring has both an economic and social side to it, both economic and social policies and initiatives are required. Appropriate policy responses to the economic restructuring include:

- Encouraging mix-use development and compact urban form.
- Implementing proper growth management policies.
- Continuing support for community-driven neighbourhood revitalization.
- Creating job opportunities in conjunction with skills development for disadvantaged inner city population.
- Focusing on housing development in the Downtown.
- Creating an attractive investment environment in the inner city.
- Implementing alternative codes that would make heritage buildings more attractive for private investment.
- Supporting neighbourhood businesses through tax policies.
- Overcoming racism to new immigrants, especially to visible minorities.
- Addressing inequality in community services between suburbs and poor neighbourhoods.
- Promoting regional identity and publicizing innovative projects and programs.

Most crucial measures in alleviating negative impacts of economic restructuring on the inner city are:

- Creating a vibrant community in Downtown including housing, improved urban design and more diverse activity, and make downtown a more attractive area for investment.
- Involving the inner city residents in the economy and broader community life.
- Scaling and tailoring of education models to accommodate different population groups in the inner city and different learning abilities to meet everyone's needs. Alternative, innovative education models and extracurricular activities are important.
- Bridging a gap between the skills required for employment in advanced services concentrated in the inner city, and the limited skills that many inner-city residents bring to the job market.

In residential inner-city neighbourhoods the highest priority should be employment, supports for Aboriginal people, and building community capacity; and addressing issues faced by the Aboriginal community including poverty, low education, unemployment, and health deficits.

Housing supply and affordability is another key issue. Housing is ultimately an economic policy as well as a component of social policy. When people have affordable housing, their family lives are more stable, health improves, children's school performance gets better, immigrants are better able to integrate into society, and dependency on income supports diminishes. On the economic side, adequate housing supports community economic development, enhances consumer spending, and increases the availability of workers.

Policy responses to the negative impacts of economic restructuring should come from all three levels of government, private and community sector and Academia working in a collaborative fashion. Government should provide funding. Winnipeg's communities have innovative ideas that would work for them. Educational institutions should help make it happen. Private initiatives and investment based on economic self-interest can create a sustainable economic base in the inner city.

Response to negative impacts of economic restructuring should combine social policy, economic measures and community initiatives. In some areas these responses to economic restructuring would have a more economic/ investment focus. In others social, depending on particular issue that needs to be addressed.

## **7.2 Areas for Future Research**

This research area can be further investigated in a number of ways. Some of the directions are outlined below:

- The impact of economic restructuring on urban fabrics and inner cities specifically can be examined in more detail. Further studies can use suggested indicators of economic restructuring as well as expand indicator basis to include other characteristics.
- How economic restructuring shaped Canadian cities with respect to social conflicts and their spatial concentrations in cities?
- Economic restructuring and increasing ethnic diversity of Canadian cities.
- Economic competitiveness and quality of life: Have competitive fast-growing cities been able to translate their economic growth into quality of life benefits for their residents?
- Comparison between Canadian cities, American cities and cities in Europe. Do macro changes occur everywhere? Do they have a similar effect on the cities? Where do Canadian cities fit – do we follow American patterns of urban development or European ones? What is the position of inner cities? Is the impact of economic restructuring on inner cities always negative? What policy responses to the impacts of economic restructuring have been used in other cities? Have they been successful? What lessons can be learned for Winnipeg and revitalization of the inner city?
- Is it possible to address the basic problem Winnipeg faces in a globalizing economy: competition with other cities, and if so how?

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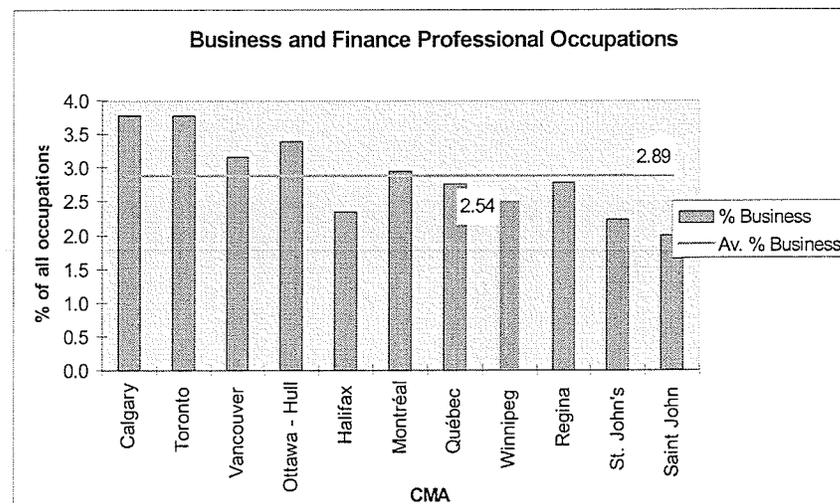
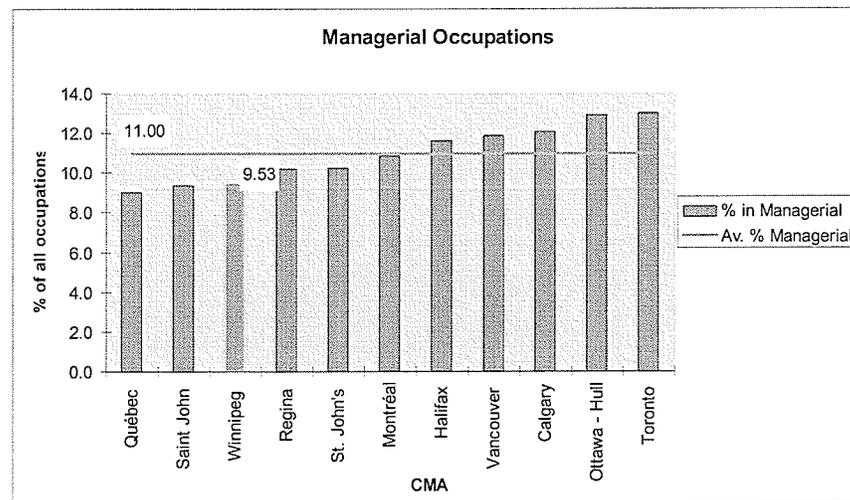
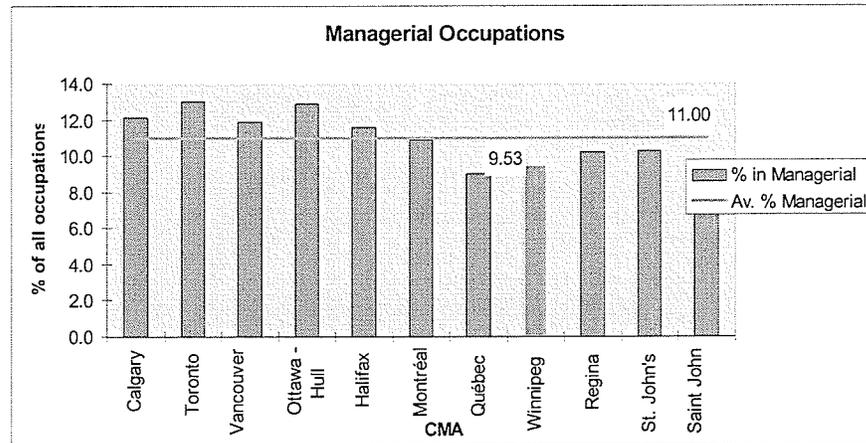
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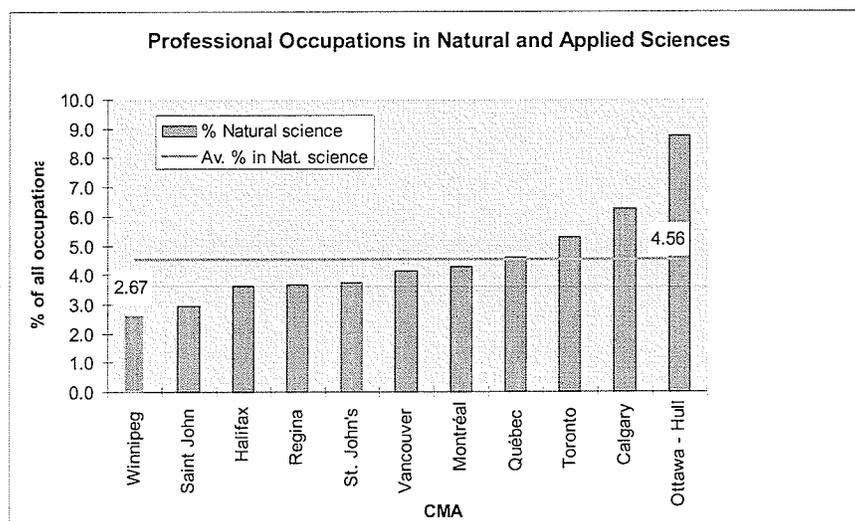
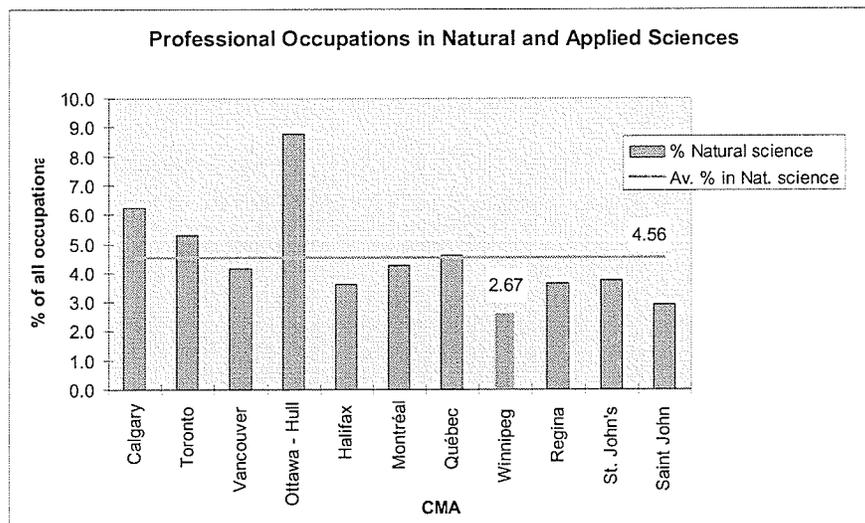
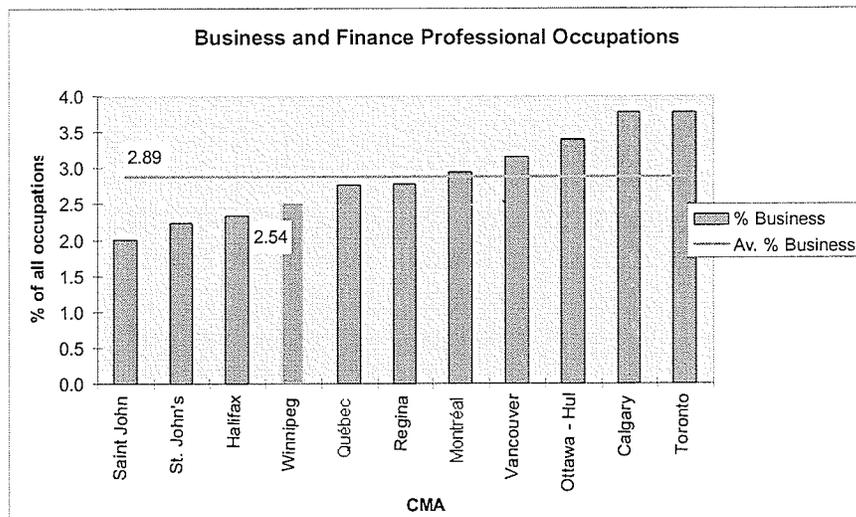
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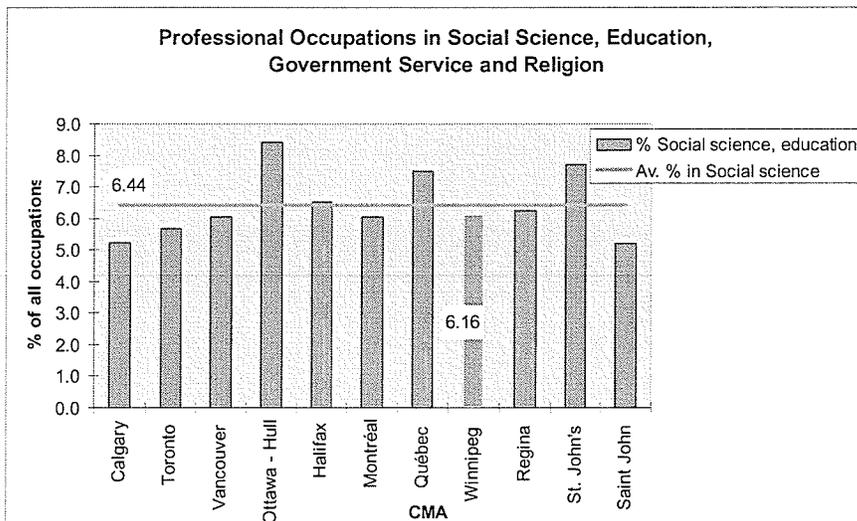
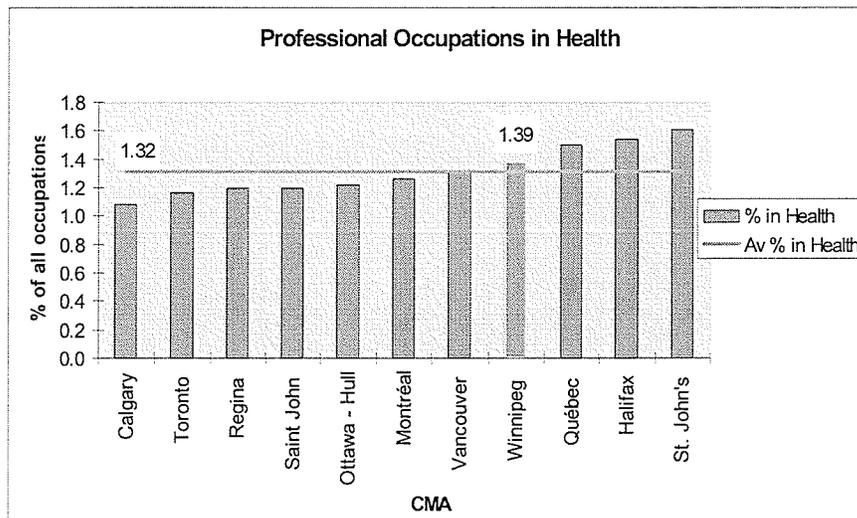
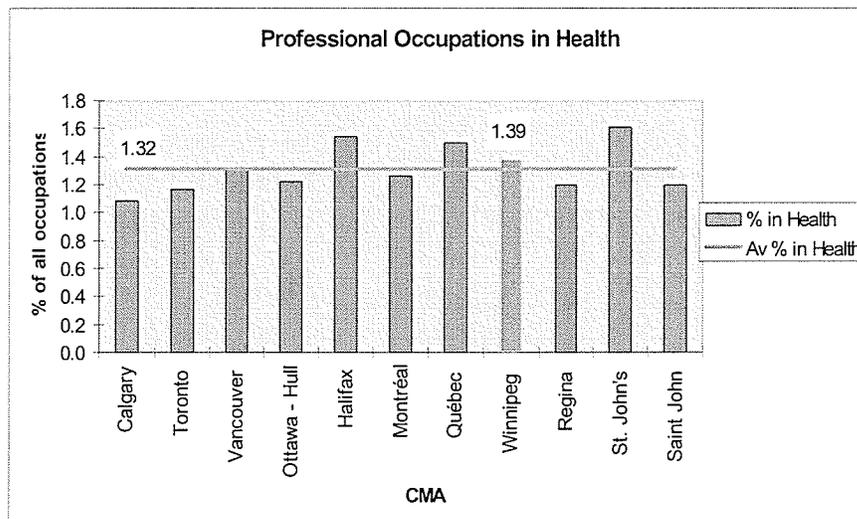
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## Appendixes

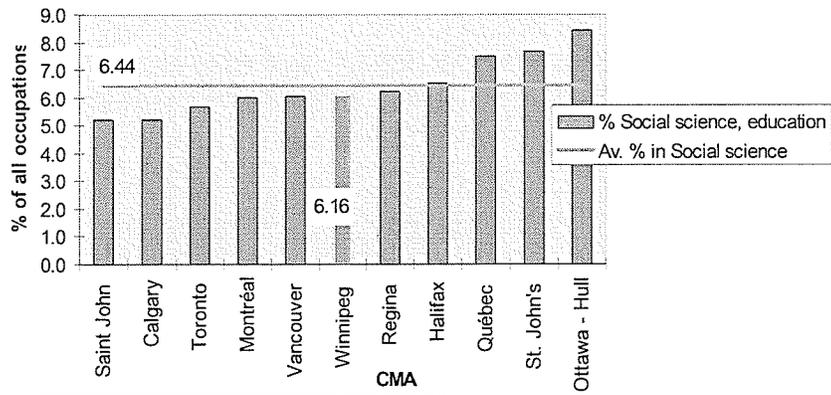
### Appendix A. Eleven Selected CMAs: A Comparison



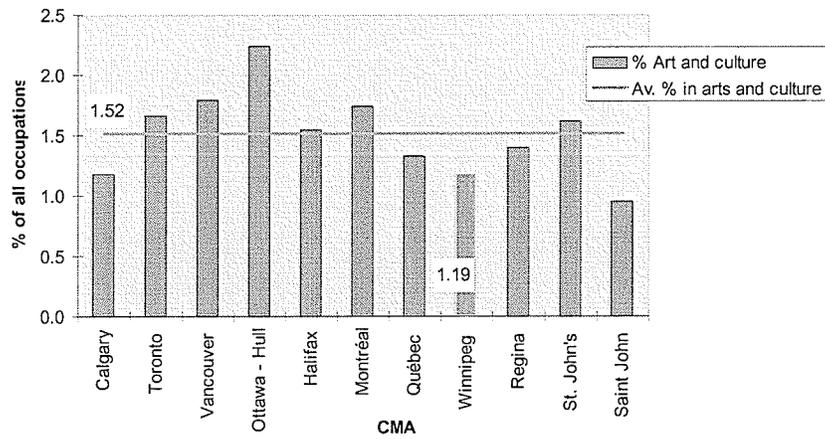




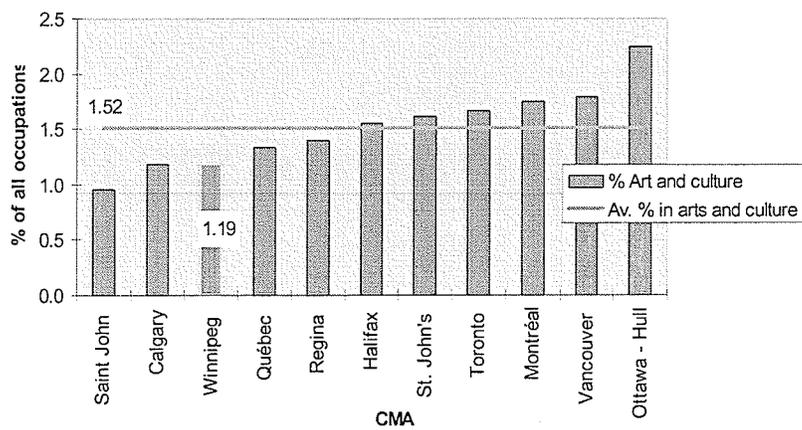
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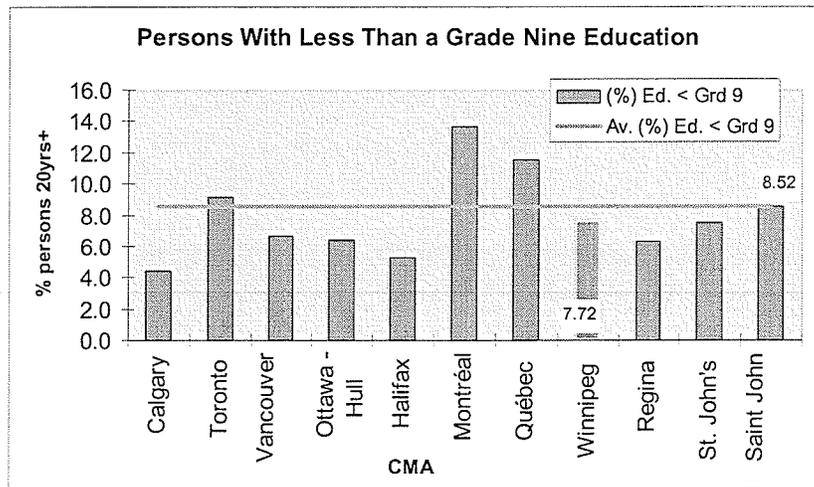
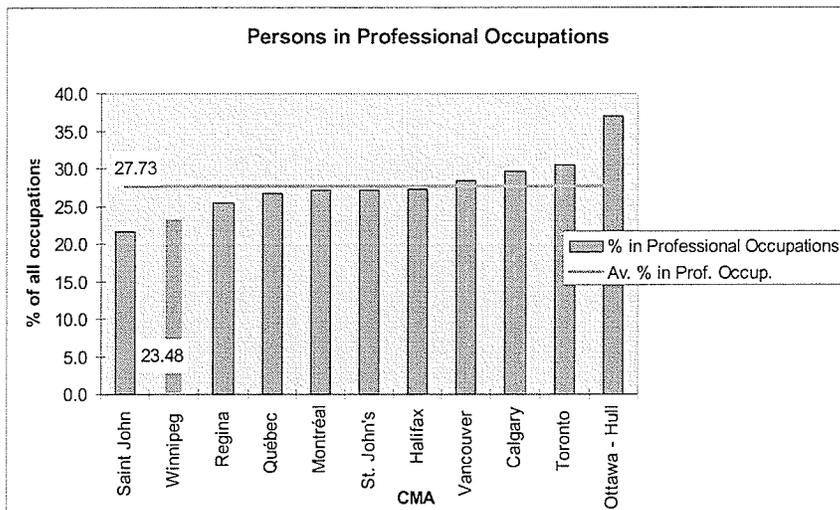
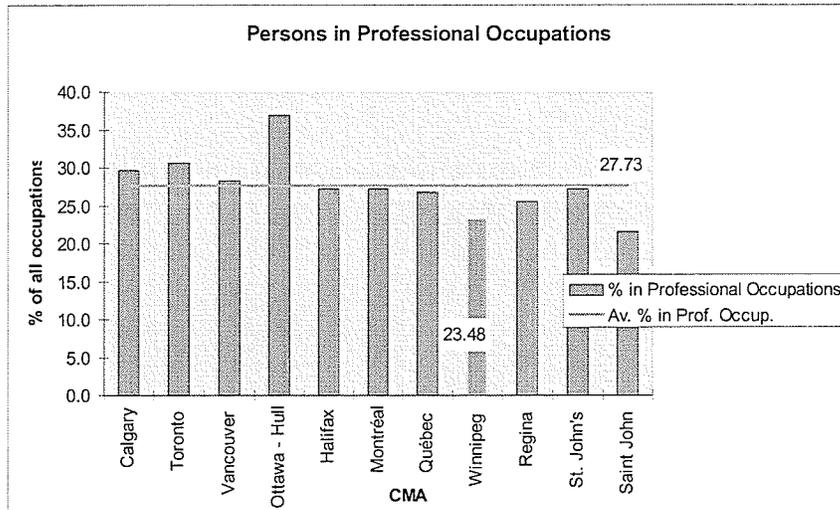


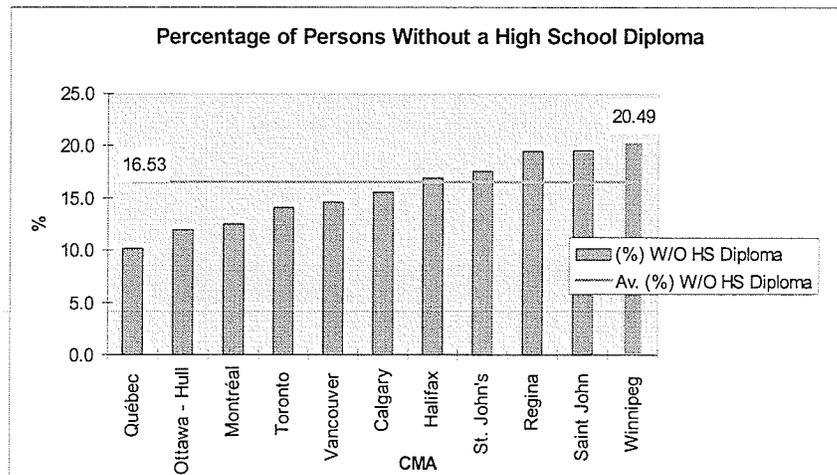
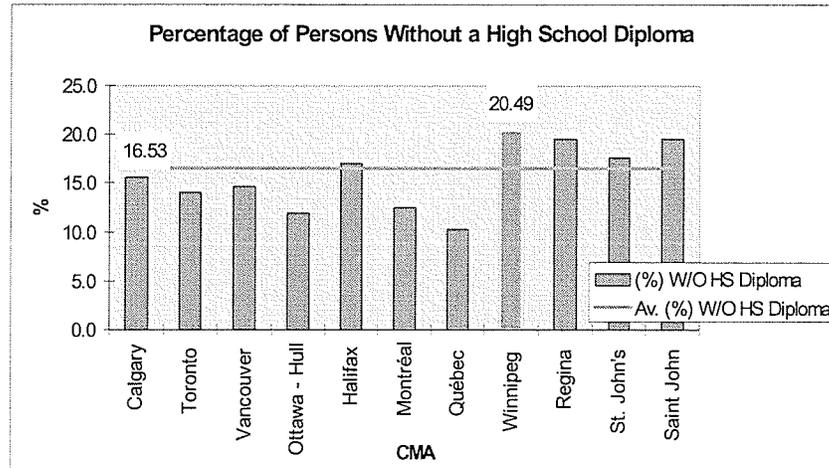
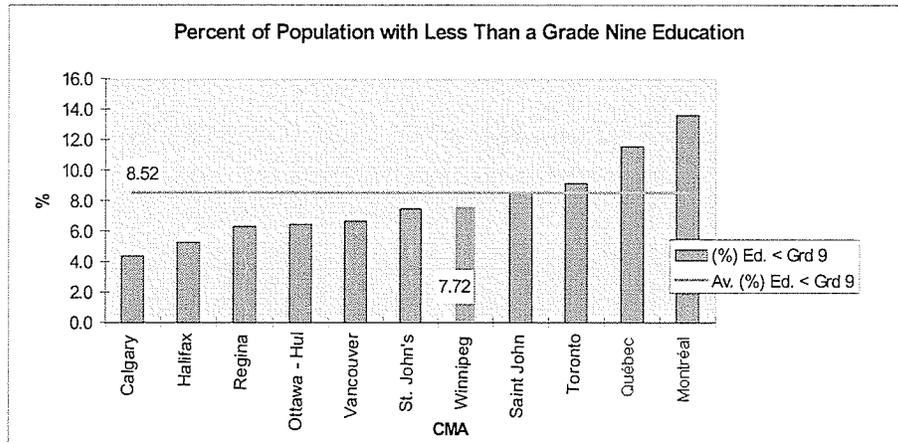
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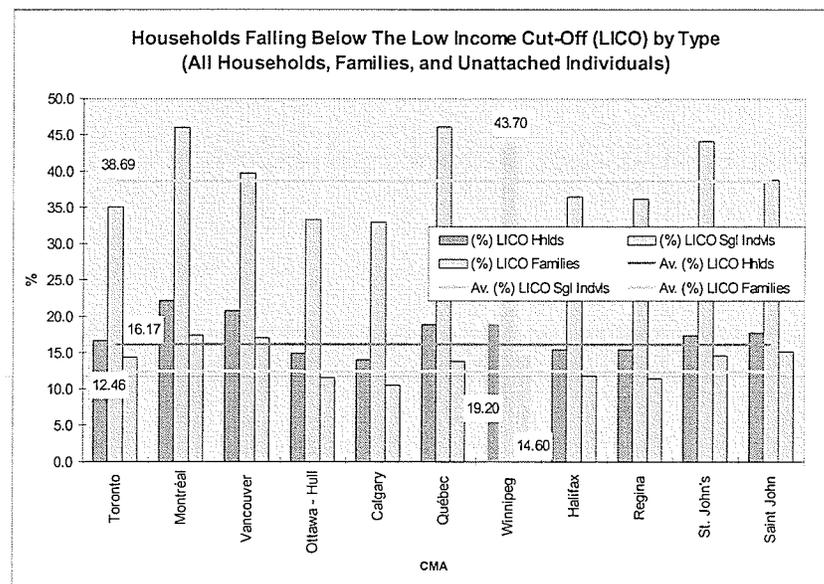
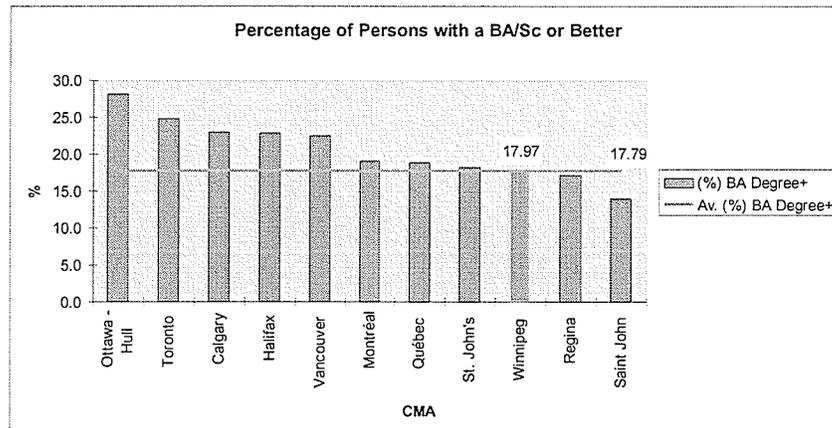
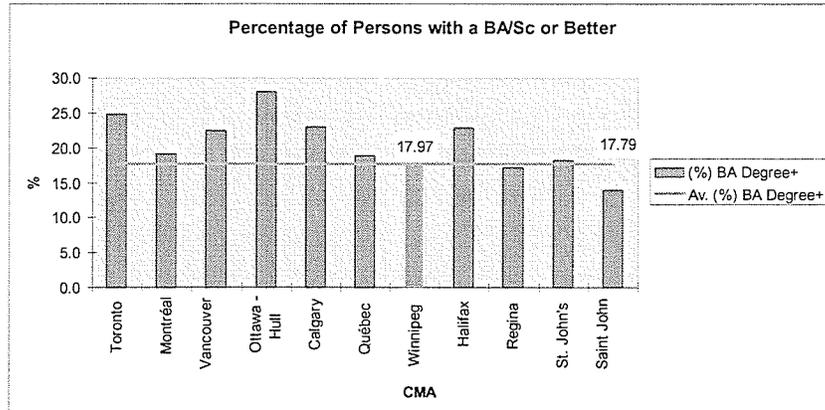


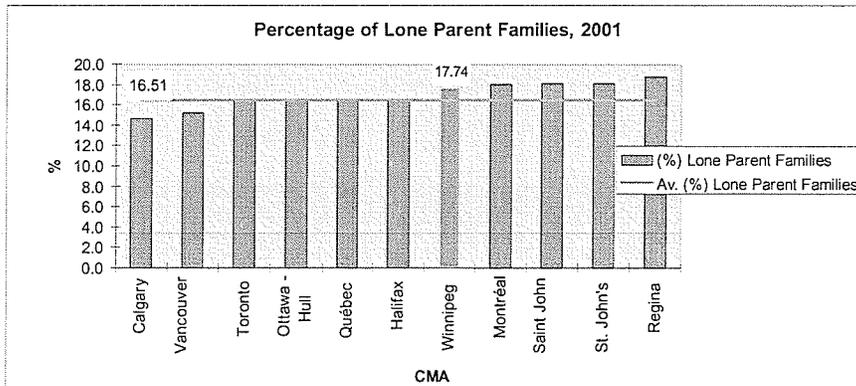
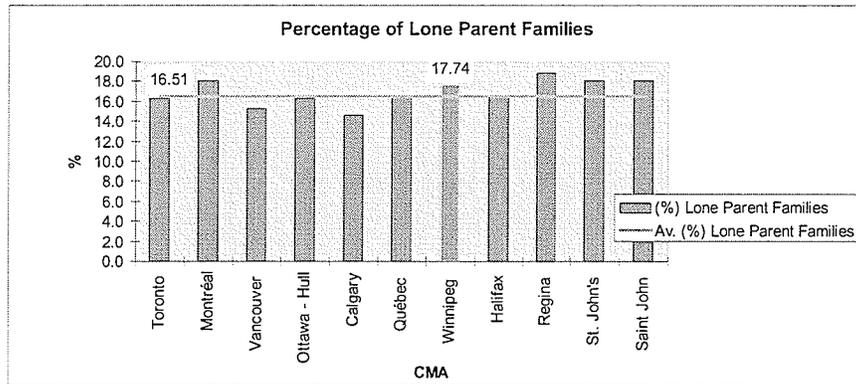
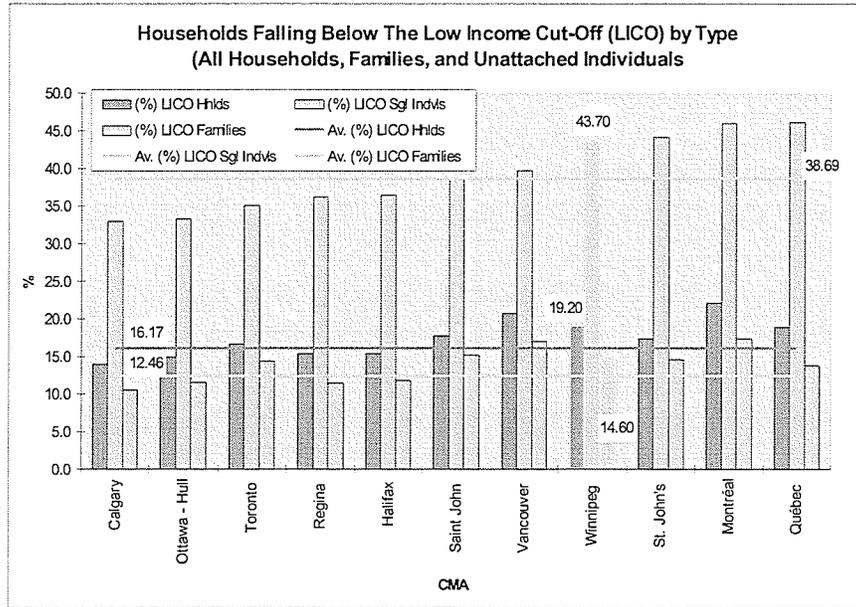
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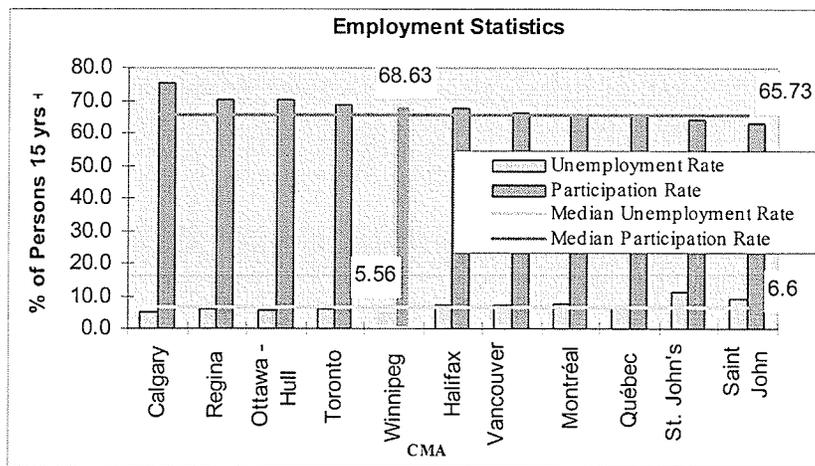
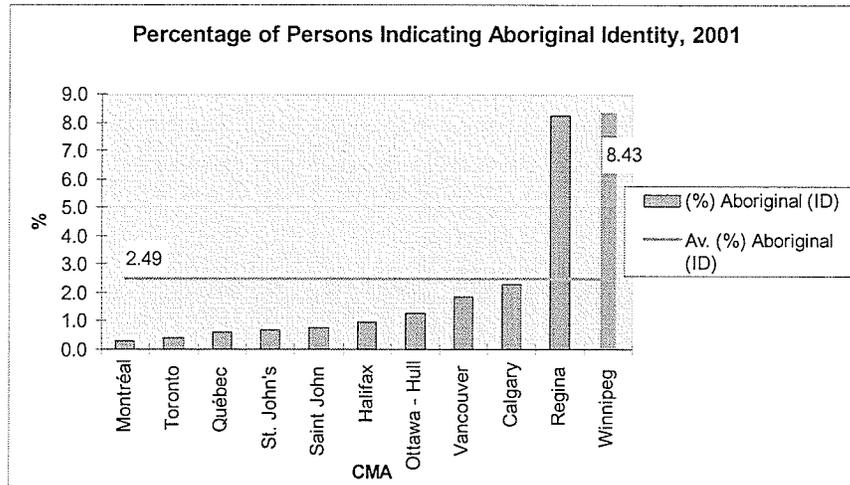
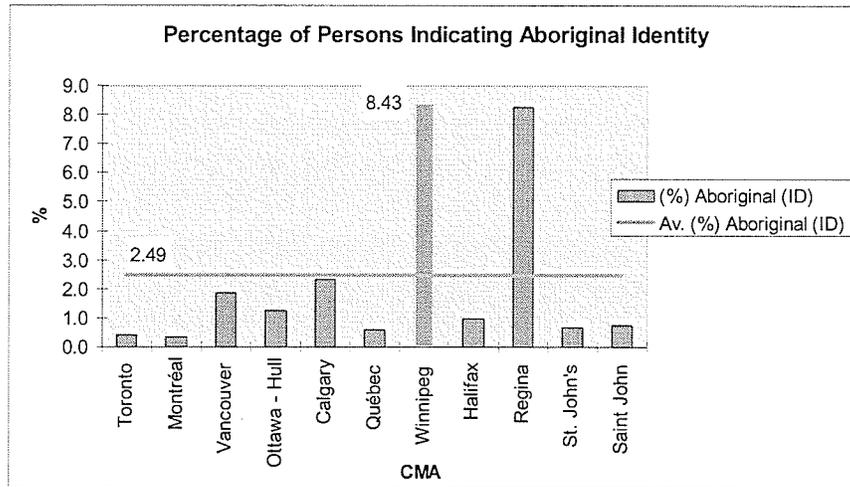


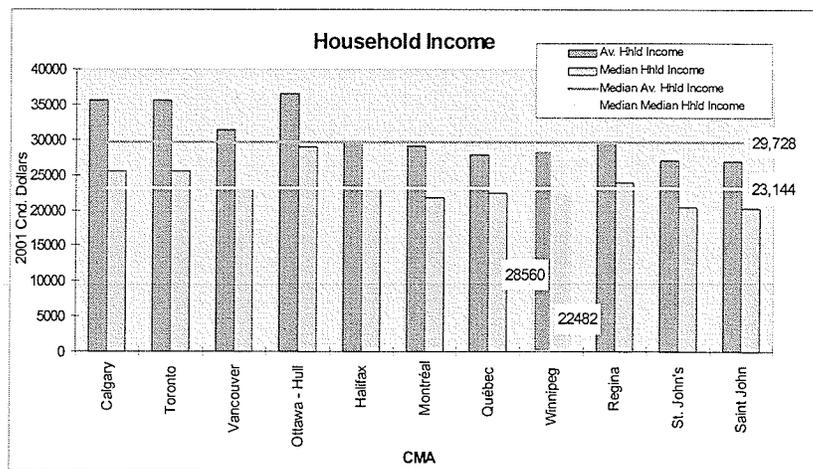
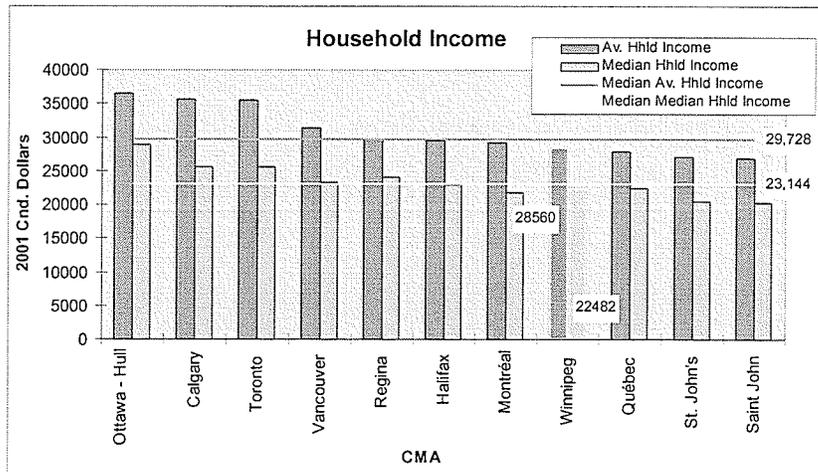
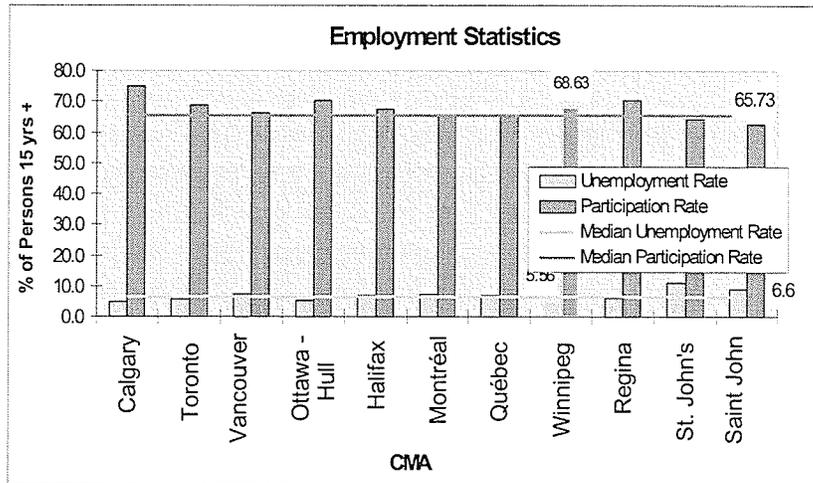


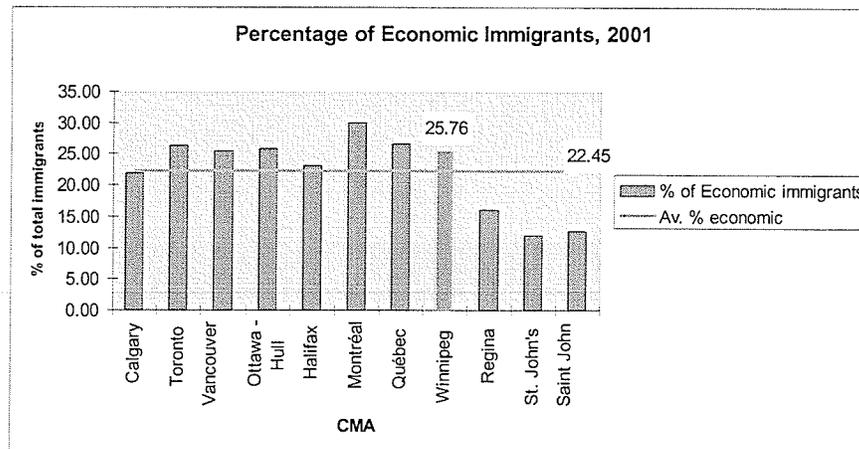
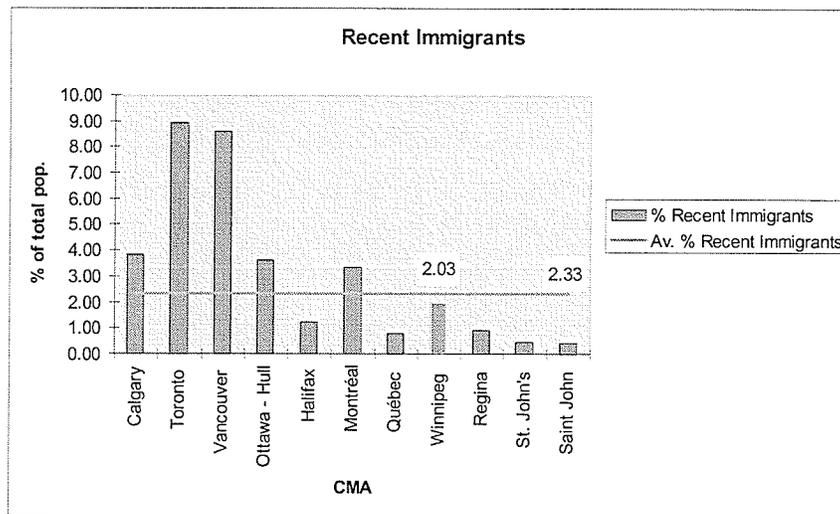
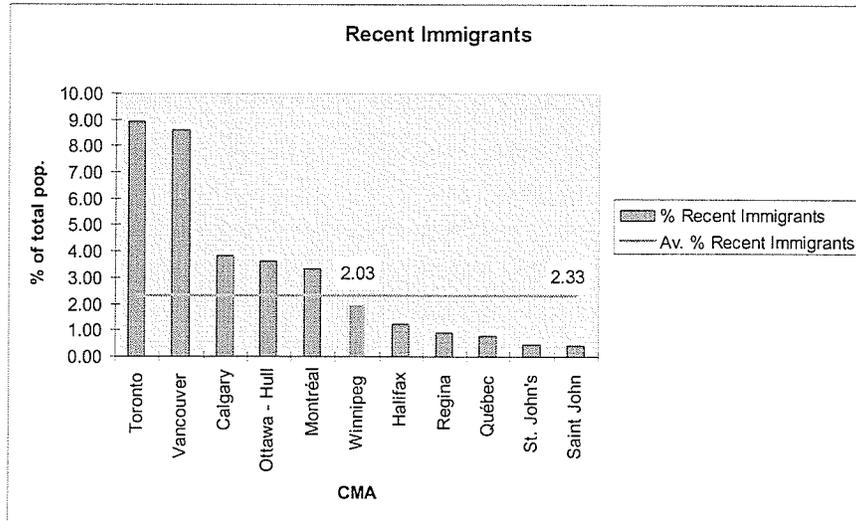


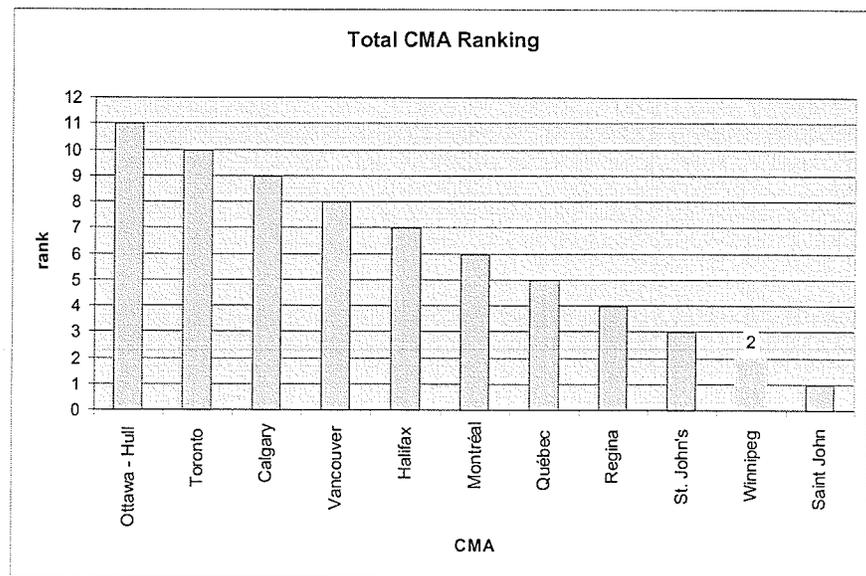
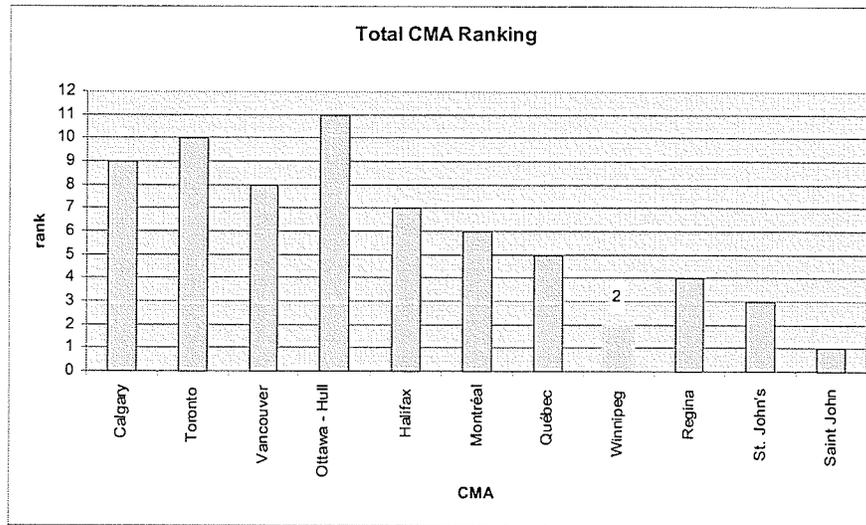
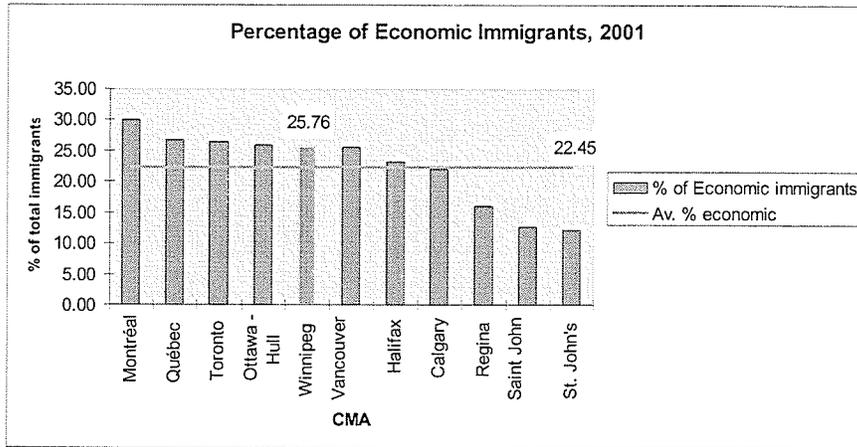












## Appendix B. Ethics Submission

### Required Information about the Research Protocol

#### 1. Summary of Research Project

Title

ECONOMIC RESTRUCTURING AND INNER CITY CHANGE

Investigator:

Mechyslava Polevychok  
Department of City Planning  
The Faculty of Architecture  
University of Manitoba  
Tel:  
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Supervisor:

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The Faculty of Architecture  
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## Purpose of the Research

The thesis aims to examine indicators of economic restructuring in Winnipeg: to analyze the position of Winnipeg relative to other metropolitan areas and of the inner city relative to the rest of the city and to derive policy implications. Based on extensive literature review focusing on neighbourhood change and urban change indicators on one hand, and the changing nature of the economy and its impact on urban processes on the other hand, indicators of economic restructuring will be identified. The data analysis will be undertaken to determine whether economic restructuring is occurring in the city. The analysis aims to compare the impact of economic restructuring on Winnipeg CMA vs. other metropolitan areas and on the inner city Winnipeg vs. the rest of the city. The research involves one round of key informant interviews in order to solicit key policy makers' responses on the preliminary project findings. At the conclusion of this report, policy implications will be presented to address the issues raised. Policy implications will address the issues facing Winnipeg inner city as a result of economic changes.

This study will be seeking answers to the following questions:

1. How theories of neighbourhood change were defined in literature?
2. What does the changing nature of the economy mean and how does it impact urban processes?
3. What meaningful indicators of urban change caused by the economic restructuring can be suggested?
4. How is the impact of the economic restructuring on Winnipeg CMA different from that of other metropolitan areas?
5. Was the inner city Winnipeg hit more dramatically by the economic restructuring than the rest of the city?
6. What are the policy implications of the inner city change in the context of the economic restructuring?

In order to answer these questions the following steps in the research process are suggested:

1. To provide a relevant introduction outlining the scope of the study.
2. To gain a fuller understanding of the processes of neighbourhood change and to develop a theoretical framework for the research informed by an extensive literature review.
3. To determine indicators of urban change pertaining to the economic restructuring.
4. To analyze the indicators of urban change on regional and local scale with the particular focus on the inner city.
5. To solicit views of Winnipeg policymakers and urban development professionals on preliminary research findings.
6. To suggest policy implications and make conclusions.

## **2. Methodology and Research Instruments**

To ensure systematic analysis of the key research objectives, a five-stage methodology was adopted as follows:

1. A broad literature and theoretical review.
2. Identifying the indicators of economic restructuring.
3. Analysis of the economic restructuring indicators using available sources of data.
4. Key informant interviews.
5. Research analysis and synthesis.

The research will involve one round of semi-structured key informant interviews in order to get the opinion of urban professionals on the issues raised and feedback on the preliminary project findings.

The interviews will be partially structured by a written interview guide. A minimum number of generalized, open-ended questions will be prepared in advance. The flexible guide will ensure that, firstly, the interview stays focused on the research issue at hand, and secondly, that the interview questions are conversational enough to allow participants to introduce and discuss issues, which they deem to be relevant. The interview will be recorded by audiotape and written notes will also document the participant's answers. Before the interview starts, an informed consent form summarizing the intended use of the information will be given to the interviewees.

The purpose of the interview process is to explore the insights and opinions key actors in the urban policy and development areas have on the impacts the economic restructuring has had on Winnipeg's inner city and the city in general.

## Interview Guide

1. Is there evidence of economic restructuring in Winnipeg?
2. What are the main characteristics of the impact of economic restructuring?
  - Are there characteristics that can be identified as the positive? Negative?
3. Is the inner city experiencing more adverse impacts of economic restructuring than the rest of the city?
4. What differentiates Winnipeg from other large Canadian cities? What distinguishes the inner city of Winnipeg from inner cities in other CMAs?
5. Is current programming in revitalizing the inner city effective? If not, why? What specific issues or areas of focus should be of highest priority?
6. Do you feel that urban revitalization policies can counter the general trends in the economy? Are they able to reverse these trends?
  - What policy recommendations do you foresee as an appropriate response to the economic restructuring impact on the inner city? (or Winnipeg in general). What policies are most effective in doing this: place, people or science based?
  - Should this response come from the social policy domain, economic measures, or community initiatives?
  - Which steps on alleviating negative impacts of economic restructuring on the inner city would you determine as most urgent?

### 3. Study Subjects

Key informants will be identified for the interviews including professionals in urban policy, planning and economic development. There are no apparent special characteristics of the subjects that make them especially vulnerable in the interview. The study also presents no threat to the subjects psychologically.

### 4. Sample Consent Form

This consent form, a copy of which will be left with you for your records and reference, is only part of the process of informed consent. It should give you the basic idea of what the research is about and what your participation will involve. If you would like more detail about something mentioned here, or information not included here, you should feel free to ask. Please take the time to read this carefully and to understand any accompanying information.

The thesis aims to examine indicators of economic restructuring in Winnipeg: to analyze the position of Winnipeg relative to other metropolitan areas and of the inner city relative to the rest of the city and to derive policy implications. Based on extensive literature review focusing on neighbourhood change and urban change indicators on one hand, and the changing nature of the economy and its impact on urban processes on the other hand, indicators of economic restructuring will be identified. The data analysis will be undertaken to determine whether economic restructuring is occurring in the city. The analysis aims to compare the impact of economic restructuring on Winnipeg CMA vs. other metropolitan areas and on the inner city Winnipeg vs. the rest of the city. The research involves one round of key informant interviews in order to solicit key policy makers' responses on the preliminary project findings. At the conclusion of this report, policy implications will be presented to address the issues raised. The information gained from this interview will be applied to develop policy implications that will address the issues facing Winnipeg inner city as a result of economic changes.

This study is being conducted by Mechyslava Polevychok as part of the requirements to graduate with a Master in City Planning Degree from the University of Manitoba. Dr. David Van Vliet of the Department of City Planning, Faculty of Architecture, the University of Manitoba is advising this thesis.

Within this interview you will be asked to answer the questions on the impacts the economic restructuring has had on Winnipeg's inner city and the city in general and/or provide your comments. With your permission, this interview will be audio taped so that analyzing the material later will be undertaken with greater ease, efficiency and accuracy. Please indicate below whether you accept or decline the use of audio recording:

I, \_\_\_\_\_,

Accept/decline the use of audio recording (please underline)

---

## Participant's Signature

Additionally written notes will be taken to supplement the audio taping. If at any time a portion of this interview makes you feel uncomfortable in any way, you may choose to have the tape recorder turned off for your response, you may choose not to answer the questions, or terminate the interview. Also, if you have any questions or concerns during this interview, please feel free to ask the interviewer at any time.

Your identity will be kept confidential. This means that your name, your position, your organization's name, and any other information that would give your identity away will not be included in the final report of this study. Where information occurs within an interview transcript that will be included in the final report, names and other information that is confidential will be omitted. Interview notes and transcripts of audiotapes will be kept secure. All data including audio recordings and transcripts, and research notes will be stored in a private and secured place in a locked safe at my workplace (103-520 Portage Ave., Institute of Urban Studies, the University of Winnipeg). These research materials will be disposed of (shredded) following completion of the project.

This work will be published as a thesis and will be placed in the Architecture and Fine Arts Library at the University of Manitoba, and the National Library of Canada. If you are interested in viewing the final report, it will be made available for you to read upon completion at the University of Manitoba Library and on-line through the National Library.

Your signature on this form indicates that you have understood to your satisfaction the information regarding participation in the research project and agree to participate as a subject. In no way does this waive your legal rights nor release the researchers, sponsors, or involved institutions from their legal and professional responsibilities. You are free to withdraw from the study at any time, and /or refrain from answering any questions you prefer to omit, without prejudice or consequence. Your continued participation should be as informed as your initial consent, so you should feel free to ask for clarification or new information throughout your participation.

If you have any questions or concerns after this interview is completed, please feel free to contact Dr. David Van Vliet at (204) 474-7176, or myself at (204) 982-1174.

This research has been approved by the Joint Faculty REB (JFREB). If you have any concerns or complaints about this project you may contact any of the above-named persons or the Human Ethics Secretariat at 474-7122, or e-mail [margaret\\_bowman@umanitoba.ca](mailto:margaret_bowman@umanitoba.ca). A copy of this consent form has been given to you to keep for your records and reference.

Thank you for your assistance with this project. Your responses are very valuable to this research and are greatly appreciated.

I, \_\_\_\_\_,

give Mechyslava Polevychok permission to use the information gathered during this interview under the conditions stated above for the purpose of researching the impacts of the economic restructuring on Winnipeg.

Date \_\_\_\_\_

---

Participant's Signature

---

Researcher's Signature

### **5. Deception**

The study will not involve any deception in any form.

### **6. Feedback/Debriefing**

A complete or partial copy of the thesis document will be provided to the interviewees if requested. Other form of feedback including verbal presentation will be considered if requested.

### **7. Risks and Benefits**

It is anticipated that this research poses no risks for participants.

Although the primary function of the interviews is to provide information in support of the researcher's study, they might also be informative and beneficial to some of the participants.

### **8. Anonymity and Confidentiality**

The participant's identity will be kept confidential. Their names, their positions, their organizations' names, and any other revealing information will not be included in the final report of this study. Where information occurs within an interview transcripts that will be included in the final report, names and other confidential information will be omitted. These provisions for confidentiality maintaining will be explained in the consent form.

Furthermore, all data including audio recordings and transcripts, and research notes will be stored in a private and secured place in a locked safe at my workplace (103-520 Portage Ave., Institute of Urban Studies, the University of Winnipeg). These research materials will be disposed of (shredded) following completion of the project.

## **9. Compensation**

The participation is based on a voluntary basis, and the subjects will not be compensated in any way for their participation.