Slow Growth and Urban Development Policy

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Abstract

The paper distinguishes between cities experiencing high rates of growth and those growing more slowly and argues that 1) widely-held North American assumptions to the contrary, slow growth is not a pathology; and 2) since we do tend to view it as a pathology, we fail to plan for it, and, instead follow policies more appropriate to rapidly-growing centres. Using Winnipeg as the primary example of a slowly-growing city, but drawing on a wide range of data, the paper considers the following policy areas: housing, management of infrastructure, economic development and immigration. In each of these areas the argument is that policies that may be defensible in rapidly-growing centres are unthinkingly and inappropriately followed in slowly-growing cities, where different lines of policy would be more beneficial. Appropriate policies for slowly growing cities are suggested, and their merits evaluated.

Growth, Slow Growth and Decline

In North America, growth has long been the Holy Grail of city politics. In both Canada and the United States, the settlement of the west and the industrial revolution were marked by boosterism as expanding cities competed for investment. (Artibise, 1981; Wade, 1959) Within metropolitan areas, a similarly growth-oriented and competitive environment was evident. From the earliest days of suburban development, much of the outward expansion of cities took the form of competition among urbanizing municipalities vying for residential, commercial and industrial development. (Binford, 1985; Markusen, 1984; Logan and Molotch, 1987, 179-99) Throughout, growth was the overriding goal.

It comes as no surprise, therefore, to find a pervasive assumption in the academic literature that an absence of growth, or even slow growth, is an undesirable condition. That notion is extended, not only to economic growth, but also to population growth.

Slow growth as malaise

Frequently the situation of slow population growth is conflated with that of a declining population which, significantly, is often referred to simply as "decline". The idea that the absence of population growth, or slow growth in population, defines a more generalized failure formed part of the justification for the United States federal government’s Urban Development Action Grants (Urban and Regional Policy Group 1978), and population change -- specifically "growth lag", meaning slower than average growth -- was part of the dual formula for Community Development Block Grants (Bunce 1979). The occasional skeptic (Weinstein and Clark 1981, Clark and Ferguson 1983) notwithstanding, academic studies have frequently measured urban "decline" in terms of indicators that include population change. (Nathan and Dommel 1977, Muller 1975, Peterson 1976).

Even these relatively careful formulations fall by the wayside in the "growth talk" commonly heard in the real-world arena of local politics and business. A typical example is a 1998 talk by a

Winnipeg city planner on planning of the Winnipeg region. In his talk, subtitled "the issue of growth" the planner assumed, without bothering to argue the case, that slow but steady population growth over a quarter-century represented malaise. Citing growth figures that we will review in a subsequent section of this article, he commented: "Whether you look at Winnipeg or the region overall, that's still less than one per cent per year. That growth rate is slower than any of the major prairie cities." (Couture, 1998, italics added)

Turning to figures which showed that municipalities surrounding the central city were taking a substantial share of regional growth, the planner expressed concern about the extension of urban infrastructure to serve a relatively thinly-scattered population as a problem. The solution he proposed, however, was, not to a slow-down in the development of infrastructure, but a speed-up of growth.

Among North American readers, a very likely reaction to these observations is, "So what?" Most of us are so accustomed to growth talk that any alternative view of the world may seem quixotic, romantic and idealistic perhaps, desirable even in a better world we might imagine, but not worthy of serious attention. A glance at some European cities, however, may give us pause.

Downs (1994, 67) classifies American cities that gained less than 10 per cent population from 1980 to 1990 -- the equivalent of 0.96 per cent a year, assuming a constant growth rate -- as slowly-growing. If they lost population at a rate of 0.1 to 4.9 per cent over ten years, they were categorized as slowly-declining. Greater population losses were categorized as rapidly-declining. By that criterion, some of the world's great cities would have to be classified as "suffering" from slow growth, or even decline.

A United Nations study compares the growth rates of European "functional urban regions", which are characterized as being equivalent to American Statistical Metropolitan Areas (SMAs). (United Nations Centre for Human Settlements 1996, 16-17, 60) According to that study, European metropolitan areas that would have been classified by Downs as slowly-growing or declining include Vienna, Brussels, Copenhagen, Cologne, Frankfurt, Hamburg, Florence, Genoa, Milan, Naples and Rome.

Table 1 Western European functional urban region: growth rates 1975-95

Urban region	Annual growth rate (%)	
	1975-85	1985-95
Vienna	0.24	0.05
Brussels	0.41	-0.46
Copenhagen	-0.12	-0.28
Cologne	0.30	0.95
Frankfurt	0.24	0.91
Hamburg	-0.11	0.69
Florence	-0.57	-1.06
Genoa	-0.83	-1.17
Milan	-1.04	-1.59
Naples	-0.58	-1.27
Rome	--	-0.23

Source: United Nations Centre for Human Settlements 1996, 453-54.

The suggestion that all these cities are suffering from some kind of urban malaise more marked than the problems suffered by cities in general would be considered idiosyncratic at best, or more likely bizarre, even by most North American commentators. As Clark and Ferguson (1983, ch 3) point out, population decline may produce a variety of results. It entails fiscal strain only if it brings with it both decline in revenues and an inability to reduce expenditures correspondingly. Its wider economic, social and political impacts also vary with the character of decline and the reasons for it. The consequences of slow growth similarly vary with the specific circumstances surrounding it.

Such sober reflections, however, are not the usual stuff of discussions of urban growth in North America. More commonly, population decline as well as slow growth produce feelings of inferiority, sometimes verging on panic, while rapid growth frequently results in self-congratulation that takes little account of the problems of rapid growth. There is little rational basis for either stance. It is our argument that conventional North American attitudes toward urban growth are unreasoning, indeed obsessive, and that they betray us into unwise policy choices. Because of our unwillingness to see slow growth as an acceptable state of affairs, we tend willy nilly to follow urban policies that assume rapid growth, policies that are especially damaging to the health of slowly-growing cities.

This is a point easily misunderstood. The North American growth fixation has produced an anti-growth reaction, perhaps best exemplified in E.F. Schumacher's *Small is beautiful,* (1973) and reflected in widespread anti-growth sentiment, especially evident in North American suburban communities. (Baldassare, 1986; Downs, 1988) Our position, however, is neither anti-growth nor pro-growth. We are not arguing that slow growth is either better or worse than rapid growth, only that it is different, and that it calls for different policies.

Much of our argument is likely to be applicable, not only to slowly-growing cities, but also to some cities in a state of population decline. While population decline may well be a disaster in some cases, it is likely, in others, to have effects that are similar to those of slow growth (Clark and Ferguson, 1983). To be sure, population decline resulting from decay and abandonment is likely to be problematic or worse. Declining densities, perhaps accompanied by gentrification, may be a very different matter, a social problem, but not one that involves lack of capacity or resources. Additionally, in a large metropolitan area, modest population declines might well continue for some time without significantly affecting the character of the city or its degree of prosperity, and may signify nothing more or less than cyclical changes in the economy and in social conditions. However, in order to avoid introducing undue complications into our argument, we are making no attempt, in this study, to address the situation of population decline. Our focus is on slow growth.

Table 2 provides examples of the kinds of cities to which our analysis, or variations upon it, is likely to apply. It lists North American urban agglomerations (MSAs) of more than 750,000 population and a Canadian Census Metropolitan Area (CMA) that meet Downs's definition of slowly-growing cities (average annual growth of 0.96 per cent or less) for 1985-95. Winnipeg was excluded from our source because its population falls a bit short of the 750,000 mark, but we have added 1986-96 figures for that city. For reasons stated below, we have also excluded metropolitan areas over 2 million population. The table greatly understates the number of cities that would be subject to a policy analysis such as the one we present in these pages, both because cities with declining populations are excluded from the list -- as noted above, many of them should not be excluded -- and because there is no reason our analysis would not have relevance for a city of less than 750,000 population.

Table 2 Examples of Slowly-growing North American MSAs and CMAs 750,000 - 2 million populations

Urban region	Population 1995 000s	Average annual growth rate 1985-95
Baltimore	1969	0.76
Cincinnati	1266	0.80
Indianapolis	961	0.91
Louisville	763	0.07
Memphis	857	0.68
Milwaukee	1247	0.24
Providence/Warwick	878	0.66
Winnipeg*	683†	0.53‡

- Source: United Nations Centre for Human Settlements 1996, 456.
- *Source: Calculated from Statistics Canada by Social Planning Council of Winnipeg
- †Population 1996
- ‡Average annual growth 1986-96.

What is slow growth?
One's view of slow growth is necessarily conditioned by the reasons for it. An obvious, and often overlooked cause is simple arithmetic. When the students of "decline" referred to above measure a city's well-being or malaise in terms of population changes, it is percentage changes that are used as a measure. The larger a centre is, the more absolute population growth is required in order to achieve "rapid growth" percentages. Undoubtedly this is at least part of the reason for the classification of New York City, a dynamic world centre of finance and much else, as one of Downs's "slowly growing" cities. In other words, "slow growth", measured by percentages, may have quite a different significance in a large metropolitan area than in a smaller one. Therefore, we have excluded metropolitan areas of more than 2 million population from our table of slow growth examples.

A second cause of slow growth is what Rusk (1993) calls low elasticity, referring to the situation in which a central city is hemmed in by surrounding municipalities, with the surrounding municipalities taking much or all of the growth of the metropolitan area -- Winnipeg's situation during the past decade. This is not the situation reflected on Table 2. Our unit of analysis is not the municipality, but the metropolitan area, meaning the central city and adjacent urbanized or urbanizing areas. We share Rusk's view that a slowly-growing central city hemmed in by rapidly-growing suburban municipalities is likely to be a city in trouble, not because it is growing slowly, but because of the way the growth of the metropolitan area is being managed.

The slow growth referred to in this article stems from a third cause, a regional economy that is less dynamic than those of rapidly-growing cities. We challenge the suggestion, implicit in so much growth talk, that "less dynamic" is equivalent to "less desirable" or "less healthy". At the same time, we argue that appropriate policies for the two types of metropolitan areas are likely to differ. Why? The answer can be found in configurations and relationships that are well-known to urban geographers, economists and planners, as well as students of urban policy, and are developed in more detail in the body of this article.

To anticipate that argument, real estate prices in rapidly-growing cities are generally higher than those in slowly-growing ones. As a result, the two types of cities may have different problems and opportunities in such areas as housing and economic development. Different rates of development may produce different patterns of spatial concentration or spread development. A rapidly-growing population will yield different social conditions and problems than a more stable one. Differences such as these, we argue, yield different opportunities and problems in such areas as housing, infrastructure development, economic development and immigration.

In these pages, we offer Winnipeg as an example of a slowly-growing city whose growth, we contend, has been flagrantly mismanaged thanks to the unthinking pursuit of policies arguably appropriate to rapid growth. We are not suggesting that Winnipeg is particularly typical of slowly-growing cities, only that it is as good an example as any of a genre within which there are undoubtedly many variations. We hope that a discussion of policy alternatives for Winnipeg will pave the way for future studies that will improve our understanding of the genre as a whole.

Throughout, our focus is on development of metropolitan areas. As a result, our policy prescriptions are not necessarily within the purview of municipal governments alone. At least some of them will require action at some combination of local, provincial or state, and federal levels of government. Some of our prescriptions are ambitious, but hardly anyone denies that North American cities have serious problems, and serious problems call for ambitious initiatives. We believe that the tailoring of policy initiatives to growth conditions can add an important tool to the policy toolkit.

Winnipeg

It has become a local cliché, of both the left and the right, that Winnipeg is a city in decline. It is our contention that the decline, which is real enough, has nothing to do with any failure of needed growth. It is true of course that Winnipeg is becoming, relatively, a smaller city because a number of other cities are growing faster, but, as we have suggested, that is true as well of Frankfurt, the primary financial centre of continental Europe, Milan, a powerhouse of the Italian economy, and Copenhagen, a city of legendary attractiveness and livability.

Metropolitan Winnipeg’s population, for a long time, has been growing at less than one per cent a year, but growing steadily. For example, according to calculations based on Statistics Canada data, from 1986 to 1991, the population of the Winnipeg CMA grew a total of 4.3 per cent and from 1991 to 1996 the population growth totalled 1.1 per cent. (Lezubski, 1999) During substantially the same period, 1988 to 1998, the economy (GDP calculated by factor price) grew slightly more than 16 per cent, despite downward blips during the recession years of 1990 and 1991. (Clay, 1999) For those who are not hooked on growth, that is not decline: It is a description of a metropolitan area that is steadily becoming wealthier, in the aggregate, while growing slowly.

Indeed, instead of being characterized as decline, Winnipeg’s slow growth could as easily be seen as an asset, since, to some degree at least, it can undoubtedly be attributed to the fact that the economic base is a well-balanced mix of agriculture, manufacturing, government (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. From 1971 to 1991, the economy grew in all Statistics Canada categories, including 75.7 per cent in finance, insurance and real estate and 165.5 per cent in producer services. (Coffey, 1994)

In what sense then is the decline real? It is the city of Winnipeg, and especially Winnipeg's inner city that is in decline, not the CMA. The central city, with a 1996 population of 611,630, is surrounded by a ring of urbanizing rural areas and rapidly-growing small towns. The outer ring, with a population of 71,445, remains thinly populated, but in recent years it has been taking a share of growth out of all proportion to its population, even though the city still has large areas of developable land. Population growth within the city was 3.7 per cent from 1986 to 1991 and 0.3 per cent over the next five years, while urban growth beyond the edge of the city took off, with municipalities bordering the city growing at rates in excess of ten per cent over five years, and in some instances more than 20 per cent. (Lezubski, 1999) Despite that disparity, the city's real decline is less visible in population changes than in physical deterioration and social distress. The deterioration of the inner city's older infrastructure becomes most dramatically visible when an automobile or truck plunges through a hole that suddenly opens up in the street. This has occurred several times in recent years, thanks to deteriorating sewer lines.

The streets and houses of the inner city are deteriorating less spectacularly, but possibly even faster. Despite heroic efforts on the part of all three levels of government and the local business community, once-bustling Portage Avenue is a problem area, and Selkirk Street, the former commercial heart of the North End, is moribund. Unoccupied retail premises are a common sight on Portage and are virtually ubiquitious on Selkirk. There has been substantial housing deterioration in the inner city, and boarded-up residences are becoming an increasingly common sight in some of the worst neighbourhoods. Some neighbourhoods are beset by gangs and arson has become a favourite street sport. Much of the inner city has been red-lined by insurance companies, with the result that home-owners applying for insurance may be refused, or may be required to pay more than the standard premium.

It is our argument that the glaring disparity between the health of the metropolitan area as a whole and that of the inner city is a result of a set of growth policies based inappropriately on the premise of rapid growth, stemming from the fact that our obsession with growth makes it difficult to think about city development in any other terms. Our prescription is to accept slow growth and rethink our policies accordingly. Once we do, it becomes clear that slow growth has advantages, as we will see when we consider alternate policies for housing, infrastructure and services, economic development and immigration.

Housing

One of the big advantages of slow growth is that it keeps housing prices down. It is a matter of common experience that the "hot" housing market that goes with rapid growth -- for example in Toronto or Vancouver -- tends to produce house prices that escalate more rapidly than they do in slowly-growing centres. That is no problem for those who are capturing the top jobs, but it produces problems for the middle class and nightmares for the poor. A Vancouverite trying to make a living as a cleaner or receptionist in one of the downtown glass towers may be forced to choose between a long commute she cannot afford or residence on one of the drug-infested streets of the Downtown Eastside. Others, unable to pay for any housing at all, find themselves homeless.

The situation in Winnipeg stands in sharp contrast to that of Toronto and Vancouver. In Winnipeg, it is possible to buy a house on a relatively pleasant residential street for $40,000 (Can) or less. The fact that housing costs are modest in a city where downtown housing is decaying yields a policy opportunity: Government incentives for the provision of decent lower-income housing do not come at a high price to the taxpayer, and they can bring the added benefit of stabilizing decaying neighbourhoods. In the process, a slowly-growing city can improve its social environment. Such a programme would be much more expensive in a rapidly-growing city with high land and housing costs.

In the past, decision-makers have shown their awareness of these realities. Over the past two decades a great deal of new housing has been developed in Winnipeg, and older housing renovated, some with the help of government grants and loans, some through private initiative, thanks to the Winnipeg Core Area Initiative, together with a welter of other federal, provincial and local programmes. As a result, new and renovated housing for people of all income levels was created throughout the inner city and home-owners renovated their properties with partially forgivable loans from the government. Co-operative housing for elderly people, immigrants and others offered a chance at home-ownership to people for whom these benefits might otherwise have been out of reach.

But these housing programmes did far more than just provide needed housing and home repairs. The presence of affordable housing for people of all income levels helps to populate the inner city and thereby makes it safer. In the process, it can play a role in making inner-city residence a live option for better-off people, bolster the stability of neighbourhoods that badly need the boost, and provide support for inner-city commerce. In the 1980s in Winnipeg, it helped to keep the inner city marginally viable and supported business while playing a positive social role. Winnipeg's inner city may be in a parlous condition, but it would be worse without the housing that was added, and renovated, in the 1980s.

Suburban taxpayers also benefit from measures designed to bolster the viability of inner-city neighbourhoods. In the past several years, residential real estate values in the inner city have declined drastically. The inevitable result is that more of the tax burden is shifted to taxpayers whose property values are not declining. In the end, it is not just the inner city, but the whole city, and indirectly the province, that will pick up the tab if an irreplacable stock of affordable housing downtown is allowed to deteriorate beyond repair.

In short, policy rationality would suggest that, though Vancouver and Toronto might have some difficulty developing affordable housing, Winnipeg can hardly afford not to. The reality, however, turns policy rationality upside-down. In the wake of cut-backs in federal government contributions to affordable housing, most provinces, Manitoba included, followed the lead of the federal government and cut their own programmes. Ironically, two of three provinces that have retained affordable housing programmes, Ontario and British Columbia (Carter 1997: 603), are also the most price-inflated housing markets in the country. In other words, most of the provinces that could afford to continue affordable housing support are not doing it. The ones that could make the strongest case for not being able to afford it are doing it. We are not criticizing Ontario and British Columbia for maintaining affordable housing programmes, but the failure to do so in jurisdictions where it would be much easier to do suggests some difficulty in thinking clearly about policy in the context of slow growth.

The failure to think rationally becomes more obvious yet when we consider where money is being spent. While Winnipeg decision-makers apparently believe they cannot afford the potential boost to tax revenues and commerce and the support for improved social conditions that might be realized with an affordable housing programme in the inner city, they do think they can afford to compete with bigger and more dynamic markets in lavish spending on professional sport. In 1995 the governments of Winnipeg and Manitoba spent some $55 million (Can) in an attempt to save the Winnipeg Jets, a major-league hockey team, that eventually moved and was renamed the Phoenix Coyotes.

A mere fraction of that expenditure would have accomplished a great deal in the provision of support and incentives for the creation and maintenance of affordable housing. However, housing did not receive funding, while the Jets venture was supported by most local business and political leaders -- vocally, not with private investment -- in the face of strong evidence that the chances of retaining the Jets over the long term in a market Winnipeg's size were slim to none. A phrase often repeated by supporters of the "save the Jets" campaign was that the Winnipeg Jets put the city "on the map".

It is difficult to know how to read such a statement. Part of what was implied was that frequent repetition of Winnipeg's name on sport broadcasts would bolster Winnipeg's economy, although it was never specified just how this would work. However, such claims are not the stuff of hard-nosed business calculations. We argue that there is something else going on here, that genuine business thinking is far more likely to see value in an investment in improved inner-city housing stock, than in a foredoomed gamble on major league sport.

What is involved is not thinking, but the irrational fears produced by a growth-driven culture in which "smaller" also means "less valuable" and "less significant". Our observations in Winnipeg suggest that the fear of appearing small and insignificant in comparison with larger centres -- we will call it the "big apple" syndrome -- induces a mood of desperation in which caution may be thrown to the winds, along with policy rationality and business acumen. Rather than to accept the fact of slow growth and take advantage of the opportunities it offers, we deceive ourselves into thinking that by pursuing policies that are being pursued by bigger cities we can make our putative smallness and insignificance go away. We return to this point below, in the section on economic development.

Infrastructure and Services

In this section, we are concerned with the building and maintenance of all the facilities that are needed to serve the city, including roads and public transit, sewerage, water, parks, education, library branches, community centres, police and fire protection. But it is useful to begin with roads.

The ideas about road systems that are being applied in North American cities, whether rapidly- or slowly-growing, have two sources that are important for our purposes: developer proposals and the traditional norms and conventions of civil engineering. The contribution of developers is that they decide on the parcels of land that they think will be suitable for profitable development and present development proposals to the city. In Winnipeg and many other cities they have good reason to expect a sympathetic hearing from local government, and, as part of the cost of development, they accept the obligation of building, or paying for, the necessary road connections.

It then becomes the obligation of the city to work out the development of the rest of the city's transportation system to accommodate recent and expected future development. For example, a burgeoning of new subdivisions at Winnipeg's southern edge in South St Vital and South St Boniface contributed to a city decision to build an expressway serving that part of the city -- Bishop Grandin Boulevard -- and occasioned the opening-up of an under-used and heavily subsidized bus line into Island Lakes, one of the new subdivisions. It also eventually stimulated the replacement of the Norwood and Main Street bridges with a new eight-lane structure. These bridges, located downtown, are part of the road system leading to the newer southern subdivisions.

While money was readily available for these extensions of the transportation infrastructure, as well as a long list of other, similar extensions in all directions from the centre of the city, funds for the maintenance of existing infrastructure dwindled. A meticulous 1998 survey of the state of Winnipeg's infrastructure found a massive disparity between the amount needed to maintain existing infrastructure and the amount actually being spent. Regional streets, for example were found to be $10.2 million a year short of the required amount. Even more drastic was the situation of residential streets, which were found to have benefitted from an average annual budgeted expenditure of $2.5 million, compared with a requirement of $30 million, a disparity of $27.5 million each year. (City of Winnipeg 1998, ch 3)

In all of these respects, Winnipeg was following the conventions of modern North American city-building: developers decide where they want to locate new development and pay for some of the services immediately required by the new subdivisions. The city ensures that they become connected into the city-wide service network, and that the city-wide network is expanded as necessary to accommodate them. It is in deciding on the character of this expansion that long-established norms of the engineering profession take over.

Most engineering designers and managers now at the peak of their profession were educated in engineering faculties where the dominant tendency was to think of road-building as a technical matter, in which road design involved the projection of traffic demands and the efficient accommodation of that traffic at a manageable cost. In that climate of thought, the suggestion that there is a social and an environmental dimension to road-building was not taken seriously and, when such suggestions came from politicians or members of the public, they were resented as "political interference" and as an assault on the engineers' professional integrity. This belief-system is still very much in evidence, especially among the decision-makers in municipal public works departments.

Many examples could be found (Leo 1977), but a recent case in point was that of the Norwood Bridge, the inner city-suburban link already referred to. When the plans for the Norwood Bridge reconstruction were being mooted, city officials presented four alternatives, including the following two: It would cost $78 million for a six-lane, divided bridge that was pictured as providing a "fair" level of safety, and "poor" traffic capacity, accommodation for transit and accommodation of traffic during construction. By contrast, an eight-lane, divided bridge that was rated "good" in all four categories would cost only $80 million. (City of Winnipeg 1992) That was an easy decision: only $2 million extra for a vastly superior bridge. Such "easy decisions" are standard items in the arsenal of public servants who have made up their minds about which course they wish their political masters and the public to pursue.

Council chose an eight-lane bridge, and it soon became obvious -- as it often does in such cases -- that the "easy choice" was not so easy after all. By 1998, the cost of the new bridge had escalated to $115 million. Given the lack of reliability that is apparent from this course of events, it might well be asked whether the officials' advice is deserving of any trust at all. Was a new bridge necessary in the first place? On the face of it, it is not obvious why Canadian bridges are routinely declared to have outlived their usefulness in decades, while European bridges are functional for centuries.

Over-building of bridges and roads exacerbates the dilemmas Winnipeg will face in future. Increased road and bridge capacity has two consequences: First, an improved route draws traffic as it becomes the route of choice for drivers who previously favoured other routes. Sooner or later, this increases pressure on City Council for further road works. For example, traffic line-ups at a bridge entrance may be replaced by line-ups of vehicles on the bridge waiting to exit onto a narrower road. Such consequences are not unanticipated by engineering staff, and resulting public demands for widening of the road leading away from the bridge may be seen by them as long-overdue recognition of necessities they understood to begin with.

A second consequence of increased bridge and road capacity is reduced travel time to the urban fringe, which leads to an increase in the economic viability of sprawl and leap-frog development. The upshot is intensified political pressure from developers for the approval of subdivisions that will be costly to serve -- pressure the councils of slowly-growing cities have frequently shown themselves unable to resist, precisely because they are predisposed to see rapid growth as a self-evident virtue. And once the new, typically low-density, auto-dependent subdivisions are built, they provide a fresh supply of citizens who have no convenient means of getting around other than the private automobile. It is a vicious cycle, in which each new attempt to solve the problem of allegedly inadequate road capacity has the ultimate effect of exacerbating it. (Downs 1992: 27-33)

The high priority accorded road projects tends to crowd out alternatives. In Winnipeg, City Council has readily agreed to one road project after another, heedless of the fact that each one exacerbates the sprawl dilemma. Meanwhile, transit facilities that could contribute to the amelioration of sprawl are postponed indefinitely. Since the mid-1970s, plans have been underway for the construction of the Southwest Transit Corridor, a rapid transit line consisting of cost-effective diesel buses running on a concrete strip dedicated exclusively to transit.

This line is considered viable because it would connect two population concentrations, downtown and the University of Manitoba. It could ameliorate traffic congestion along Pembina Highway -- the artery connecting the University of Manitoba with the inner city -- and encourage cost-effective, compact development along the route, in contrast to road and bridge projects' encouragement of sprawl. Estimated total cost for the entire facility would be $70 million (City of Winnipeg 1997) -- less than the lower-cost alternative for the Norwood Bridge, which was deemed inadequate. However, the estimated cost is a moot point, because postponement of the project has been a routine feature of City Council's annual budget deliberations for at least two decades.

Councils of slowly-growing cities need to reconsider their indiscriminate compliance with road proposals, to the neglect of alternatives. Politicians need not accept the norms of traditionally-minded engineering designers and managers as the major determinant for the extension of transportation infrastructure. As well, instead of, in effect, delegating to developers the right to decide where the city will expand, cities could exercise their authority to determine the location, development mix, and densities of new subdivisions.

In theory, that power is being exercised now by city councils through their planning departments, but in practice the main influence over those decisions rests with developers. Alternative models are available, both for the planning of roads and transit, and for more compact forms of development. Ironically, they are beginning to be applied in rapidly-growing cities, (City of Calgary nd, Oregon Department of Transportation 1995, 1000 Friends of Oregon 1997) while many such slowly - growing centres as Winnipeg continue to ape what they imagine to be the winning ways of rapid growth.

To stick with the main example, Winnipeg could have developed very differently. It seems very likely that the Norwood Bridge project could reasonably have been much more modest than it was, if it was necessary at all. With a less auto-dependent, more compact form of development, the suburban road system could have been less extensive, and the transit system less of a drain on the treasury. In their development of roads, as well as the full range of other municipal services, governments are allowing their cities to expand rapidly, at ever lower densities, primarily in response to developers' calculations about where the profit picture looks favourable for them, without serious consideration of how all of these developments will be tied together with infrastructure and serviced.

Low-density development marked by separation of residential, commercial and industrial uses inflates the costs, not only of roads, but of sewerage, water and transit; it inflates the cost of maintaining police and fire response times and produces often costly complications in providing library branches and community centres within acceptable travel times of each neighbourhood. It comes as no surprise, therefore, that Winnipeg's residential property taxes have reached tax-revolt levels, while downtown infrastructure deteriorates. Indeed, the problem is now largely out of the hands of City Council. For some time, residents of the metropolitan area have been voting with their feet, and accepting the property tax reductions they can achieve by moving beyond the boundaries of the city. Businesses are beginning to follow. With exurban migration underway, City Council has lost much of the control it once might have exercised over new development. Developers now have alternatives: if the city is not sufficiently generous in dealing with residential subdivision proposals or commercial developments, it is becoming increasingly easy for them to find a parcel of land for a similar development in an adjacent municipality.

Recent studies suggest that these patterns of development are, in the long run, unsustainable, or at least dangerously cost-ineffective, in any urban area. (Blais 1995, CUPR Report 1996, Greater Toronto Area Task Force 1996) Even the wealthiest and fastest-growing metropolitan areas have experienced inner city deterioration in the face of uncontrolled suburban and exurban development. The South Bronx turned, first into an urban jungle and then into something resembling a post-war saturation bombing victim, as Queens and Long Island expanded. Most of downtown Detroit became an unoccupied wasteland ringed by older neighbourhoods and prosperous suburbs.

Such decay is a complex phenomenon, and some of its causes can be sought in such disparate phenomena as family break-down, crime, welfare dependency, inadequate education and de-industrialization. However, there is no doubt that untrammeled suburban expansion, and the flight of the middle class from the inner city, is a major cause. In the long run, therefore, the typical North

American metropolitan development pattern seems likely to be sustainable only at the expense of inner city deterioration, usually followed by deterioration of the first ring of suburbs.

That is bad enough, but the problem is even more acute for slowly-growing cities. A rapidly-growing city can mask the costliness of sprawl development, at least for awhile: A leap-frog subdivision approval may not incur an immediate financial penalty if growth potential is strong enough to assure, within the forseeable future, that infill development will help to pay for the needed infrastructure. Downtown decay may not occasion immediate alarm when there are proposals for commercial developments to replace decaying downtown residential districts, though it is unlikely that, in the longer run, simply filling empty spaces with office towers will suffice as a strategy for the prevention of decay.

Whatever the situation in a rapidly-growing centre, the piper demands immediate payment when the council of a slowly-growing city calls the low-density tune. Here there are no heavy pressures for new development, and assurances of growing tax revenues, to cover up mistakes. Politicians in such cities as Winnipeg, and provinces such as Manitoba -- in Des Moines and Omaha, Iowa and Nebraska -- need to understand that their mistakes will catch up with them, possibly within their time in office.

For them, it is important, not only as a substantive matter, but also from the viewpoint of *realpolitik,* to be conservative in their approvals of subdivisions and new roads, to support infill development and more compact forms of development, to seek out viable alternatives to private automobile trips, and to instruct their officials accordingly. This is not likely to happen as long as private- and public-sector leaders in slowly-growing cities base their policy-making on wishes for rapid growth instead of the reality of slow growth. It is another example of policy opportunities missed as a result of refusal to base policy calculations on a clear-headed understanding of the problems and opportunities that come with slow growth.

In the introduction, we noted that Downs (1994) advocates transportation and planning measures designed to achieve more compact urban development, measures such as the ones we are advocating in this section. We also noted that he treats slow growth as a obstacle to the achievement of higher average development densities, because densification measures will not produce quick results where, as he puts it, "growth pressures are weak..." (Downs 1994, 152) In making that argument, he undoubtedly leaves some readers with the impression that it may not pay to densify in such cities as Winnipeg. If he had addressed costs instead of benefits, he would have been forced to conclude that densification is likely to be much more urgent in slowly-growing cities than it is in rapidly-growing ones.

Economic Development

In Winnipeg, as in many other slowly-growing centres, the determination to grow rapidly at all costs induces a mood of vacillation between defensive self-assertion and dyspeptic self-castigation. Local boosterism reflects this mood, and conveys the suggestion that Winnipeg lacks some kind of legitimacy. An undercurrent of desperation is palpable, both in advertising campaigns on such themes as "Winnipeg: 100 reasons to love it" or "love me, love my Winnipeg" and in the declaration that it was the Jets that kept Winnipeg "on the map". What comes through most clearly are two contradictory messages, often asserted simultaneously: 1) since Winnipeg is not Toronto, or

Vancouver, there must be something wrong with it and 2) there is absolutely nothing the matter with Winnipeg.

Economic development efforts in slowly-growing cities often reflect that same mood of ambivalence with a hint of desperation. Predictions of economic changes tend to take the form either of pessimistic warnings of a clouded future or of declarations that "the big break" is just around the corner: If the Jets go, $50 million a year will be lost to the economy; if the Canadian Wheat Board is abolished or relocated, 5000 jobs will be lost; Winnipeg is about to become a major North American transportation hub, thousands of jobs will be created and millions added to the economy. These recent examples of speculations trumpeted in the local media are just samples of what amounts to a steady stream of journalistic manic-depression. Economic development efforts are undertaken in a mood akin to that of an addicted gambler, simultaneously desperate and hopeful.

Often, the primary focus of economic development efforts is the attempt to attract new businesses or to lure businesses to relocate. Such a strategy is more likely to yield fruit in a rapidly-growing centre. If a city such as Toronto, Boston, San Francisco or Vancouver can offer an attractive environment, good facilities, a favourable tax regime and predictable regulations, large companies will consider locating major facilities there, because they will find the things they need there: the best talent in corporate law, accounting, engineering and financial services, the most reputable universities, and so forth.

Slowly-growing centres are usually not in a position to match such attractions. To be sure, Winnipeg has much to recommend it: a superior park system, a good education system, an exceptionally lively cultural scene, good recreational facilities in the wider region, reasonable commuting times, affordable housing, glorious summer weather, and a transit system that -- despite excessive low-density development -- still runs efficiently and economically. However, for most firms, these advantages do not add up to a unique set of attractions.

When it competes for major firms, Winnipeg generally finds itself having to offer free land, interest-free loans and a variety of other incentives -- incentives that will reduce the net economic benefit gained. Nor are there very good reasons, especially in the economy of the 21st Century, for them to spend more than modest amounts to attract large companies. The idea that a city has to build its economy on branch operations of major corporations is passé. Today, small firms can and do prosper, while subsidies to attract large firms discourage the growth of smaller companies by driving up property taxes.

We can see more clearly why this is the case if we consider some findings in the micro-economics literature. Large firms, capable of operating on a national or global scale, have some competitive advantages, while small, locally-based enterprises have others. The balance of those advantages has varied over time. (Brown, 1992, ch 11) Some sixty years ago Ronald Coase (1937) argued that the activities a firm engages in can be co-ordinated either internally, through the firm's own organization, or externally, through market mechanisms. Which is better depends on the costs involved.

When a firm's activities are co-ordinated through the market, transaction costs will be incurred. These are the costs of making contracts (or informal arrangements) with other firms. Contracts must specify responsibility and action under forseeable circumstances, provide for enforcement, and still cannot eliminate the risks of having one's partner fail to fulfill the contract or having your own company forced into an unexpectedly costly fulfillment. (Williamson 1975)

Co-ordinating all aspects of production within a single firm, however, produces administrative costs. Management becomes more complex and the decision-makers become isolated from the operations of individual units, thereby producing higher management costs, delayed decision-making and increased errors. Often, individual units of a large organization are assigned costs to cover upper management, sales force, research and development, and advertising that is disproportionate to what they gain from those activities.

In the three decades following WorldWar II, many firms found administrative costs more manageable than transaction costs, and firms grew increasingly larger and more diverse. Managerial literature, as well as practice, made much of the synergies that could come from having complementary products, providing different goods to service the same markets, or having a common financial base. The development of new corporate structures and financial controls encouraged managers to believe, partially correctly, that they could control a highly diverse firm without having a great deal of experience in each of the component parts. Their shareholders for the most part were happy to have a firm that was diverse enough to provide a portfolio effect, with gains in one part of the organization balancing losses in another, in such a way as to reduce overall risk. (Chandler 1997, Lewellen 1971, Mayd and Myers 1987, Stultz 1990, Weston 1970, Williamson 1986, Vernon 1977)

However, a series of interrelated events in the world economy, that began to make themselves felt in the 1970s, have reduced transaction costs and increased the advantages of networks of co-ordination among smaller firms. Among these events are changes in markets and technology that tend to favour small-batch production of relatively customized products rather than long runs of standardized goods. Other changes are vastly-improved, low-cost systems of communication that operate on a global scale, and global-scale market competition that has greatly increased in both intensity and scope. (Piore and Sabel 1984, Hirst and Zeitlin 1989, Storper and Walker 1989, Scott 1990)

These developments have made it easier for firms located anywhere to target markets at home or anywhere else, secure support services nearby or at a distance, and compete effectively with often unwieldy, large-scale organizations. In the financial world, this transformation has been complemented by the growth of mutual funds, which provided the portfolio effects that had previously been an advantage of diversified firms. Fund managers, in time, became increasingly convinced that more focussed firms produced greater returns. Morever, they found it difficult to assess the financial performance of highly diverse firms, and tended to steer away from purchasing their shares. (Jensen 1986; Denis, Denis and Sarin 1997; Berger and Ofek 1995; Lamont 1997; Stein 1997; Langlois and Robertson 1995,46-67.)

In short, many small, flexible enterprises have in recent years been prospering, while the fortunes of a good many large, centralized firms have been on the decline. One result has been a great deal of frantic down-sizing of large, diverse firms, through "spin-offs" -- in which a division is transformed into a separate company -- or by selling or closing down branches that are no longer an asset to the main organization. For example, in 1993 some $17.5 billion (US) worth of spin-offs occurred in Britain and the United States; by 1996 it was over $100 billion (The Economist, 1997: 59). The impact of down-sizing has been felt in many communities in the form of branch plant closings or moves, with the accompanying loss of jobs.

However, the fact that a company is divesting itself of a branch is not necessarily a signal that the branch is not viable, even if it is being closed down. It may be an "innocent" victim of the the parent company's response to the fact that a large, diverse company is no longer as competitive as it once was. When the parent firm formulates a new, narrower business strategy, a particular local branch may simply not fit the strategy. It may be closed down, instead of being sold, because the parent firm lacks the time or opportunity to find a buyer, or -- in a case where one or more branches manufacture the same product -- because the parent wishes to limit the number of competitors it will face in future. Such branch plants can often be saved if local resources are mobilized.

For slowly-growing cities, there are lessons here. Much of the literature on globalization and the expansion of world markets has stressed the disadvantages these changes bring, especially to communities that are neither corporate headquarters nor centres of high technology. (Noyelle and Stanback 1983, Smith and Feagin 1987) These assertions are true. Rapidly expanding world markets, and the relative decline of assembly-line manufacture, has devastated some communities and placed all under intense pressure. Large numbers of good blue-collar jobs have been lost; intense competition among communities for branch plants, offices and entertainment facilities has made life all too easy for businesses looking for subidies from the public purse; the Hobson's choice between low-wage jobs and welfare has reduced many families to penury, and unemployment has left others homeless.

But few things are all bad, and global markets offer new opportunities, even to slowly-growing communities. In many areas of endeavour, locational advantages are not what they once were. As we have seen, modern communications make it easier than it has ever been before to find something that can be done well locally and market it globally. In Winnipeg, the University of Manitoba, Health Sciences Centre, the Institute for Biodiagnostics and a newly-constructed federal virology lab represent concentrations of research expertise in certain areas of medical science which, in turn, have a capacity to attract companies that will create jobs, including good ones. Hog production and processing, while raising serious issues of both environmental and labour standards, offers opportunities for the creation of jobs. A 24-hour airport, if shrewdly-managed, may form the nexus for the creation of transportation industry jobs, and possibly manufacturing jobs, at modestly decent wage levels.

These and other advantages can be enhanced by local, regional or national government policies that make credit available to prospective entrepreneurs; that offer assistance to employees who want to take over local branch plants that are being shut down and run them as independent businesses; and that provide assistance and advice to co-operative ventures and local entrepreneurs. There is no need to limit these efforts to the political sphere. Leaders in the business community should be encouraged, or pressured, to contribute some of their skills and resources. From their perspective, it can be cheap advertising if they get some good publicity for it.

The scramble for growth has made local leaders in Winnipeg extraordinarily vulnerable to the appeals of entrepreneurs, would-be or actual, who promise economic growth in return for sometimes sizeable investments of public money. However, the reality is that a slowly-growing city is not likely to speed up its rate of growth. While it may well be possible to attract the occasional large-scale enterprise in areas of community strength, an attempt to force more rapid growth is not normally a sensible economic development strategy, especially in a period of history in which smaller businesses are prospering and location is less of a barrier to entrepreneurship than ever before.

Immigration

Immigration is always a sensitive political issue in Canada, and it has been especially so in recent years, as immigration legislation has undergone a series of hotly-contested revisions. Throughout these changes, the government has been under pressure to limit immigration, on the basis of fears that immigrants will place undue burdens on the social safety net and that they will take jobs from Canadians. The evidence that such fears are justified is less than compelling. Indeed, much of the evidence seems to suggest, on the contrary, that immigration produces more benefits than costs.(Beach and Green 1989, Loveless et al 1996, Reischauer 1993, but see also Rao and Kapsalis 1982.) That said, it is also true that immigration is a complex issue, and it is not our intention to attempt a contribution to the extensive literature on this subject. Our point focusses on the observation that much of the controversy surrounding immigration is centred in major metropolitan areas, notably Toronto and Vancouver. In Toronto, much is made of fears that the city will become a magnet for large numbers of immigrants with limited skills many of whom, it is feared, will end up a burden on the state, and perhaps become involved in criminal activity. In Vancouver, there is controversy over allegations that Asian immigrants are driving up the cost of housing.

If such arguments have any substance at all, they are not relevant for a city such as Winnipeg, which is not in danger of becoming a magnet for large numbers of any population. By the same token, the city is an ideal location for people -- especially those with limited resources -- who are looking for a stable community and a chance to make a future for themselves and their families: a large stock of affordable housing; some decent schooling at all levels, even in the poorer neighbourhoods; and -- for people from any of dozens of countries in Latin America, the Caribbean, Africa, Southern and Eastern Europe, and Asia -- a supportive community environment.

Evidence suggests that even in major metropolitan centres, local authorities need not fear that immigration will produce adverse consequences. Loveless et al (1996, ch 5) provide a careful calculation of the hard-to-measure impacts of immigration on municipal revenues and expenditures in the City of Miami and conclude that, over an eight-year period, each imnmigrant incurs net costs of $25 a year. The authors declare this an insignificant finding, considering the relatively small amounts of money involved, as well as the difficulties of estimating impacts accurately.

As insignificant as that cost is, the finding needs to be qualified, and the qualifications tend to strengthen the case for immigration in a slowly-growing centre. The study wisely made no attempt to undertake the probably impossible task of calculating the effect on the economy as a whole of the influx of a new population: the jobs that are created, the houses that are renovated, the decaying neighbourhoods that could become enlivened with commerce and street life imported from another country. In rapidly-growing Miami, where housing is already priced beyond the reach of many, and the existing street life presents a formidable challenge to police and social agencies, a fresh influx of immigrants may be seen primarily as a problem, and an expense.

But, in a slowly-growing centre, with a large stock of affordable housing going begging, it is possible to see immigration in a very different light. In Winnipeg, immigrants could occupy houses that will otherwise decay, pay taxes, create jobs, and help to reinvigorate the inner city. Undoubtedly they would also bring social problems with them and find conflicts waiting for them. Any responsible immigration policy needs to prepare for such problems, and have counter-measures in place. (Loveless et al 1996) But it seems more than probable that the long-term benefits of encouraging such an influx would greatly outweigh the costs, especially in a slowly-growing city.

To a limited extent, this has been recognized, although the case for recognizing it is based on provincial economic considerations, rather than concerns with urban development. In 1996, the Canadian federal government permitted Manitoba to nominate a limited number of immigrants in order to increase the numbers of workers available for employment in the garment industry. For its part, Manitoba is promoting itself as a destination for immigrants, and has set the goal of increasing their numbers from about 3,500 in 1995 to 8000 eventually. (Barkman 1997)

A web site expounds Manitoba's advantages (http://www.gov.mb.ca/chc/immsettl) -- and offers practical advice -- but puts a great deal of emphasis on such things as recreation and leisure, with special attention to rural Manitoba. Affordable housing gets the barest of mentions. In short, the attraction of immigrants to help build Winnipeg's economy, and rebuild the inner city, does not appear to have been considered in the design of the policy. If all concerned can be persuaded of the importance of making policy in slowly-growing cities that suit their particular circumstances, it would seem that consultation with the city, and the city's involvement in developing provincial immigration policy, could produce some important benefits.

It might be objected that regionally-differentiated immigration policies are not a realistic option because immigrants will move wherever they wish once they have the right to work and live in their new country. The answer to such an objection would vary with specific circumstances. If, as in the case of the garment workers who were imported to Winnipeg, emigrants move in response to a specific economic opportunity, they are likely to stay, at least for awhile, where that opportunity is and, once they have been gainfully employed for awhile, the issue of where they are living loses its salience.

Another possible response to the objection grows out of the fact that immigrants to Canada have to pay a $975 processing fee to apply for citizenship. Jurisdictions wishing to encourage more immigration might offer selected prospective immigrants a loan to cover the fee, and make the loan forgivable after a specified number of years of residence in the jurisdiction. Other forms of assistance could be made available on similar terms.

Whatever the details of the response, the critical thing for decision-makers in slowly-growing centres to recognize is that immigration is likely to have different impacts upon their community than it has on rapidly-growing cities. Having adopted a realistic self-image, they are in a position to take advantage of the strengths that slow growth confers while addressing the problems that come with those advantages in a constructive way.

Conclusion

In the introduction we noted that a variety of writers, representing very different perspectives, were unanimous in stressing the centrality of the growth impulse to the development of North American cities. Why? Peterson (1981) argues that it is quite simply in the interest of the city as a whole because it allows the wealth of the city to grow. That is true a very general sense, but it leaves out a lot of important details.

A more detailed understanding of the dynamic is available from such commentators as Stone (1987, 1989, 1993) and Logan and Molotch (1987). They describe the quest for wealth and growth in terms of joint action and inter-group conflict involving such groups as landowners, developers and corporate interests. An understanding of the tenacity with which wealth is pursued and the fierceness of the struggles that ensue makes it easy to see why slow growth is not greeted with great enthusiasm, especially on a continent that, even today, still has a great deal of space for expansion.

It is less easy to understand how the struggle for growth transformed itself from a hard-nosed pursuit of wealth to an obsession. One might expect that the same hard-headed and practical spirit that allows some people to be successful in the competition for the fruits of urban development would also allow them to make a realistic assessment of what is possible and what is not. Yet in these pages we have documented instances in which it seems clear that ordinary common sense is abandoned in the pursuit of pipe dreams.

One does not have to be a entrepreneurial genius to puzzle out the consequences of stringing infrastructure to the horizon at low densities, to see that different cost structures for housing yield different policy opportunities, or to make the calculation that a massive public investment in the retention of major league sport in a marginal market is a risky proposition in comparison with alternatives that might offer more practical avenues to the development of the community and the production of profit for the individuals who do business there. The attraction of rapid-growth policies, however, seems to be strong enough to block such ordinary ideas from entering the minds of many otherwise prudent people.

It is likely that the problem affects a large number of cities. Table 2, which sets out some examples of cities that might be subject to an analysis such as the one we have presented in these pages, only has eight entries, but, as we noted in the text, that number greatly underestimates the potential scope of the analysis, partly because our data sources dictated the entirely arbitrary exclusion of all but one city of less than 750,000 population and partly because similar considerations probably apply to many cities with declining populations. If our analysis is accepted, the next step must be further studies to determine how widely the analysis applies and how it varies from city to city.

At a minimum, our analysis suggests strongly that the desire to be in the "major leagues" or, failing that, at least to act as if we are, puts serious obstacles in the way of rational policy-making. Few communities will drastically alter their growth rate, no matter how much money they spend on infrastructure or economic development. Policies pitched to a community’s actual circumstances will serve it better.

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