RESEARCH HIGHLIGHTS

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ECONOMIC RESTRUCTURING IN WINNIPEG: ATTRACTING CREATIVE WORKERS AND CAPTURING INVESTMENT IN NEW GROWTH SECTORS

Introduction

This research highlight documents indicators of economic restructuring and uses them to compare the impact economic restructuring has had on eleven selected urban centres with a particular focus on Winnipeg. Is there evidence that Winnipeg has been able to capitalize on new growth sectors as this economic restructuring unfolds?

> ***The most important resource in the global economy, which is human creativity, the human imagination... talent, technology…*** [1]
>
> **Glen Murray**
> **Former Mayor of Winnipeg**

Economic Restructuring and Its Impact on Cities

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 and labour force migration, the decline in manufacturing and its replacement by knowledge-intensive services, the development and availability of new information technology, the growth of service sector jobs, the decline of real wages, reduced public spending and others (Mackenzie et al. 2005, Kasarda 1985, Massey 1995, Punch et al. 2004, Badcock 1997, Human Resources Development Canada 2002, Manitoba Research Alliance on CED in the New Economy 2005, Saunders and Maxwell 2003).

During economic restructuring one of the keys to economic growth lies in the ability to attract creative workers, or the creative class, and to translate that into creative economic outcomes in the form of new investment and development ideas, new high-tech businesses and regional growth. Respectively, cities and neighbourhoods with less creativity potential are more likely to experience decline processes. The labour force that works in what Richard Florida describes as the Creative Class (managers, sciences, technology and art professionals) is supposedly a group that can drive urban change and is instrumental in the vitality of cities[2].

Along with other countries, Canada has experienced globalisation of the economy and a significant restructuring of the labour force that have affected the spatial character of economic activity, the patterns of urban development, and government policy. The negative effects of structural economic change have been felt most in Canada's older industrial cities. The social and environmental costs of not being able to capture investment in the new growth sectors and attract creative workers include a no- or slow-growth economy, inner city population decline, increasing rates of unemployment or underemployment, reduced property values, growth in precarious employment and increased wage and earnings inequality, reduced development activity, and the high costs of repairing or replacing obsolescent infrastructure.

[1] Glenn Murray's Remarks at the Amazing Possibilities Conference. Rozanski Hall, University of Guelph, May 5, 2006. Guelph Civic League The *Better Ways* e-bulletins.

[2] Florida, R. 2002. *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life*. Basic Books, 1st edition.

Economic Restructuring Indicators

A review of the impact economic restructuring has had on the urban fabric determines that the following characteristics are key indicators of economic restructuring: population change and composition, occupational structure, unemployment and participation rates, part-time employment, educational levels, average and median household incomes, poverty rates, recent immigrant and economic immigrant population, lone-parent families, plus others.

Ranking by Selected Indicators

The ranking in table 1 illustrates a hierarchy among Canada's metropolitan areas with respect to economic restructuring indicators.

On some indicators Winnipeg parallels the average for the eleven metropolitan centres studied. 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 significantly different from the eleven centre average.

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 a higher than average share of foreign born and economic immigrants.

However there are many indicators where Winnipeg scored poorly. With respect to rate of 1996-2001 population growth, Winnipeg sits in 8th place with an increase of just 0.6% compared to the 3.4% average. Winnipeg has the highest proportion of persons 65 and older, persons without high school diploma, and the highest share of Aboriginal identity population. The city has high levels of poverty 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).

Occupational Structure in Eleven CMAs

Table 2 presents the proportions of persons employed in each professional category out of total persons employed for the eleven centres as well as a ranking of the cities. In professional occupations, Winnipeg holds 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 in 2001. 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%. Winnipeg and Saint John also have the lowest proportions of women employed in professional occupations of the selected CMAs.

With respect to other occupational categories selected, all cities have high proportions of their labour force working in sales and services, around 25%. Winnipeg approximates this average (Table 3). 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%, the third highest result for the eleven centres.

Conclusion

Calgary, Toronto, Vancouver, and Ottawa-Hull are "new economy cities" characterized by population and economic growth. Overall larger cities scored higher on what are considered positive indicators of economic restructuring. For Halifax, Montréal and Québec results were also fairly positive. 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.

Winnipeg's limited ability to attract significant investment in the growth sectors of the "new economy" can be seen in its slow growth rate, ageing population and outmigration of young people, among other indicators. Winnipeg's modest population increase has not generated economic growth at levels equalling or exceeding the other Canadian cities' average, nor has strong economic growth in Winnipeg 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 slightly 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.

Release of 2006 data by Statistics Canada over the next couple of years will illustrate if Winnipeg has been able to improve on the trends during the 1996-2001 period.

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Table 1. Ranking of the Eleven CMAs by Selected Indicators											
CMA	Ottawa-Hull	Toronto	Calgary	Vancouver	Halifax	Montréal	Québec	Regina	St. John's	Winnipeg	Saint John
% Population Change 1996-2001	4	2	1	3	5	6	7	9	10	8	11
% Population 65+	3	5	1	6	4	8	9	7	2	11	10
% Education less then Grade 9	4	9	1	5	2	11	10	3	6	7	8
% Education without High School Diploma	2	4	6	5	7	3	1	9	8	11	10
% Education 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 Occuations	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 Occupations	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 Occupations	1	9	10	7	4	8	3	5	2	6	11
% Professional Art and Culture Occupations	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 Occupations	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
Total Ranking	1	2	3	4	5	6	7	8	9	10	11

Table 2. Professional Occupations Ratios in the Eleven Centres								
	Managerial	Business	Natural Science	Health	Social Science, Education	Art, Culture	Professional Occupations	Rank
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 3. Occupational Categories in the Eleven Centres				
	Professional Occupations	Sales and Services	Primary Industry	Processing and Manufacturing
Average, %	27.7	24.8	1.5	4.3
Ottawa - Hull	29.7	23.2	1.9	3.7
Toronto	30.6	21.3	0.9	7.9
Calgary	28.4	25.1	1.7	4.4
Vancouver	37.0	21.3	1.1	2.7
Halifax	27.3	27.9	1.3	2.2
St. John's	27.2	22.6	0.7	7.7
Montréal	26.8	25.8	1.1	3.7
Québec	23.5	24.9	1.3	7.0
Regina	25.6	26.0	2.5	2.2
Winnipeg	27.2	26.2	1.8	2.3
Saint John	21.7	28.6	1.8	3.4