Abstract

Vancouver is increasingly being recognized as a model of urban development in the 21st century. While much of the attention paid to Vancouver has focused on ‘Vancouverism’ as an urban planning and design approach that encourages high-density, amenity-rich, mixed-use development to reenergize urban cores, this dissertation examines the exceptional economic development trajectory underlying Metro Vancouver’s urban transformation since the early 1980s. The central claim in this research is that changes to the built form of the city over the past three decades represent a fundamental shift in the orientation of the local economy away from export-oriented resource activity and business services towards local consumption in real estate and tourism which is driven by inward international investment and immigration. The single most important outcome of this largely unplanned shift in urban economic development has been the unprecedented increases in local housing prices. Instead of a healthy ‘diversified’ economy, this reorientation of Vancouver as a consumption city has created a dysfunctional ‘hybrid’ economy characterized by significant job losses in key local economic sectors, below average levels of productivity and exports, and relatively low incomes. Through a set of comparative sectoral case studies exploring food and beverage services, legal services and digital media services, this dissertation seeks to understand what impact the rise of Vancouver as a consumption city has had on local workers and firms. This research complicates a variety of conceptual frameworks used by human geographers such as precarious employment, global and creative cities, firm competitiveness, and entrepreneurial governance. Above all, the many paradoxes of Vancouver’s contemporary economic development trajectory are exposed in the words of local workers, firms, commentators and industry experts: Vancouver is simultaneously the most livable and unaffordable city in the world; Vancouver is a leading creative city in which creative firms and workers alike struggle under conditions of precariousness; Vancouver is mythologized as a healthy, sustainable, lifestyle city while these very qualities often must be sacrificed by working Vancouver residents. Tracing the underlying story and challenges of Vancouver’s emergence as a global consumption city provides important insights into 21st century urban development.
Preface

The research in this dissertation involved interviews with human subjects. Ethics approval was obtained from the UBC Behavioural Research Ethics Board, Certificate Number H11-00036. All images in this dissertation have been used with the permission of the copyright holders or in accordance with the terms of use provisions for public organizations.
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Dedication

To Asha, Naiya, and Jacob
Chapter 1: Introduction

By becoming the first urban region in the world to combine economic vitality with the highest standards of livability and environmental quality, Greater Vancouver can represent in history what Athens is to democracy or Vienna is to music (Greater Vancouver Regional District (GVRD), 1993, 5).

Vancouver is undoubtedly a beautiful place to live. The oceans, the mountains, the beaches, the fresh air, the seawall, the outdoor activities; all of these features, along with a rich assortment of social and cultural institutions, have catapulted Vancouver to the top of the world’s most liveable city rankings (Reuters, 2011). The Vancouver city-region has, thus, seen impressive population increases over the past quarter-century (Statistics Canada, 2008). As can be evinced from the above regional planning statement, there is a Vancouver triumphalism that sees the city as a new model for urbanism in the 21st century. Indeed a robust literature has emerged identifying the unique qualities of the contemporary Vancouver experience as well as the dramatic transformations in local culture, economic orientation and built-form (Ley, 1987; Wynn and Oke, 1992; Hutton, 1998; Punter, 2003; Berelowitz, 2005; Harcourt and Cameron, 2007; Barnes and Hutton, 2009). This dissertation explores the linkages between the economic and livability dimensions of Vancouver’s urban re-development and re-imagining since the 1980s while portraying the tensions between these different features of urbanism.

In terms of ‘livability and environmental quality’, Vancouver has indeed set a global standard which other cities are increasingly attempting to replicate (Brunet-Jailly, 2008). Yet this notion of a city that has attained a balance between economic vitality, livability and sustainability remains an unrealized, and possibly unattainable, goal. While Vancouver has a dynamic and diversified economy characterized by high degrees of entrepreneurialism, the performance of the city-regional economy can best be described as middling. Vancouver’s economy is dominated by small-and-medium sized firms which have trouble investing in R&D
and innovation (Barnes et al., 2011). In contrast with other putatively global cities which are the command-and-control centers of a global economy, Metro Vancouver has seen a 29% decline in head office employment over the past decade (Whiteley, 2006). Finally, incomes in Vancouver rank 31st out of 34 cities in North America, placing Vancouver behind economic laggards Detroit and Buffalo (VEDC, 2012; Istrate et al., 2011).

Despite Vancouver’s underwhelming economic performance, one sector of the local economy has experienced truly unprecedented growth: residential real estate. In the mid-2000s, urban land economist Joseph Gyourko and his colleagues developed a list of what they termed ‘superstar cities’. These were cities that had seen far-above average growth in real estate prices between the 1940s and 2000s. Drawing an example from the United States, Gyourko et al. (2006) compared the real estate values of Cincinnati, OH and San Francisco, CA. At the start point in the 1940s, Cincinnati actually had higher property values with average house prices of $65,000 compared to $60,162 in San Francisco. Though the populations of the two cities remained roughly the same over the next 60 years, Cincinnati house prices little more than doubled in value to $145,000 while average house prices in San Francisco rose by a multiple of nine to $555,000. How could these divergent real estate situations be explained? According to Gyourko, ‘superstar cities’ have a limited supply of land and attract higher-skilled and higher-productivity workers. These are critical components of what urban commentator Bill Bishop has described as ‘the big sort’ of mobile and skilled individuals self-segregating in certain urban locations. But what fundamentally sets these ‘superstar cities’ such as San Francisco, Boston, Seattle, Washington, San Jose, Portland, Austin and Raleigh-Durham apart from other cities is that people willingly chose to pay a premium to live in these cities “because they wanted to live there, not because they expected an economic return” (Bishop, 2008, 96).
Vancouver is, without a doubt, Canada’s exemplary ‘superstar city’. Between 1976 and 2011, the average price of a home in Metro Vancouver has risen from approximately $55,000 to above $700,000 (Pastrick, 2013; Figure 1), a rate of change which far exceeds the increases seen in U.S. cases such as San Francisco. There is, however, one notable difference between Vancouver and most of the ‘superstar cities’ identified by Gyourko et al. in the United States. It might very well be true that people are moving to ‘superstar cities’ because they are great places to live, but those cities also happen to be some of the most dominant business hubs in the world which are home to some of the most profitable and innovative firms in the world. When the top-tiered large American cities are plotted by income, it corresponds very closely to the ‘superstar cities’ index with San Francisco-Oakland, Seattle, Boston, and New York placing highly (Gyourko et al., 2006; Istrate et al., 2011). Very much in line with Gyourko’s findings, this suggests that the local labour market is an enabling factor in attracting highly-skilled people who ultimately command the high-incomes which allow them to outbid others for scarce real estate.

Yet this logic simply does not apply to Vancouver. Perhaps the best reflection of the city’s truly exceptional economic development trajectory is that in an international comparison of housing price-income ratios, Vancouver was ranked second least affordable with real estate prices 10.6 times higher than median incomes (Cox and Pavletich, 2012; Figure 2). Using slightly different measures, Pastrick (2013) shows that price-income ratios in Vancouver have more than doubled from 2.5 in 1980 to nearly 6 in 2011. While other ‘superstar cities’ such as San Francisco and London are rated ‘severely unaffordable’ and have higher absolute housing costs compared to Vancouver, those prices are partially offset by the higher incomes that can be earned there. In short, Vancouver has managed to combine San Francisco’s housing market with Phoenix’s labour market, a volatile mix that is placing immense strain on workers and firms.
Figure 1: Vancouver as ‘Superstar City’

![Metro Vancouver Residential Sale Price Graph](image1)

Source: Pastrick (2013)

Figure 2: Vancouver as ‘Unlivable City’

![Unlivable Cities Graph](image2)

Source: Cox and Pavletich (2012, 11)
How can this discrepancy between incomes and housing costs be explained? In most major cities, rising house values are attributed to rising incomes amongst skilled workers and the presence of highly-competitive firms. Vancouver is different because of the degree to which external, and often international, capital has pooled in the local housing market over the past quarter-century. While obtaining data on the exact origins of purchasers in the housing market is notoriously difficult (Mitham, 2012), a wealth of research now exists to document the internationalization of the Vancouver housing market (Moos and Skaburskis, 2010) as well as the economic, cultural and regulatory foundations which have enabled ‘Millionaire Migrants’ to settle in the city (Ley, 2010; see also Olds, 2001; Ley and Tutchener, 2001; Mitchell, 2004).

Clearly, there are forces beyond the demands of local buyers which are pushing house prices to stratospheric highs in Vancouver, yet it would be a mistake to write-off Vancouver’s experience as an exception to the logics of urbanism in the 21st century. Instead, Vancouver ought to be seen as a pioneer of a different brand of urbanism which has more recently become an international trend-setter in urban planning, design and architecture (Boddy, 2004). As other cities increasingly attempt to remake themselves in Vancouver’s image, an in-depth examination of the city-region’s internal economic development logic is all the more important and relevant.

This dissertation is about the Vancouver economy and its recasting of one of the longest-standing tensions in urban development. The history of urbanism can be read as the slow and steady shift from self-sustaining places in which production and consumption were locally-bounded to increasingly specialized and differentiated cities defined by trade relationships. Yet despite the specialization and differentiation that characterizes urban change over time, one thing remains constant: cities must be places where people consume and produce.
What makes Vancouver so distinctive is that it was one of the first cities in North America to fundamentally rethink the place of urban living and lifestyle. Against other cities where downtown cores were either being abandoned altogether or colonized by office towers, key thinkers and an engaged public in the late 1960s and 70s envisioned Vancouver as a creative, vital, great place to live (Ley, 1987; Harcourt and Cameron, 2007). This strategic vision placed leisure, lifestyle and consumption, rather than a certain core industry or occupational segment, at the heart of Vancouver’s urban economic identity. Today, urban commentators celebrate Vancouver as one of the world’s most liveable cities while talking about ‘The Vancouver Achievement’ (Punter, 2003), and Vancouverism (Berelowitz, 2005; Saunders, 2013).

This dissertation seeks to undermine the exceedingly surface-level and inconsistent claims of success in Vancouver. Whereas the Vancouver ‘achievement’ of dense, residential-oriented urban development has been defined by urban planning decisions, amenity-bonuses and the cultural popularity of condo-living, what will be termed the ‘YVR Story’ seeks to explain the underlying foundations of Vancouverism and the challenges that emerge in a city where the housing market is out in front of the ‘real’ economy. YVR is the location code of Vancouver International Airport and the choice of this term signifies the importance of immigration, international investment, travel tourism and consumption to Vancouver’s urban development. The fundamental truth is that the popularity of Vancouver-style livability now impinges upon job creation, income growth, firm investment and indeed the healthy lifestyle which Vancouverites are trying to attain. Ironically, Vancouver is becoming a less liveable place precisely because of the success of Vancouverism as both a lifestyle and an investment vehicle. This dissertation, then, is about the worthy, but ultimately failed, attempt to balance production and consumption pursuits in a dynamic, post-industrial economy.
Study Overview

This study begins with an overview of the theoretical frameworks and literature which inform this research. Grounded in geographical political economy, and drawing on insights from urban studies and labour studies, this dissertation explores a variety of dynamics related to the main theme of urban development in a hyper-competitive global economy. The literature review in Chapter 2 summarizes and synthesizes some of the major debates regarding knowledge and creative urbanism in the post-industrial city while detailing some of the key research that has been carried out with respect to precarious employment and flexible labour markets. What is most important to note is that this research on Vancouver will constantly be stressing the limits of current urban and labour market models especially those having to do with the global city and precarious employment. Though these more generic themes remain important models for understanding 21st century urban economic development, the crucial step is to examine how the contingencies of the Vancouver context impact employment relations and global city-building.

The final section of Chapter 2 outlines the methodological orientation of this research and describes the data generation process. This study employs a mixed-methods approach to understanding labour market and urban restructuring in Vancouver since the 1980s. The quantitative and qualitative approaches are meant to be complementary in that they each respond to one of the major shortcomings in the literature. The quantitative component provides a comparative geographical perspective on labour market activity, growth dynamics and demographics while the qualitative component seeks to compare how flexibility and precariousness are established and experienced in different key sectors of the Vancouver economy. This methodological approach has been designed to address the theoretical gaps that currently exist.
Chapter 3 presents the findings of the quantitative analysis and sets the foundation for the qualitative research that follows. Through a comparison of economic and demographic trends in Montreal, Toronto and Vancouver, it becomes clear that while the basic employment structures of these post-industrial cities are remarkably similar, they experience very different profiles of economic growth, precarious employment, demographic patterns and socio-spatial polarization. In other words, even though post-industrial cities have many of the same basic features, they are still differentiated in ways which fundamentally require individual attention. The quantitative analysis is used to select the key sectors of the local economy that are ultimately studied in more depth in the later chapters: food services, software and gaming, and legal.

In Chapter 4, the foundations of Vancouver’s consumption-oriented economic development approach are examined in greater depth. How have production and consumption been understood in different urban studies paradigms and what does it really mean for a place to become a consumption-oriented global city? These questions will get at the distinctive planning and policy strategies that have helped to transform Vancouver from a production-oriented city which was the command-and-control center of a provincial resource economy, to a city which is more internationally oriented to attracting inward investments in residential development and tourism of varying sorts. In this context, what is now celebrated as the ‘Vancouver Achievement’ or ‘Vancouverism’ is less about urban design, urban planning and urban architecture, and more about moving the local economy in a fundamentally different direction. It is this re-orientation of the local economy – which in important ways has been unplanned – that the YVR story attempts to capture since the tensions between work-life and urban consumption activity emerge as the key contradiction in Vancouver’s economy.
The three main empirical chapters which follow are structured around the classic political economy themes of capital, labour and state as they play out in a ‘hybrid’ Vancouver economy. However, the material is presented in a slightly different order than might be expected. Critical scholarship in economics and labour studies has traditionally viewed capital as the prime mover which sets the employment conditions out of which class struggle and state mediation arise. Yet this trope seems particularly out of place in a city which is much better at attracting people than major corporations and where the state has taken a decidedly hands-off approach to economic development. The Vancouver economy is defined by distinctive labour supply conditions which local firms cope with, exploit and suffer from in important ways. Thus, it is individuals at the nexus of the labour and housing markets which are argued to be the key actors in Vancouver.

In this way, this research resonates with the work of one of the best-known and most controversial figures in economic geography and urban studies. Over the past decade, Richard Florida and his colleagues have developed a set of ideas about urban economic development which have become immensely popular amongst policy-makers, real estate developers, corporate strategists and economic development officers. Florida (2002) promotes and celebrates cities which make efforts to attract the highly-skilled and diverse populations which he believes create successful city-regional economies. Yet in his own work Florida intimates, and at times readily acknowledges, the contradictions in this approach to urban development. Creative cities are the most unequal (Florida, 2003). Successful creative cities often see dramatic rises in real estate costs which, in turn, drive out innovation and diverse populations – the very factors which apparently catalyze economic growth (Florida, 2008). With Vancouver rated as Canada’s second most creative city in Florida’s (2012a) most recent rankings, this research closely and critically examines Florida’s claims about urban economic development in the 21st century.
Chapter 5 explores the work conditions and employment relations undergirding post-industrial urbanism by presenting evidence gathered from a detailed cross-sectoral case study. Comparing the labour market experiences of Vancouver lawyers (knowledge-workers), video game developers (creative-workers) and food and beverage servers (service-workers), this chapter examines the labour market circumstances facing different kinds of workers in a service economy. Flexible and precarious employment emerges in each of the occupational segments but these are demonstrated to have different expressions and consequences. In this respect, job quality and dissatisfaction materialize as significant issues across occupational segments but knowledge and creative workers are better protected from labour market insecurities because of their financial status, social networks and skills. Despite these differences in employment experiences, this research demonstrates that knowledge, creative and service workers found it difficult to achieve a balanced and healthy ‘Vancouver lifestyle’ while suffering from issues of housing unaffordability. These two major findings regarding the occupational differences in employment experiences and the urban similarities of lifestyle experiences lead to the conclusion that research on precarious employment and creative class theory must be better attuned to the occupational and geographical profiles of work in post-industrial cities.

In Chapter 6, the attention moves from different kinds of workers in a knowledge economy to the challenges facing firms in an era of hyper-competitive global capitalism. This chapter focuses on the restructuring of the video game and legal industries respectively both at a macro scale and in the Vancouver context. In each case, and for reasons having to do with the adoption of new technologies and the opening of new markets, increasing competition is having significant impacts on the shape of the local clusters and the prospects for local firms. In the video game industry, Vancouver’s local cluster has lost a significant number of jobs and major
companies while new smaller and more nimble studios have been emerging in a different sector of the gaming market geared towards mobile and social games that are played on smartphones and tablets instead of traditional consoles. The lowering of barriers to entry in a new market segment, however, has predictably created intense competition and Vancouver firms face particular challenges with the costs of doing business. Legal firms in Vancouver face similar issues with the industry becoming ever more segmented and competitive. One of the major obstacles to firm growth in Vancouver is the cost of office space in the downtown core and the general lack of major corporate entities that demand legal services. In both cases, it can be argued that the very success of Vancouver as a global destination for consumption has placed a special localized burden on Vancouver firms which are increasingly competing in a cut-throat global economy. Vancouver firms, then, are prisoners of the success of Vancouverism as an economic development approach.

The final empirical section, Chapter 7, examines the role of the state in local economic development through a case study of the BC provincial government’s treatment of the video game industry. In an environment of intense inter-jurisdictional competition for video game jobs and investment, many Canadian provinces and other international locations have offered significant tax subsidies in attempts to woo major video game companies. Indeed, Ontario and Quebec have aggressively courted many of Vancouver’s major studios leading to a mass exodus of local firms to Toronto and more specifically Montreal. All of this has taken place in spite of the fact that many economists and economic development experts have forcefully argued against the offering of tax subsidies to lure individual corporations. If firms are truly only interested in finding the best talent which naturally flocks to the most enticing creative cities, why are billions of tax-payer dollars used to attract investment in the video game industry? The answer points to
some of the weaknesses in Richard Florida’s creative class theory while presenting an interesting case of the various approaches that government can take to tax subsidies. The BC Liberal government has apparently taken Florida’s advice to heart and has not taken part in the tax subsidy ‘arms race’, but it has also presided over a massive decline in a key creative industry. Examining this case in some depth enables an evaluation of newer forms of inter-jurisdictional competition and the dilemmas they raise for the local and provincial state.

In Chapter 8 the findings from the various empirical chapters are summarized and synthesized. This chapter reinforces the underlying theme that urban economies are undergoing a transformation in work organization, firm competition and government intervention. These processes are generic features of macro-economic restructuring which could, and indeed should, be studied in various geographical contexts beyond Vancouver. Yet Vancouver is an important location for urban research because of the distinctive trajectory of economic development it has followed. For Joseph Gyourko and his colleagues, there is enough wealth across the OECD to support perhaps 20 ‘superstar cities’ where homeownership is a luxury and in which the economy takes on the character of a productive resort. These ‘superstar cities’ demonstrate “that even large metropolitan areas might evolve into communities that are affordable only by the rich, just as exclusive resort areas have done” (Gyourko et al., 2006, 34). As more and more cities take Vancouver as a model for urban economic development, there is only a greater need to fully understand how Vancouver has been developed and with what consequences. The Vancouver Achievement of dense, urban development in which healthy and environmentally-friendly lifestyles are promoted is real, but it is a partial and rose-coloured view of the city. Underlying the Vancouverism craze are paradoxical economic, social and environmental problems that are themselves outgrowths of the success of the Vancouver Achievement.
Conclusion

This dissertation takes on a subject for which there has been significant interest from academic, mainstream and policy circles. The stunning rise of Vancouver over the past-quarter century has provoked much research, debate and envious urban imitation. There are two key contributions which this research seeks to make to existing bodies of literature and understandings of urban economic development. First and foremost, is to take the scholarship of Vancouver experts such as David Ley, Tom Hutton, Trevor Barnes, Kris Olds, and Dan Hiebert and develop a thesis to explain the distinctive trajectory of urbanism in this city-region over the past quarter-century. The main contention in this respect picks up on a theme which Vancouver scholars have long identified but perhaps have not extended to its logical conclusion. What Kris Olds (2001) describes as the production of a ‘consumptionscape’ in the redevelopment of Yaletown, I take as the signature of Vancouver’s transition towards becoming a global consumption city. The uneasy relationship between productive and consumptive Vancouver is the key feature of the YVR story defined by a somewhat dysfunctional ‘hybrid economy’.

Relatedly, then, the second contribution is to bring a particular kind of economic geography gaze to issues of city-building, labour market restructuring, firm competitiveness, and government intervention. Against academic notions of the creative city, the global city, precarious employment, the competitive firm, and entrepreneurial urban governance, this dissertation on Vancouver finds not a coherent picture to support such models but instead a series of contradictions and cleavages which constantly complicate such models. Indeed, each of the empirical chapters fundamentally challenges various claims made by established theories through examinations of different elements of the YVR story. This approach recasts Vancouver’s recent history while forecasting its impact on 21st century urban development.
Chapter 2: Literature Review and Methodology

Introduction

This dissertation is framed by an enduring complication which is at the heart of urban economic geography. For nearly a half-century, critical geographers have been examining the fundamental processes and mechanisms through which a capitalist economy is organized. Different places have always been embedded and implicated differently in the capitalist system, yet there continues to be a search for immutable and universal forces or imperatives that characterize capitalist development. From the ‘spatial division of labour’ and ‘uneven development’ which emerged to make sense of the deindustrialization crisis in the 1970s to the ‘global commodity chain’ that signified a new global economy in the 1990s, urban economic geographers have developed a number of useful heuristics which capture capitalist growth imperatives. There is a tension, then, which is central to understanding the urban economic geography scholarship of the past few decades.

On the one hand, influenced by heterodox economics and Marxist political economy, scholars have sought to understand the basic logics and mechanics of capitalism which should apply everywhere. Yet, on the other hand, geographers are always seeking out difference, contingency and diversity in how economies are structured and experienced (Barnes, 1989). While economic geography has – for better or for worse – become a pluralistic scholarly endeavour in which different approaches and visions flourish, the one thing that seems to unite all economic geographers is the notion that generalizing economic doctrine or principles across space is fundamentally problematic. Economy must be qualified by geography. This dissertation research continues along these murky depths between universal logics of capitalist development and local experiences of change and restructuring in place.
There are two sets of literature informing this research that deal with rather universalized processes of economic development. First is the writing from within economic geography and labour studies on flexible labour markets and precarious employment. This section picks up on themes regarding urban labour market restructuring and is a key component of later discussions on precarious labour and capital in Vancouver. The second section focuses on the global cities literature and examines how economic changes over the past three decades have been translated into the urban realm. A survey of this research, and its connections to Richard Florida’s creative cities thesis, will become an important part of later arguments about the degree to which Vancouver represents a different kind of global city. While the labour studies literature on precarious employment has largely written-out the geography of urban labour markets, in a strange way the global cities literature has done the same. By expecting all informational, post-industrial cities to function similarly as command-and-control centers of a global economy, global cities research has tended to downplay differences in urban form and function rather than seeking them out. Thus, a multi-disciplinary approach, in which insights from economic geography, labour studies and urban studies are brought into conversation with one another, is used to develop an integrative theoretical framework.

It is at this point that universalism gives way to localism and the balance of this chapter focuses on the methodologies used to examine these issues in depth. Ultimately, this dissertation research is about how widespread processes of employment restructuring, firm competitiveness and state intervention are shaped by the particularities of a given urban economy. The distinctive way in which Vancouver has developed as a consumption-oriented city over the past quarter-century makes it an interesting and important case study for the influence of locality on system-wide processes in capitalist economies.
Precarious Employment and Flexible Labour Markets

Since the 1980s, scholars have recognized that labour markets are becoming increasingly flexible and precarious in an era of global capitalism (Belous, 1989; Rodgers and Rodgers, 1989). These concepts represent two sides of the same coin in terms of understanding transformations in the nature of work and employment. A flexible labour market is essentially one in which labour market actors can quickly respond to changes in business conditions. As such, while both employers and employees can utilize flexible labour markets to satisfy their labour market needs, it has been the growing use of flexibility by the former which has garnered much attention. Employers seeking to keep up with a fast-moving, fickle and fragmented marketplace have utilized different forms of flexibility in the workplace in order to stay ‘lean’ and competitive.

Precarious labour markets are those in which workers are, in various ways, vulnerable, insecure and dissatisfied. Emerging alongside concepts such as ‘contingent’, ‘atypical’ and ‘non-standard’ employment in the 1990s, precarious employment refers to “forms of work involving limited social benefits and statutory entitlements, job insecurity, low wages and high risks of ill health” (Vosko, 2007: 54). This is seen most dramatically in the rise of temporary, agency-based, part-time, contract, project-based, casual and seasonal employment. The fundamental conclusion drawn from this literature is that the flexibility required by some labour market actors (employers) is often experienced as precariousness by other labour market actors (employees) (Kalleberg, 2000; Vosko, 2006). In this literature, then, precariousness is seen as a feature of certain kinds of lower-status jobs and it is these jobs that are overwhelmingly held by lower-status demographic groups including women, youths, visible minorities and recent immigrants (McCall, 2001).
There are, however, two important shortcomings in the literature which this dissertation research seeks to overcome (most notably in Chapter 5). First, from a geographical perspective, researchers have clearly illustrated that flexibility and precariousness are established, regulated and experienced differently across national contexts (Vosko, 2010). In this sense, there is a recognition that geography matters. Though there is a tradition in economic geography of seeing the labour market as being constituted at the local scale (Martin, 2001; Peck, 1996), existing research from within labour studies has yet to effectively examine how a particular local economy and sub-national legislative regime impact the growth of precarious employment dynamics (McCall, 2001; MacDonald, 2009). There is, therefore, a need to bring the analysis of flexible and precarious labour markets down to the city-regional scale in order to understand the way in which a particular urban economy will produce a distinctive profile of flexibility, precariousness and inequality.

Second, labour studies still gravitates to concepts developed in the 1970s by segmentation theorists who understood ‘atypical work’ to be structurally aligned with ‘secondary’ job markets (Doeringer and Piore, 1971). To be sure, examples such as food and beverage work (Vosko, 2006) or foreign migrant homecare work (Fudge, 2012) are likely the most readily apparent and risk-laden settings for precarious employment, but there has been a growing recognition that flexibility and precariousness are ‘leaking’ into higher-paid professional, creative and high-tech occupations as well (Gill, 2007; Huws, 2003; Perrons, 2003; Ross, 2002, 2008). Thus, there is a need to supplement the existing literature on flexibility and precariousness by studying the way in which these dynamics are instituted and experienced in higher-end labour market settings. It is these major gaps in the literature which motivate this study of differentiated precariousness at the urban scale.
Estimates vary widely on the proportion of employment in Western countries which might reasonably be considered precarious, but the consensus is that between 10-30\% of the workforce is employed precariously (Vosko, 2010; Autor et al., 2006). Until recently, there has been a tendency to study precarious employment without explicit reference to the geography of precariousness. Yet, recent research demonstrates that the degree and intensity of precariousness instituted in labour markets, and experienced by workers, differs greatly between countries and national legislative schemas (Vosko, 2010). Indeed, much of the recent interest amongst scholars of precarious employment has been on the legal framing of work and employment in different geographical contexts. In this sense, there is a growing recognition that the intersection between space and regulation matters greatly to the rise of precariousness. But how should precariousness be understood and what is its relation to flexibility or flexible labour market regimes?

In the academic literature, the term ‘precarious employment’ was introduced by Rodgers and Rodgers (1989). Emerging alongside debates in regulation theory about the shift from Fordism to post-Fordism and the rise of flexible labour markets, precarious employment signaled a fundamental change in employment relations and the labour process in a new era of capitalism. At its most basic level, precarious employment was synonymous with atypical or non-standard employment. While most early commentators agreed that the incidence of precarious employment was rising as a result of the transition away from Fordism towards a more flexible model of accumulation (Rodgers and Rodgers, 1989), it would be wrong to assume that there were no continuities either in theoretical or empirical interests in non-standard employment. In fact, it has been argued quite widely in labour studies that precarious employment is far from a new phenomenon.
According to labour historians, non-standard employment relationships were indeed the standard until the 1940s. It was only with the rise of the Fordist assembly line, mass consumption and the Keynesian welfare state from the 1950s to the 1970s that full-time, full-year employment under direct contract became the norm. As corporations began rationalizing production in the 1970s and 1980s, precarious employment of different sorts began to re-emerge. Even during the so-called ‘Golden Age’, however, analysts have argued that a significant amount of precarious employment existed and was overwhelmingly carried out by women, visible minorities, immigrants and youths (Applebaum, 2001). To be sure, the contemporary growth of precarious employment in newly created jobs has been unprecedented – in the United States between 1972 and 1997, employment in the temporary help services industry grew five times as fast as overall (non-farm) employment (Lane et al, 2001). Likewise, there has been a spread of precariousness into new occupational and industrial segments over the past two decades.

The foundation for the study of precarious employment, however, goes back to the ‘Golden Age’ and the establishment of segmentation or dual labour market theory. Arising out of an institutional approach to labour economics, segmentation theory argued that there were actually two distinct labour markets which captured different kinds of workers and produced different kinds of goods. The ‘primary’ labour market consisted of professional or unionized blue-collar (mostly white, male) workers that earned high-wages, received benefits and had secure work. This was in opposition to the ‘secondary’ labour market which consisted of unskilled, non-union (mostly female, often visible minority) workers usually in the service sector. It was argued that these functioned as separate labour markets in which mobility was nearly impossible (Peck, 1996).
The explanatory heart of segmentation theory was that ‘primary’ labour markets developed through monopolies and oligopolies in which market-dominant firms could afford higher total labour costs (Doeringer and Piore, 1971). In other words, the weakening of competition by any means allows for ‘primary’ job markets to emerge. Neoliberal globalization has fundamentally been about (re)introducing domestic and international competition into various sectors of the labour market (Herzenberg et. al, 1998; Harvey, 2005). The push for a flexible, cost-minimizing labour force has not stopped at the conceptual boundary of ‘secondary’ work but has leaked into the traditionally-conceived ‘primary’ labour market. Precariousness, it seems, has become the standard employment condition (Bourdieu, 1999; Beck, 2000; Kalleberg, 2000; Wills, 2009).

There are two platforms for research on precariousness in the social sciences. The first emerged when European social activists of the late 20th century used the French term *precariat* to symbolize the new forms of uncertainty and insecurity that people of various class backgrounds were beginning to experience as the result of new forms of capitalist restructuring. For these commentators (Foti, 2006; Neilson and Rossiter, 2005; Popodopoulos et al., 2008), life itself was becoming more precarious and, it was argued, there would be meaningful opportunities for radical cross-class alliances between low-end and high-end workers all of whom suffered from ‘precarity’. The second platform appears mostly as a scholarly research agenda seeking to understand the changing conditions of employment in the late 20th and early 21st centuries (Bourdieu, 1999; Ross, 2002, 2008; Vosko, 2006). It is less concerned with the political possibilities stemming from precarious employment and more interested in the social and economic profiles of changing work patterns. This approach examines the ways in which new forms of employment relations are regulated, instituted and experienced.
Within economic geography, Waite (2009) stands as one of the only interventions that is particularly interested in developing a geography of precariousness (though see Allen and Henry, 1997; and Pratt and Gill, 2008). Waite argues that the latter approach holds more value for scholarly research. Unfortunately, she goes on to fall into the trap of characterizing precarious employment as one which mostly besets low-end workers. These two approaches, then, do not together produce the kind of research that is called for. The ‘precarity’ approach badly theorizes the precariousness of high-end work without systematically investigating its nature or the ways in which it is confronted by wealthier people (which explains why their expectations of radical and revolutionary cross-class alliance have not materialized), while the precarious employment approach has well documented the processes of precarious employment but has not fully enough considered the scalar geographies of precariousness or its new occupational growth trajectories.

What is needed, therefore, is a research agenda which seeks to uncover how precarious employment relationships develop in different labour market and geographical settings, the ways in which different kinds of workers experience (and combat) precarious employment and the systemic-structural impacts of precarious employment growth on inequality and the urban condition. The more broadly-conceived definition of precariousness that is employed in this study is one in which precariousness is seen to be experienced in the labour market, but has ramifications in terms of people’s mental and physical health, family life, environmental footprint, community service and financial status to name just a few dimensions (see Kalleberg, 2012 for a discussion of future direction in precarious employment research). This kind of research would represent a useful starting point for a new round of studies of local labour markets and work practices.
A central theoretical proposition of this research project is that precarious employment is increasingly becoming a paradigmatic employment condition under contemporary capitalism and that this can only be understood in relation to the emergence of flexibility as the driving logic behind increased capital accumulation. The notion that flexibility is a key feature of contemporary capitalist development came to prominence during the historical conjuncture in which advanced industrial societies were undergoing a painful transition from industrialism to post-industrialism. Whereas Fordism was marked by standardized product markets and consumption norms (supported by a Keynesian welfare state), what has emerged in its place are increasingly competitive and fragmented product markets in which firms need to remain cost-competitive and respond to the ever-changing demands of fickle consumers.

In this context of political economic restructuring in the global economy, flexibility has had a number of dimensions all of which have been incorporated into what David Harvey called ‘flexible accumulation’ (1990). As a production technique, flexibility has come to be associated with two different forms of industrial restructuring. Significant research in the 1980s and 1990s examined Japanese manufacturing firms that introduced just-in-time techniques for improved quality and efficiency in production. At the same time, scholars were exploring ‘new industrial clusters’ in Europe and North America that were developing high-quality, specialty products in small batches. As an international business imperative, the notion of flexibility was enlisted by corporations and neoliberal governments to argue for the lowering of trade barriers and the liberalization of previously non-capitalist economies. Perhaps most importantly, flexibility has come to be a central, though contentious, keyword in debates regarding labour market conditions and policy at the turn of the 21st century.
Labour market flexibility generally refers to the institutional capacity for labour market actors to adapt and respond to change (Rubery and Grimshaw, 2003). There are a number of different elements of labour market flexibility, including: employment protection or numerical flexibility (the degree of employer freedom to hire and fire at will), wage flexibility (the institutions and legislation which govern wage determination), functional or labour process flexibility (the degree of employer freedom to (re)organize the production process), and supply-side flexibility (the degree to which employees have discretion over their work-life practices) (Rodgers, 2006). The debate surrounding labour market flexibility greatly intensified in the 1980s and 1990s, when economists began to argue that higher job creation in the US as compared to Europe was due in large part to greater labour market flexibility in the former (Siebert, 1997). The notion that increasing labour market flexibility is key to employment creation has since become commonplace with institutions such as the OECD advocating greater labour market flexibility and neoliberal governments around the world legislating such measures (Thomas, 2009).

While some see the rise of labour market flexibility as an inevitable response from firms to the exogenous conditions of the ‘new economy’ in which outsourcing, flattened job hierarchies and porous boundaries between firms are facilitated through the use of information and communication technologies (Castells, 1996), others are more inclined to argue that flexibility has been driven by firms in an attempt to lower wage costs and redistribute power from employees to employers (Gordon, 1996). Still others see flexibility, especially from knowledge workers, as being increasingly demanded by employees that prefer the mobility enabled by short-term project work (Pink, 2001). These different views will be examined and tested in Chapter 5 of this dissertation.
Global/World Cities and Urban Change

The introduction of the global cities literature three decades ago was at the forefront of major debates in urban and economic geography. It was a significant part of the debates surrounding the new international division of labour (NIDL) and the spatial divisions of labour (SDL). For while manufacturing city-regions were clearly on the decline as goods production became increasingly internationalized, fragmented and flexible, a new kind of dominant urban platform emerged in the global financial/services cities which were becoming the command-and-control centers for a truly global capitalism (Cohen, 1981; Feagin and Smith, 1987; Glickman, 1987). It was also connected to the debates surrounding regulation theory and transitions from Fordism/industrialism to post-Fordism/post-industrialism. Here, the argument was that the knowledge-economy and the rise of producer services as the engines of economic growth would create new hierarchies of urban interaction (Esser and Hirsch, 1994; Goodwin and Painter, 1997). Global cities were a key constituent of a global economy since they managed and organized industrial activities which were now spread in a dizzying fashion around the world. Finally, and perhaps most importantly, the global cities literature played a significant role in the ‘place matters’ debates around globalization in the 1990s. The heightened agglomeration of high-end business functions in particular areas of particular cities provided an important corrective to those that interpreted the techno-economic imperatives of capitalist globalization as inevitably producing the ‘death of distance’ and the irrelevance of place (Cairncross, 1997).

The four major interventions in the global cities literature were made by Hall (1966), Friedmann (1986), Castells (1989) and Sassen (1991a). The initial ideas behind the notion of the global city are usually attributed to Geddes (1915), but the work of Hall (1966) is often seen
as the starting point for what is now understood to be the world cities literature (Beaverstock, et al., 1999). In *The World Cities*, Hall (1966) argued that a handful of cities – London, Paris, Randstad, Rhine-Ruhr, Moscow, New York and Tokyo – were atop a global urban hierarchy in terms of their power and ability to influence how production and consumption would be carried out in many parts of the world. This was a view in which political as well as economic strengths were essential components. It was not until two decades later, though, that an all-encompassing hierarchy of cities would be created.

The world city framework in which cities are ranked based on their ability to attract certain higher-order business services was initially established by John Friedmann and Goetz Wolff (1982) and was then further developed by Friedmann (1986). A key conceptual shift was that global cities were hereafter measured almost entirely on their economic strengths. While very much hypothetical in its research orientation, these early interventions offered a theoretical framework for understanding how and why advanced service industries were being clustered in a relatively small number of major cities around the world. Friedmann (1986) produced a world city hierarchy which ranked primary and secondary cities in core and semi-peripheral countries. The criteria used by Friedmann included the degree to which a city had: major financial institutions, headquarters of MNCs, international economic institutions, growth in business services such as law and accounting, major transportation hubs and large population centers. This framework was brought to its logical conclusion in the work of Saskia Sassen (1991a) who focused her attention on the three major global financial centers – London, New York and Tokyo. For Sassen, these three cities represented the commanding heights of the global economy and had come to develop distinctive social and economic features which differentiated them from their immediate geographical surroundings.
The work of Manuel Castells, in contrast to Friedmann and Sassen, was less about the markings of a limited number of world cities and more about the nature of cities in an era of post-industrialism. For Castells (1989), major cities around the world had become central nodes in an information society where knowledge and creativity generated economic value. In many ways, this work would appear to have been the predecessor for the most recent incarnation of global cities research which emerged in the early 2000s. Researchers in the Globalization and World Cities Research Network (GaWC) overcame the impasse that had been reached in the literature by helping to sketch more clearly the ways in which world cities function as networks rather than an all-encompassing hierarchy (Beaverstock, et al., 1999). Far from celebrating the global cities apparatus, though, all of the major theorists have paid very close and critical attention to the forms of inequality and injustice that emerged in these cities.

According to Friedmann and Wolff (1982: 322), “the primary social fact about world city formation is the polarization of its social class divisions”. Sassen made a similar argument that, “new conditions of growth have contributed to elements of a new class alignment in global cities” (1991a: 13). Finally, Castells quite plainly stated that, “the Informational City is also the Dual City” (1994: 29). Social polarization, then, has been theorized as a central component of the world cities literature. In reality, however, there has never been any consensus on the nature or causes of these phenomena and in fact, this issue became one of the most contentious in the literature. One of the primary reasons that a consensus was never reached – despite the fact that most all urbanists agreed that some polarizing trends were emerging – is that there were definitional ambiguities associated with the major terms of debate (Hamnett, 2003: 60; Walks, 2001).
The rise of the global cities literature was met by the increasing use of terms such as ‘dual’, ‘polarization’ and ‘inequality’. While these words were often used interchangeably, they actually refer to different things and are suggestive of different foundational socio-economic processes. The ‘dual city’ tag is likely the most difficult to define but it was generally used to signify the fact that world cities offered sharply different experiences for those on opposite ends of the occupational class structure. For Mollenkopf and Castells (1991), the notion of a dual city was useful as a descriptive metaphor for rising social polarization, but not as an empirical category. More importantly, perhaps, the distinction between ‘polarization’ and ‘inequality’ appears to have been the source of much confusion in the field. For Hamnett (2003: 75), “inequality refers to the extent of dispersion between different levels of income/earnings, whereas polarisation relates to changes in the absolute and relative size of the groups in different income/earnings groups over time…these differences are often confused”.

The ‘standard view’, best represented by Sassen (1991b), argued that the rise of the post-industrial urban economy with its consistent upward shifts in occupational class structures was mirrored by the growth of a low-end service sector. This view, which also took account of the rapid and immense immigration flows into major financial centers, expected world cities to be characterized by increasing polarization and inequality within the active labour force. Sassen, for example, saw an increasing divide between the bankers, lawyers and accountants in New York and the retail workers and custodians that served them. It is for this very reason that the notion of the ‘dual city’ had so much traction. However, for critics of this view such as Hamnett, the existence of social polarization has been taken for granted rather than critically evaluated.
According to Hamnett (2003), cities such as London were becoming more ‘unequal’ as the result of the ‘professionalization’ of occupational structures associated with the post-industrial city. Yet they were not necessarily becoming more polarized because, in actuality, the size of the low-end (semi-skilled and unskilled) workforce had shrunk considerably. In many ways, the most important conclusion drawn by Hamnett, one which provides a fundamental challenge to, and critique of, the world cities literature, is that questions of urban restructuring are empirical questions that require examination in each city. Moreover, just because cities have similar occupational structures does not mean that the experiences of those at the top and bottom of that structure will be the same – these experiences can be influenced by, amongst other things, welfare, tax, immigration, housing and labour market policy. Thus while the literature has produced clear evidence of growing earnings and income inequality in various global cities (Hamnett and Cross, 1998), there is also a significant amount of research which suggests that the character of these trends is very different in different cities (Abu-Lughod, 1997; Fainstein and Harloe, 2002).

In broad agreement with the conclusions drawn by Hamnett, Nygaard et al state:

While much of the global city literature has focused on the ‘polarisation thesis’ it often fails to engage in any depth with the economic rationale for polarising trends and the analysis is frequently aspatial and tends to focus on a single city with few points of comparison. The interconnectivity between global processes, economic restructuring and social and city wide impacts are often taken for granted (2005: 2).

Far from a satisfactory resolution, then, the above commentary suggests that further research on the ‘polarization thesis’ is needed. Moreover, this research must be locally-grounded and theoretically-oriented towards interrogating the causative mechanism behind increasing socio-spatial polarization in post-industrial cities.
**Major Themes and Research Questions**

This dissertation aims to extend, and bring into conversation, some key research efforts in the labour market restructuring and global cities literatures respectively. One of the most important and consistent critiques of urban studies research has been the way in which particular city forms have been theorized as prototypical models of urbanism for a given era. Debates regarding the Chicago School and concentric urbanism, the LA School and post-modern urbanism and perhaps most importantly, the global city and post-industrial urbanism suggest that scholars should hesitate to project a generalized pattern of urbanism from the experiences of one city. Yet each of these models did indeed capture something important about the form and function of cities during a particular spatial and temporal period. Today, it can be confidently stated that many cities in the advanced industrial world are transitioning to post-industrial economic foundations with increasing service and knowledge activity replacing manufacturing and resource processing. Vancouver is one such city which is becoming both more global and more service-oriented but not in strict alignment with the dictates of global city research.

This dissertation research, then, challenges two key components of urban economic research. First, it argues that consumption activity rather than jobs, firms and investment can be the economic engine of a truly global city. With this notion of the global consumption city established, the main purpose of this research taken up in the empirical chapters is to upset conventional notions of knowledge and creative urbanism by examining work patterns and firm strategies in three driving sectors of the Vancouver economy. Precarious employment and intensifying competition at various sites and scales is seen as an outgrowth of capitalist economic globalization.
The themes which structure this dissertation are very much oriented towards the initial tension in economic geography upon which this chapter commenced. There is no simple resolution to the issue of how generalized logics or tendencies in capitalist economies are translated or hybridized at the local scale. What seems clear from this literature review is that work and employment are being restructured alongside the form and function of global cities. The major question, then, is how does the distinctive economic development trajectory for which Vancouver has reached global city status implicate work and employment, firm strategies and government intervention in the economy? Each of these three areas of interest in relation to the Vancouver economy correspond to the main empirical chapters and, along with their associated research questions, are summarized below.

1) Precarious Employment in a Global Consumption City – How do workers in different occupational settings experience precarious employment and to what extent are these experiences shaped by the particular features of ‘global’ Vancouver as a consumption-oriented city?

2) Firm Strategy in an Era of Hyper-Competitive Globalization – What kinds of opportunities and challenges do Vancouver firms in key creative and knowledge sectors face and to what extent are these obstacles industry-wide (universal) or place-specific (based on the particular local context of urban development)?

3) Government Intervention and Inter-Jurisdictional Competition – Why have governments, in contrast to conventional economic development wisdom, continued to offer tax inducements in hopes of luring creative companies and what approach has the British Columbia provincial government taken to such subsidies in creative industries such as video game development?
**Methodology**

Contemporary scholarship on economic restructuring from within economic geography and urban studies has employed a wide variety of different research methods. The “orthodox data sources like mail surveys and trade directories” of the 1970s and 1980s (Barnes et al, 2009: 9), have given way to a plethora of new approaches to research dominated by qualitative methods. While localized case studies using secondary descriptive statistics and key informant interviews have perhaps become the standard method of choice within economic geography, more recently there has been increasing interest in ethnographic methods (Dunn, 2007) as well as a slow-moving revival of statistics-based research (Florida, 2002). Though ‘methods talk’ is absolutely fundamental to developing a vital and relevant field of research, this is a topic that remains somewhat of an after-thought amongst researchers (Tickell et al, 2007). The objective of this section is of course to outline the research methods that have been employed in conducting this research, but also to place this research approach in the context of current debates regarding methods in the social sciences.

Economic geography went through a very fertile period of debate, growth and change in the 1970s and 80s. This period is generally understood to have been characterized by the shift from a quantitative era in which neo-classical economics was the broad theoretical lens out of which statistical models were developed to a qualitative era in which Marxist political economy became the theoretical lens through which researchers utilized interviews to understand the causal relations underlying uneven capitalist development. What is fascinating about this period is the importance of methodological orientations to these debates and the ways in which ‘methods talk’ was part of a larger discussion about the nature and direction of the field. The argument here is that methods reflect the underlying interests, direction and values of the
researcher and that many of the disputes that have arisen in economic geography over methods are actually branches of the more fundamental debate that was presented earlier in the chapter regarding universalism and localism. Is economic geography about revealing the mechanics and imperatives underlying a capitalist global economy while pulling out some of the geographical patterns involved, or is it about explaining the distinctive qualities of particular places, cultures and organizing systems that continue to differentiate places despite the existence of a seemingly singular economic logic? This is the question that has yet to be resolved and given the fact that economic geography has evolved into a fragmented pluralism, the opportunity to truly resolve such an issue might have passed in the 1980s.

During that period, key debates between Harvey and Sayer as well as between Lovering and Scott represented the importance of ‘methods talk’ to the study of the economy. These debates have been neatly summarized (Barnes et al, 2007) and so do not need to be rehearsed at length here, but in hindsight what can be seen is that each of these debates was characterized by disagreement over the main aims of economic geography research. Notwithstanding their different theoretical orientations, Harvey and Scott were arguing that strong abstract models of economic growth and change were needed in order to make sense of the specific experiences of particular places or industries. On the other hand, coming from a critical realist perspective, Sayer and Lovering advocated for a deeper engagement with individual actors and the local context in order to understand the decisions – and ultimately the causal mechanisms – behind capitalist logics of development. Despite the vigorous debates of the time, it is seemingly clear that both of these approaches were searching for the same outcome but coming at the issues from the opposite direction. Both approaches wanted to develop theories which might be generalizable while acknowledging the distinctiveness of place in shaping ‘general logics’.
While perhaps not a full-scale resolution, the recent work of sociologist Michael Burawoy has been successful in identifying methods to carry out such research. In the ‘extended case’ method, Burawoy argues that certain social and geographical locations are key nodes in which theoretical concepts are literally placed. Marx could not discuss the work conditions of an industrial proletariat without making explicit reference to, and drawing inferences from, the experiences of workers in British factories. David Harvey could not discuss the process of urbanization under capitalism without offering as an exemplar Paris nor could an argument about social justice in the city be made without the context of American cities such as Baltimore. The basic objective, then, of the ‘extended case study’ method presented by Burawoy in *Ethnography Unbound* (1991) and *Global Ethnography* (2000) is to very carefully select the sites for which concepts can not only be viewed, but more importantly be tested, stressed and ultimately sharpened. These ideas, even for those that are not using ethnography as a method, offer an important bridge over which to connect the universal and singular aspects of theory and the contingent, messy realities of economic activity.

This dissertation research is no doubt faced with the same challenges of reconciling the universal with the local. There are clearly broad changes in terms of the structure of work and employment, the bases on which firms compete, and the approaches of the state to economic development which appear to be occurring across many different local, regional and national contexts. These are universal tendencies characteristic of a globalized and hyper-competitive economic environment. Yet the ways in which these processes play out are shaped by the particular local context in a given place – the cultures of work and lifestyle, the types of firms and industries, the political traditions and orientations. As will be discussed below, the methodological approach chosen has been aimed at trying to overcome these challenges.
In their classic treatment on research methods, Sayer and Morgan (1985) distinguished between intensive and extensive research. Intensive research focuses on a limited number of cases and attempts to understand in great detail why, how and with what consequences certain decisions were made. Alternatively, extensive research is more descriptive and taxonomic in trying to identify particular patterns of activity across wider geographical areas and demographic constituencies. Economic geographers of the 1980s largely spurned extensive research for intensive research on the grounds that understanding and theorizing causal relationships was superior to merely describing the presence or absence of some process or actor in space. Yet, again, this binary misses the point that intensive and extensive research can be mutually supporting. In fact, despite the rush away from quantitative research in economic geography, many individual case studies begin with a set of descriptive statistical facts about the size of a local economy or industrial sector relative to others in a different place. Indeed, these types of statements are often used to legitimize the selection of a given case study.

It is for this very reason that this study employs a mixed-methods approach to understanding labour market and urban restructuring in Vancouver since the 1980s. The design of the research is such that the quantitative and qualitative research elements are complementary and aimed at resolving different open questions in the literature. The quantitative analysis that appears, most notably in the next chapter, is geared towards comparing basic economic patterns across Canada’s three global cities: Montreal, Toronto and Vancouver. Having developed a clearer picture of the ‘vital statistical’ trends in the three cities, the qualitative analysis focuses the attention on Vancouver and the comparative work moves to investigating how precarious employment and firm competitiveness are established and experienced in various key sectors of a particular urban economy.
Quantitative Methods

The objective of the quantitative research is to produce a descriptive statistical profile of metropolitan Vancouver’s economy and labour market in comparison to Montreal and Toronto. All of the data has been generated from various Statistics Canada products including the ‘Labour Force Survey’ which provides basic labour market data monthly or the Census program which offers in-depth data on a five-year basis. This Statistics Canada data on economic and employment growth and change has been compiled and presented through a shift-share analysis of labour market trends and an employment-by-occupation analysis of labour market growth. The shift-share analysis facilitates a comparison of employment growth at the occupational level across the three city-regions and provides basic insights into the causes of these dynamics. The employment-by-occupation analysis is used in order to understand how certain occupational segments, which are related to income quintiles, are contributing to overall employment growth levels. Both of these methods are aimed at providing a comprehensive picture of Canada’s three global cities and these efforts constitute the primary sources of original quantitative research in this study.

That being said, because of difficulties in accessing or gathering data, other issues of import to understanding the distinctive characteristics of these three city-regional economies (most notably precariousness and inequality/polarization) have been analyzed by surveying other research for data and findings that are relevant to the cases at hand. With respect to how differentiated ‘precariousness profiles’ might emerge in the different city-regional contexts, this study relies heavily on recent research by Sylvia Fuller and Leah Vosko (2008). Here, the conclusions they have drawn with respect to which industries and occupations are prone to precariousness are applied to the particular growth trajectories of Montreal, Toronto and
Vancouver. This is an admittedly blunt approach but in the absence of reliable data on different employment relationships scaled to the urban economy, these types of inferences may be the best initial avenue available to compare the degree of precarious employment embedded in a given city-regional economy.

In terms of income inequality and spatial polarization in Canada’s global cities, the recent work of Walks (2011), Hulchanski (2007), Chen et al. (2012) and Ley and Lynch (2012) respectively are surveyed and applied in a comparative manner. The approach taken here, therefore, has many of the attributes of a ‘meta-analysis’ in the sense that evidence has been gathered from as many sources as possible in order to draw informed conclusions about the key labour market changes in these three city-regions. This analysis stands on its own but it also lays the foundation for the qualitative work. Indeed, the particular occupations that have been studied were chosen according to their growth rates and their importance to the local economy. As well, further descriptive statistics and figures are used in Chapter 4 to make the case that Vancouver is a different kind of global city oriented towards consumption.

Qualitative Methods

Comparative research has become one of the fundamental platforms on which economic geography is practiced. The dominant expression of comparative research in the field is, rather unsurprisingly, geographical. This approach is commonly organized by choosing a small number of case study locations and studying the same general processes across space in the hopes of identifying different manifestations of a universal tendency. Famous examples of this approach in the field include Saxenian’s (1996) comparison of high-tech cultures in Silicon Valley and Boston’s Route 128 region and Gertler’s (2004) comparison of work and firm cultures between German and Canadian manufacturing companies. For this research, it would
have been straightforward enough to study precarious employment across different urban labour market settings. While this is a worthwhile research agenda, the focus of this dissertation is how precarious employment experiences and firm competitiveness differ across occupational and industry segments rather than across space. The quantitative research provides an admittedly superficial geographical comparison while the qualitative research delves deeply into the sector-based comparisons.

It is certainly legitimate to ask why this sectoral comparative approach has been chosen over the more common geographical comparative approach. The two main gaps in the literature on flexible labour markets and precarious employment were defined by deficiencies in the understanding of scale and sector. Both of these issues are absolutely key. I have chosen to focus on sectoral differences because I think this question provides a more important framework for understanding the growth of precarious employment. What this research shows is that, from a geographical perspective, the character of precarious employment emerges differentially but rather predictably across space. As will be seen in the next chapter, much of this differentiation has to do with the particular sectors for which an urban economy is defined and the degree of precariousness built into those sectors. But in the case of Canada’s global cities, where the basic occupational segments and industry clusters are almost identical, it is labour market features in conjunction with other features of the local economy that characterize a distinctive profile of precariousness. We know that Vancouver is one of the most unaffordable cities in the world to live in, so it comes as little surprise that perhaps the most important challenge facing Vancouver workers and firms are issues around cost of living and cost of office/commercial space.
Where the key insights are drawn, especially relative to a literature that has been so focused on one class or category of worker, is in the comparison of service workers with higher-end creative and knowledge workers. This raises a fundamental question about the extent of precariousness across class boundaries. In other words, since it would have been beyond the scope of even a dissertation to answer both of these major comparative questions in-depth, I have moved forward based on the assumption that a superficial understanding of the geographical profile of precariousness was preferable to a superficial understanding of the occupational profile of precariousness.

Given the theoretical and empirical impulses that have been outlined, the selection of economic sectors and occupations was of the utmost importance (Flyvbjerg, 2006). There were two major, and in some ways contradictory, criteria that needed to be met for this research to fulfill its underlying aims. On the one hand, the occupations that were chosen had to illustrate the key dimensions of ‘variation’ in local labour market settings. That is, there needed to be variation between occupational profiles at the low-end and high-end of the labour market (measured bluntly by average occupational incomes). At the same time, though, because it is being argued that the composition of the local economy is an important factor into the kinds of precariousness that are established, it was imperative that the chosen occupations reflect – or be ‘representative’ of – the local economy and labour market. This means that the occupations that have been chosen mirror the composition of the local labour market, the spatial distribution of economic activity in the Vancouver city-region, and as much as possible, the demographic make-up of the Vancouver labour market. Identifying three occupational segments that, at once, displayed variation but also were representative of the Vancouver city-regional economy was difficult to balance.
The sectors that have been chosen are key drivers of the Vancouver economy but they are also distinctive clusters on both ends of the income spectrum. On the lower-end, the data showed that food and beverage services were one of the fastest growing segments of the Vancouver labour force and that both servers and managers in the industry are on average paid below the ‘living wage line’ (BC Stats, 2010). On the higher-end side, the software/gaming sector constitutes an important ‘creative economy’ cluster in Vancouver which is undergoing significant changes while the legal industry is an important ‘professional services’ labour market that is also experiencing restructuring. In both of these higher-end sectors, employment growth has been at or above the average for the city and restructuring is taking place which is introducing new forms of flexible work and employment. Moreover, another perhaps more minor criterion for the selection of case study sectors was the degree to which this kind of study would be replicable in other places. There were certainly other case study candidates for inclusion that would have been representative of Vancouver’s economy – such as English-language instructors, individuals in mining finance, or personal fitness trainers – but studying these individuals would have made it more difficult to compare results with other places that do not have a significant presence of those activities. As it stands, I have chosen three different kinds of sectors which represent significant growth industries for Vancouver as well as other major cities in Canada and indeed across the world. This will enable future geographically comparative research to be undertaken in a consistent manner.

There are, of course, weaknesses that emerge from research which is case-study based and this gets back to the fundamental differences between intensive and extensive research. I have attempted to utilize a mixed-methods approach in which extensive research (including descriptive statistics and a meta-analysis of sorts) provides the framework out of which an
intensive set of case studies can be understood. Yet even if the perfect research design was used in terms of selecting case studies and key informants, there would still be issues of representativeness. These are some of the natural dilemmas that arise when conducting research in the social sciences. In a pioneering study on politics, planning and economic development in Toronto, though, Pill (1979) makes a compelling argument for the value of case study research in spite of its lacking statistical significance or universal generalizability:

The essential objective of a case study is to provide observations that can perhaps later be used in the development of a general theory but meanwhile will at least enable others to learn from the experience of the case at hand (1979: 16).

I) Case Study Parameters

In reality, the qualitative component of this research consists of case studies within case studies. Since the three sectors that I have chosen are major industrial and occupational segments with hundreds of firms and thousands of people employed, I have had to narrow down the scope of these case studies to focus on just one or two firms that are ‘representative’ of the major issues being explored in this dissertation. This creates many of the same dilemmas that were discussed above and constitutes one of the major shortcomings of this research. Within each of these sectors there is significant segmentation and I have tried to choose firms from within the sub-sectors that are particularly relevant to the topic at hand. Unfortunately, in order to get the depth of strategy and experiences which is the hallmark of intensive research, it was necessary to select certain industry players over others. I have tried, where possible, both in my interviewing and in my secondary research, to provide a broad perspective since it is clear that experiences of precarious employment and firm strategy between sub-sectors of the same industry are very much differentiated. The dynamics of a family-owned restaurant or suburban law firm will be different from a fast-food chain or a downtown corporate law firm.
Thus, in terms of food and beverage work, I have used two upscale chain restaurants that are located downtown and serve mostly a business and tourism clientele. For creative work in the video game sector, I have used two small, downtown mobile gaming studios. Finally, for the legal case study, I used a major corporate law firm located in downtown Vancouver. In accordance with UBC research ethics, I offered full confidentiality and anonymity to individuals and firms that participated in this project.

II) Data Generation

In this study, semi-structured interviews as well as analysis of relevant legislative and policy documents are the key method to examine these issues. Before interviews could be conducted, however, particular actors within these sectors needed to be identified. This became difficult because of the very different types of labour markets and workers that have been analyzed. The aim has been to gain access to all the relevant agents in each setting with the understanding that each industrial and occupational segment will have a distinctive labour market profile. Tracking the rise of flexible labour markets means that it is no longer possible to enter the workplace – ie. the office building, the factory, the warehouse etc. – and see the entirety of the labour market process. Rather, in many cases, employees are moving between workplaces on a daily basis and are not employed directly by the firm for which they work.

For the case study research undertaken in this dissertation, however, the use of labour market intermediaries or temporary employment agencies was relatively limited mostly because of the occupational focus of the research. Food and beverage servers, video game developers and lawyers are all generally employed on standard contracts between the firm and the worker. Had a more broadly industrial approach been taken, there would have been more instances of intermediated work for administrative personnel, human resources personnel, IT
specialists, and the like. A research design comparing occupations within the same workplace would, again, be worthwhile but offer less of a sense of how different occupations across an urban economy are impacted by precariousness.

In each case, the process of identifying and securing access to conduct an in-depth case study was different. In the legal sector, I first approached two academics from the UBC Faculty of Law – Joel Bakan and Joe Weiler – to gain some perspective on these matters of workplace change. Each was helpful in identifying firms that might provide an interesting case context and both contacted individuals in their personal networks on my behalf. Through one of these opening contacts I made a connection with an HR manager at a major corporate law firm and she became my conduit for accessing individual lawyers and partners which constitute the research on the legal industry. Similarly, in the software and gaming sector, I used personal networks to gain an initial understanding of the local industry dynamics and ultimately secure initial interviews with game developers. One of the individuals that I was put in touch with was an owner of a small studio and agreed to allow me to conduct a set of interviews with their employees. This individual helped me to secure a second studio that was willing to allow me to undertake a case study.

With respect to the food and beverage industry, I employed a more traditional approach of contacting a handful of restaurants directly in order to gauge their interest in such research. I delivered contact letters in person to managers of upscale chain-restaurants in the Vancouver Central Business District and neighbouring community of Coal Harbour both of which serve the local business and tourist economies. I received permission from two out of 9 restaurants to conduct interviews with staff. In each case, I offered to provide some feedback in the form of a short report or presentation and two out of the five firms took me up on the offer.
All in all, 46 individual interviews were conducted lasting between 30 minutes and two hours. 37 of these interviews were recorded and transcribed in full while nine interviewees did not agree to be recorded. Most of the interviews were conducted outside of the workplace during standard business hours (often at a coffee shop or over lunch). 13 interviews were conducted in the legal case study which was organized around one major working group in the law firm. 16 interviews were conducted between the two small video game companies and a handful of other experts in the local industry. 17 interviews were carried out across the two restaurants with managers and servers. Since I was talking to such a wide variety of individuals within these three labour market complexes it was not always possible to adhere to a strict or formal interview schedule. In interviews with managers and employees, the questions generally pertained to the nexus between the competitive business imperatives of a flexible workforce and the experiences of precariousness amongst workers. These were in-depth, semi-structured interviews with what can be considered key informants. When interviewing experts outside the boundaries of the firm, I was asking broader questions about the nature of firm dynamics, the general approach to labour-management relations, and some of the challenges being faced within the industry.

The one research technique employed to achieve some degree of comparability across the case sectors was that the same two questions were used to start all interviews with managers and employees: one asking participants to place themselves in an age category and one asking participants their highest level of educational achievement (either holding or in process). Due to the very small sample size, these obviously are not statistically significant results, but they offer some insights into the age and human capital characteristics of interviewees in a given industry and occupational segment.
Conclusion

This chapter has summarized two relevant bodies of literature which shape this research while documenting the methodological approaches that have been used to examine the research questions. I have argued that comparative labour market research of two kinds is absolutely essential to better understanding the broader urban economic impacts of changing work patterns in the 21st century city: the first is comparative geographical research which explores trends across different cities; the second is comparative sectoral research which investigates patterns and processes of restructuring across different industrial and occupational segments of a given urban economy. This dissertation attempts to examine both of these issues through different methodological means, but the heart of the research is in the field of comparative occupational and firm dynamics.

In this sense, this is perhaps not a typical dissertation in which a single line of argument can be traced through the main body of empirical chapters. Instead, this research begins in the next two chapters by setting out the local context for contemporary urban development in Vancouver over the past quarter century. The empirical chapters which follow examine a particular feature of Vancouver’s unique economy. As a result, the sectoral coverage is uneven. Chapter 5 on precarious employment is the only empirical chapter which compares the three sectoral case studies. Chapter 6 on firm performance compares management strategies in the Vancouver video game and legal sectors respectively, demonstrating some of the distinctive challenges that creative and knowledge firms face in a consumption-oriented global city. In Chapter 7, the research is narrowed down further to examine the approach of the provincial government to investment and subsidies in the Vancouver video game industry.
Chapter 3: Economic Restructuring in Canada’s Global Cities

Introduction

The economic geography of Canada has been transformed over the past quarter-century. Most notable has been the westward shift of economic prosperity from Ontario and Quebec to the Prairie and Western provinces of Manitoba, Saskatchewan, Alberta and British Columbia. Much of this has been tied to the revalorization of Canada’s resource industries – potash in Saskatchewan, oil and gas in Alberta for example, natural gas in British Columbia – but this is more than just about resource booms. Changes in immigration patterns, industrial and occupational profiles, major trading partners and capital investment flows, have all played an important part in the restructuring of the Canadian economy.

These broad processes of economic change have been fundamentally differentiated by geography and scale, serving as a forceful reminder that different places are embedded in different economic networks and logics that can create vastly different economic outcomes. This means that while general patterns of economic change can be discerned at the national and provincial scales – such that we can say with confidence that the economic heart of Canada has been steadily moving westward over the past two decades or so – it would be entirely wrong to assume a single path or trajectory of economic change at the national or even the provincial level. Rather, it is at the scale of the city-region that the differential qualities of economic change across Canada are best appreciated. In this chapter, I focus on changes that have occurred in Canada’s three ‘global’ city-regions: Montreal, Toronto and Vancouver. In particular, I am interested in understanding the process, and differential outcomes, of labour market restructuring.
Over the past two decades, economic geographers have demonstrated that labour markets need to be understood as being fundamentally constituted at the urban scale (Peck, 1996; Martin, 2001). Labour market restructuring, therefore, refers to a number of different dynamics that are influenced by variously-scaled social and economic forces but whose impact touches down at the city-regional scale: i) changes in industrial and occupational composition; ii) changes in the labour process; iii) changes in the rate and distribution of earnings for particular industrial and occupational segments. It is these three features of urban labour markets that will be the focus of this geographically comparative study of Canada’s major city-regional economies.

This chapter is informed by a number of different data sources and quantitative methods. Because in-depth data at the urban scale is very hard to access in the Canadian case, this chapter includes both Statistics Canada data analysis alongside other secondary statistical data which will be applied to the three city-regions. It is hoped that the weaving together of various data sources and the mixed-methods approach will ultimately produce a timely and critical appraisal of labour market restructuring in Canada’s major city-regions. The next section establishes the literature within which this discussion of labour market restructuring fits and outlines the research methods that were utilized. Following that, I present the results as a comprehensive and comparative analysis of labour market restructuring in Montreal, Toronto and Vancouver. In the third section, I move beyond the labour market and look at some other factors influencing urban development such as demographic and housing market trends. In the conclusion, I outline some of the implications of this research for understanding the different trajectories of growth and economic development that these three city-regions are experiencing. Labour market restructuring is therefore shown to have dramatic impacts on the form and function of these global city-regions.
Outline and Methodology

Every city has an economic strategy whether implicit or explicit. In the past, economic strategies often developed naturally out of particular place-specific advantages such as the location of particular resources or transportation routes. These kinds of historical place-based advantages have largely, though certainly not altogether, been overcome through technological advancement in information, communication and transportation. The central argument of this chapter is that, for most cities, the shape and function of labour market activities are key constituents of broader urban economic strategies. Ironically, Vancouver is an economy less defined by labour market activity and this is an issue returned to in the final section when demographic and housing market trends are added to the overall picture of urban economic performance. There are three especially important features of urban labour markets which influence how city-regions develop economically and socially.

The first feature is the industrial or occupational composition of a local economy. What are the driving sectors of a given city-regional economy? A local economy which is dominated by low-value added manufacturing of toys and clothes for export will be very different from a local economy which is dominated by high-order business services and finance. This feature of local economies has gained a significant amount of academic and mainstream attention over the past quarter-century (Massey, 1984; Sassen, 1991a; Florida, 2002). Sectoral and occupational restructuring has thus been embedded in discussions of post-industrial urbanism, global and world cities frameworks, the dual city debates and most recently the ‘creative class’ thesis. Each of these theoretical propositions has attempted to make a foundational connection between the types of work and economic value produced in a given city and the social character of that city.
The second important feature of urban labour markets has to do with the labour processes that are connected to these industrial and occupation profiles. The labour process consists of the physical, social, financial, temporal and spatial attributes of a particular job. In the same way that research has been undertaken which documents the dramatic changes to industrial and occupational composition that many Western cities have experienced over the past quarter-century, there has also been significant work which demonstrates the very real change in the labour process that many people face in the workplace. The most notable shifts include the rise of non-standard or precarious employment relationships such as temporary or casualized work (Vosko, 2010); the increased use of outsourcing to externalize the costs of production; the continuous restructuring of work tasks and practices within the firm to create efficiency gains (Capelli, 1997); and the remarkable growth of labour market intermediaries such as temporary work agencies or employment placement firms in the functioning of the local labour market (Benner, 2003). Each of these processes is noteworthy for transforming the experience of work in the 21st century.

The last feature of labour markets which influences how city-regions develop has to do with incomes. What kinds of earnings profiles are connected to particular local labour markets? Much recent research has pointed to increasing income inequality in Canadian cities (Chen et al., 2012; Walks, 2011) and indeed in cities across the world. Though the underlying causes of these patterns remain the subject of much debate, there is general agreement that the labour market is the one of the key domains out of which inequality has grown. Labour market restructuring has certainly changed the earnings distribution in cities and, as will be seen in the case of Vancouver, it is the connection between urban labour markets and other markets – especially housing – which often has the greatest impact on socio-economic development.
This chapter will assess the changes that have occurred in Montreal, Toronto and Vancouver in these three dimensions of labour market activity (industrial and occupational composition, labour process and remuneration). The objective of this exercise is to place Vancouver’s labour market performance over the past quarter-century in the comparative context of Canada’s global cities while identify key sectors of the Vancouver economy which merit further research. Following this, I look at some other features of the local economy which are particularly important in the case of Vancouver. Here, demographic and housing market dynamics are explored in some depth because of arguments made about how Vancouver’s economy is being driven by external flows of capital and people into the city. In the discussion and conclusion, I introduce the notion of the YVR story and look at the basic statistical patterns which help to explain how Vancouver has developed in the way that it has.

Unfortunately, it has proven to be difficult to gather statistics at the urban scale which speak to the three dimensions of labour market restructuring in a coordinated manner. For example, in order to draw conclusions about how changes in the industrial and occupational composition of an urban economy have impacted income distributions, we would need detailed statistics on employment levels which are cross-tabulated to the incomes that workers earn in these respective occupational classes over time. That kind of data, however, is not readily available from Statistics Canada. As a result, the statistical analysis being presented in this paper includes both direct tabulation of data from Statistics Canada, and surveying other research for data and findings that are relevant to the cases at hand. The approach taken here, therefore, has many of the attributes of a ‘meta-analysis’ in the sense that I am trying to gather evidence from as many sources as possible in order to draw informed conclusions about the key labour market changes in these three city-regions.
The two original contributions in this chapter are a shift-share analysis of labour market trends and an employment-by-occupation analysis of labour market growth. These two analytical tools present descriptive statistical evidence of differential growth trajectories for the three city-regions. Shift-share analysis is a descriptive statistical technique that was developed in the 1960s in order to compare the economic performance of city-regional economies while determining the degree to which regional job growth (or decline) can be attributed to national factors or unique local factors. As such, shift share analysis has been increasingly popular tool for local economic development practitioners (Jackson and Haynes, 2009).

Starting with a table of employment figures by occupation or industry for the city-regional and national economies, this technique involves basic calculations which compare the growth of employment at the regional level compared to the national level. The ‘national share’ explains the degree to which regional employment growth is explained by overall growth in the national economy. The ‘industry mix’ calculates how much employment in a particular regional industrial segment is explained by growth in that same industry nationally. Perhaps most importantly, the ‘competitive share’ determines the degree to which employment change in a regional industry segment is explained by unique factors that cannot be attributed to national trends in the industry or economy more widely. Each of these measures can help to identify leading and lagging industries in a local economy. In this chapter, I have used the occupational employment data instead of industry-based data. The occupational data allows for a more detailed analysis of exactly what kinds of jobs are being generated in the city and in combination with industry employment figures from other studies, it offers a comprehensive comparative view of the different trajectories of economic growth in Montreal, Toronto and Vancouver.
The second technique used is an occupation-by-industry analysis of labour market growth. This tool was developed in the 1990s by Erik Olin Wright (1997) in order to better understand what kinds of jobs were being produced during different periods of economic change. This method involves setting up a matrix of occupations in different industries and then categorizing those occupations based on income levels. The ultimate goal is to determine in which occupational segments job growth or decline has occurred. Wright and Dwyer (2000) utilized this approach in order to challenge prevailing notions regarding the ‘1990s jobs boom’ in the United States. Not only did their research focus on differential growth rates by occupation, though, they were also able to access cross-tabulated data on the gender and racial composition of particular occupational categories. This allowed them to draw conclusions about the class, race and gender characteristics of labour market restructuring. Their research generated two key findings (Wright and Dwyer, 2000, 4):

First, while it is true that many of the newly created jobs are good, it is also true that lots are lousy and there has been little expansion in between. In short, the true story is one of *job polarization*, and not simply growth at the top. Second, while job growth for white Americans has been concentrated at the good end of the spectrum, job growth for blacks and Hispanics has been concentrated at the lousy end. The full story then is also one of *racial division* in the labor market.

The occupation-by-industry method developed by Wright and Dwyer was used at the national scale, but this left something to be desired in terms of tracing how these processes of differential job growth were playing out at the urban scale. Surely different cities were going to be affected in different ways by job growth patterns. Doussard, Peck and Theodore (2009) took up this challenge with an in-depth look at labour market restructuring in Chicago. Their analysis, which included comparisons of six major city-regional economies in the United States, demonstrated clearly that different cities have different economic trajectories and profiles of employment change. While I have not been able to fully reproduce the Doussard et al approach
because of data limitations, I have been able to develop a basic statistical picture of income and employment growth for the three major Canadian cases. As will be seen, these three city-regions have in general experienced higher levels of sustained growth than their American counterparts, but they still display a remarkable degree of variation in terms of overall employment growth rates and the particular occupational segments of employment change.

The original data analysis conducted for this paper has largely answered questions about the first dimension of labour market restructuring (i.e. occupational and industrial composition). The rich tradition of Canadian urban and labour market research means that there are numerous studies which effectively develop a greater understanding of the last two dimensions. In terms of the labour process, I rely heavily on the recent work of Fuller and Vosko (2008) which gives a detailed analysis of the industrial and occupational foundations of precarious work. These findings were derived from national level data and I apply them in a general way to the three cities as a proxy measure of the degree or incidence of precariousness in urban labour markets. Given the data limitations, this kind of inferential analysis is the most that can be shown statistically on labour process changes at the urban scale. In terms of income and earnings data, I rely on the recent work of Alan Walks (2011) and Chen et al (2012) which charts changes in earning levels for Canada’s major city-regions and finds that inequality is on the rise. When these findings are applied to the city-regions themselves, we are left with a picture of the differential spatial articulations of income inequality. Hulchanski (2007) and more recently Ley and Lynch (2012) have mapped the distinctive changes in income levels at the neighbourhood scale for Montreal, Toronto and Vancouver. Thus, weaving together a variety of different data sources and methods will hopefully provide a comprehensive picture of economic and social changes in Canada’s major urban centers.
Changes in Labour Market Composition, Process and Remuneration

Occupational Composition

The data in this section is from the Labour Force Survey (LFS) conducted by Statistics Canada (2011) and tracks yearly employment level changes in various industrial and occupational categories. For each city, data is available from 1987 to 2010 and for the census metropolitan area. This gives us a broad picture of how the city-regional economy has changed over the past quarter-century. Perhaps the most striking feature of this analysis is the remarkably different employment growth rates for the three cities. The shift-share analysis allows us to compare national and urban scale trends. Employment levels in the Canadian labour market as a whole increased by approximately 38% during the reference period while Montreal incurred the slowest growth at 31%, Toronto experienced above average growth at 55% and Vancouver received tremendous growth of 78%.

To be sure, there is significant variation in terms of overall population and total employment for the three cities. Toronto is the largest Canadian city with a total labour force of approximately 2.9 million, Montreal has approximately 1.9 million and Vancouver is at approximately 1.25 million. Though the cities are of a different size and have seen differential growth rates in various occupational segments, the overall structure of the economies are remarkably similar. In terms of basic industrial and occupational composition, these cities are virtually indistinguishable (see Appendix A). Clearly, there are different sectoral specializations and clusters in each city but the overall trend seems to be of convergence in labour market composition. This would appear to substantiate some of the basic claims regarding notions of post-industrial urbanism. What remains the most important difference is the trajectory of growth that each city faces and the shift-share analysis provides an in-depth description of these trends.
In Figure 3, the data for each city have been presented in a bubble chart with the size of each point representing the overall degree of job growth in an occupational group. The vertical and horizontal position of the points represents the wage level and degree of local competitiveness for each occupational segment. In absolute terms, employment in Montreal grew by nearly 500,000 jobs during the reference period, but relative to the Canadian growth rate, Montreal saw an outward shift of 485,163 jobs to other parts of the country. Most distressing are the figures for Montreal’s finance and business services sectors. More than half of all combined effect deficits for Montreal were in these high-paying, high-value added sectors of the economy and as a result, wages in these sectors were lower than in Toronto and Vancouver. The other major area of relative job loss was in manufacturing where there was an outward shift of 113,439 jobs. More than three quarters of the job losses in this sector were the result of industry mix effects demonstrating that this was a trend felt across the country.

Toronto saw employment growth of nearly 1 million jobs over the reference period but its combined gains produced an inward shift of only 26,210 jobs. This reflects the fact that Toronto’s 55% growth rate was higher than the 38% for Canada as a whole. Toronto experienced slight declines in the secretarial and administrative occupations in finance, but given its dominance in terms of the absolute levels of employment in these sectors this is not of great concern. Where Toronto, and in fact all three major cities, has seen its most significant inward growth is in natural and applied science occupations such as life sciences, engineering and computer software development, as well as social sciences and education occupations such as law, teaching, social work and government services (see Figure 3). While different sub-sectors have emerged as dominant players in the three major cities, these occupations appear to be significant drivers of local economic growth.
Figure 3: Shift/Share Analysis of employment change for Montreal, Toronto and Vancouver.

Source: Author’s calculations from Statistics Canada (2011)
In contrast to the slow and steady growth trajectories in the Eastern Canadian major cities, Vancouver has experienced rapid growth represented in its receiving an inward shift of nearly 400,000 jobs during the reference period. Growth has been fairly even across the major occupational segments in Vancouver, though two trends are particularly noteworthy. Vancouver has seen disproportionate inward growth in retail sales/services as well as contracting and construction (Korstrom, 2011). The first trend points to the importance of tourism and international flows of wealthy immigrants to the city (Ley, 2010). Likewise, the modest growth in contracting and construction trades (compared to declines for Montreal and Toronto) reflects the ‘building boom’ that the Vancouver city-region has undertaken from Expo 86 to the 2010 Winter Olympics. While Vancouver remains the smallest of the major cities, it is perhaps the most dynamic with higher rates of economic and employment growth.

It is clear, then, that the three major cities have similarly structured economies, but are experiencing different growth trajectories. Understanding the nature of these different employment growth patterns is aided immeasurably by the occupation-by-industry analysis for Montreal, Toronto and Vancouver. In Figure 4, the city-regional growth patterns are categorically broken down to reveal the differential growth rates of particular wage-based job segments. Here, each occupational segment used in the shift-share analysis has been ranked by wage rate. The twenty-five occupations have been grouped into quintiles in order to account for the degree to which each quintile contributed to the overall rate of occupational employment growth. There is one significant shortcoming to this analysis: because hundreds of occupations have been grouped into just 25 major segments, some important differences within each segment are negated. This is perhaps best exemplified for lawyers who in Vancouver earned a median income of $81,308 in 2005 but were grouped with occupations earning just $35,950.
Figure 4: Employment Growth by Wage-Indexed Job Quintiles for Montreal, Toronto and Vancouver.

Montreal, 1987-2010

Source: Author’s calculations from Statistics Canada (2006a, 2011)
Nonetheless, this analysis presents important labour market trends. What becomes clear is that while for each city the largest contributions to employment growth have come from high-income occupations, there has likewise been significant (albeit lower on average) levels of growth in the lowest-income segment made up of service-sector jobs. This validates the comparative sectoral approach utilized in this dissertation since food services, legal services and computer software development represent key growth sectors for the Vancouver economy despite their different income and skill profiles (Appendix B). Whereas Vancouver experienced steady growth in both of the lowest three quintiles, Montreal and Toronto each saw the lowest contribution to growth from the second and third quintiles. These segments were dominated by primary and manufacturing employment (Appendix C). The loss of these relatively steady, well-paying unionized jobs has likely been the single greatest contributing factor to the decline of the ‘middle-income’ classes. These findings are particularly interesting in light of debates in urban geography about dual cities and polarization as key features of post-industrial urbanism.

Hamnett (2003) has argued that major cities are becoming more unequal as a result of the overall professionalization of urban labour markets and the absolute decline in low-end jobs. Others have argued that urban labour markets are characterized by increasingly polarized labour markets in which there is growth at both ends of the employment spectrum (Sassen, 1991a). The evidence on the Canadian labour market – from the research of Alan Walks as well as the findings reported above – appear to challenge the Hamnett professionalization thesis. While it is clear that Montreal, Toronto and Vancouver are seeing an upgrading and professionalization of the employment structure, significant pools of low-end work (especially in services) continue to exist and grow. This suggests that we are beginning to see endemic processes of urban socio-economic polarization and these have quite clear spatial patterns in the city (Hulchanski, 2007).
Labour Process

The labour process consists of both work and employment relations. Work is the actual physical, mental, emotional and social activities that are involved in completing a job task whereas employment refers to the relationship between workers and employers. While these terms are often used interchangeably, scholars in labour studies distinguish between work and employment in discussions of the labour process because they constitute fundamentally different features of the labour market. Forms of work restructuring or reorganization that have been detailed in the literature include downsizing, job rotation, work sharing, employee empowerment, team-work, quality circles and the like (Capelli et al, 1997). Alternatively, the most significant changes in employment consist of the rise of new forms of contractual relations including: the growth of precarious employment such as temporary, contract, casual or part-time contracts and the rise of outsourcing. To be sure, changes in the nature of work and employment often overlap for example when teams of professional workers are brought together on a fixed-contract basis in various knowledge-economy settings in order to complete a single project. Yet, in this realm of labour market activity especially, the distinctions between work and employment must be maintained.

Most of the statistical work that has been done on labour process restructuring has been interested in employment changes. This is in large part due to the fact that statistical data are not readily available for changes in work processes and thus most of the research on work process restructuring has been qualitative in nature and case-study based (though see Osterman, 2000 for a good quantitative review of work reorganization). In contrast, Statistics Canada does have a number of measures to deal with changes in employment relations and these have been well summarized by Fuller and Vosko (2008).
In this work, the authors seek to detail the incidence of precarious employment in different industrial and occupational segments as well as the social indicators which contribute to precarious employment (such as gender, race and citizenship status). They operationalize precariousness by comparing seasonal, contract, casual, agency and permanent forms of temporary employment. The data in this research is compiled at the national scale and in fact, much of the research on precarious employment is scaled to the national level (Vosko, 2010). We know, however, that local labour markets can have vastly different compositions and growth trajectories which suggest that the precarious employment profiles, and the ways in which precariousness is experienced by workers, will be different in different places. This section is an attempt to scale down figures to the urban level in order to create proxy measures or inferences which will give some insight into how Montreal, Toronto and Vancouver produce different ‘precariousness profiles’.

Appendix A shows the industrial and occupational compositions for the three cities from the 2006 census; these figures were used to maintain consistency with the Fuller and Vosko (2008) data which was compiled for 2004-2005. Alongside these occupational and industrial figures is what is here termed a ‘precariousness index’. This was created by calculating the sum of all the different kinds of ‘temporary employment’ for each industrial and occupational segment. When applied to the three cities, it provides a blunt measure of the degree of precariousness in the local labour market. In all three cities, the single largest occupational group is in sales and services with approximately one-quarter of all jobs and this segment has by far the highest score on the precariousness index. The fact that the largest occupational segment in urban economies is highly prone to precarious employment is one important indication of the growth of flexible employment practices.
Because the three cities are differentiated more on growth trajectories than on composition, Figure 5 details the degree of precariousness in the particular high-growth segments of the three respective economies. What we see here is a slightly more nuanced picture of precariousness across Canada’s three major cities. In Montreal, natural and applied sciences has a low incidence of temporary employment, but the high-growth in social science, education, government and religion occupations is a segment which is relatively high in contract work. Toronto has seen high-growth in some health care occupations which have a relatively low incidence of precariousness, but in its other high-growth sector of business, finance and administrative occupations, there are relatively high levels of contract, casual and agency employment. Vancouver has seen quite high growth in all of these sectors, but in the sectors in which it has grown while the other two cities have stalled – sales and the trades – there are high incidences of casual and seasonal employment respectively. To be sure, these figures have many shortcomings: the occupational data at the urban scale are for full-time employees while the Vosko and Fuller (2008) data are obviously not; moreover, national level data cannot smoothly be scaled-down as if the city-regional figures correspond or represent the national figures. That being said, this analysis at least offers initial insights into the differential contours of precariousness based on the particular labour market compositions and growth trajectories of the three city-regions.

Figure 5: Incidence of Precarious Employment in High-Growth Occupations

<table>
<thead>
<tr>
<th>City</th>
<th>High PI</th>
<th>Low PI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montreal</td>
<td>social science, education, gov’t</td>
<td>natural and applies sciences</td>
</tr>
<tr>
<td>Toronto</td>
<td>business, finance and administrative</td>
<td>health care</td>
</tr>
<tr>
<td>Vancouver</td>
<td>sales and services; trades</td>
<td>health care; sciences</td>
</tr>
</tbody>
</table>

Source: adapted from Fuller and Vosko (2008)


**Income and Inequality**

Despite the rapid growth and innovation in financial tools and speculation over the past quarter-century, for most people in the Western world earned income remains the primary source of wealth generation. The restructuring of urban labour markets influences the kinds of products and services that are created in cities, the kinds of work and employment relationships that are involved in value-creation at the urban scale and the forms and distribution of earnings in city-regional economies. What kinds of trends are we seeing in terms of income generation and inequality across Canada’s major cities and what are the spatial manifestations of these patterns? The former issue will be taken up through a synthesis of the recent work of Alan Walks (2011) and Chen et al (2012) on income profiles and inequalities in Canadian cities while the latter question will be discussed through the recent work of David Hulchanski (2007) as well as more recent work by David Ley and Nicholas Lynch (2012).

Income inequality has been growing steadily in Canada over the past two decades. After Canada reached its lowest recorded rate of income inequality in 1989, rates have increased to an unprecedented level from 1990-2004 (Heisz, 2006). In fact, according to the OECD (2008), income inequality has risen faster in Canada than any other member country with the exception of Finland (which has a far lower degree of absolute income inequality). This trend can almost entirely be attributed to changes in the income distribution for Canadians of working age in the labour market since inequality amongst seniors has actually declined (Heisz, 2006; Chen et al., 2012). Growing rates of income inequality are represented in geographical cleavages based on differences between slow growth and high growth city-regions, but more importantly it also reflects “widening disparities among social groups and classes within Canada’s metropolitan areas” (Walks, 2011: 112).
A number of interesting trends emerge out of Walks’ research. He finds that only Toronto and Vancouver have seen steadily rising levels of poverty, as measured by the Statistics Canada Low-Income Cut Off, over the past quarter-century. Montreal, Ottawa and Calgary have seen their low income rates stabilize after peaking in the mid-1990s. According to Walks, these geographical differences in poverty levels are largely attributable to the role that Toronto and Vancouver play as immigration gateways and hubs. Yet poverty is only one side of the inequality equation. The growth of high-income households, and its political establishment through the reduction of taxes on high-income earners, constitutes the other component of increasing inequality and polarization in Canadian city-regions. Each of the five cities that Walks analyses have seen high-income households (above $100 000) grow disproportionately quickly with the exception of Montreal.

Perhaps most interesting are the occupational income trends which Walks details. We know that the top 0.1% of Canadian income earners has seen a full doubling of their income between 1990-2000 (Saez and Veall, 2005) and that Canada’s top 100 CEOs saw their incomes rise from 104 times to 259 times the average Canadian income between 1998-2007 (Mackenzie, 2009). Walks points out that:

The ratio of average per capita employment incomes (compared with the CMA averages) for most of the major urban occupational groups either declined over time or remained essentially flat. Yet, the managerial class was able to turn around the relative decline in their employment incomes that occurred between 1980 and 1990 to their significant advantage after 1990 and through to 2005. In all CMAs except Ottawa, managerial employment incomes shot up significantly… Thus, at least for the Canadian metropolis, Hamnett’s (1994; Hamnett and Cross, 1996) hypothesis linking globalization and urban wage inequality to “professionalization” is demonstrated to be incorrect. Instead of professionalization leading to income and occupational polarization, it is the disproportionate share paid to the managerial sector that best explains income divergence. The professional middle class has maintained remarkably stable relative incomes over time. The result is a clear polarization of employment earnings between the managerial class and other workers after 1990 (Walks, 2011, 114).
These patterns are even more disconcerting when the economic performance of visible minorities and recent immigrants is considered. These groups have seen their average employment incomes fall by 23.5% and 26.5% respectively between 1980 and 2000. City size appears to be a factor as Montreal, Toronto and Vancouver have seen steeper declines but perhaps more important is the occupational structuring of visible minorities and recent immigrants in low-end sectors (sales and services) and their relative absence from management positions (Walks, 2011). The picture here, then, is one in which Canada’s major cities are becoming significantly more unequal based on race and class lines. These patterns, however, have clear spatial dimensions as well.

The results of changes in income distribution largely play out in the most important urban consumption market: housing. Tracking changes in residential income patterns across the three cities gives us a sense for how inequality in the labour market is translated into an unequal socio-economic landscape at the neighbourhood level. Recent research by David Hulchanski has explored these very issues. The data shows the while spatial polarization has increased in Montreal, Toronto and Vancouver, the nature and pattern of changes over time are different. For each of the three city-regions, Hulchanski and colleagues tracked the average individual incomes at the census tract level (ie. neighbourhood) as a percentage of the average income for the census metropolitan area as a whole. They then categorized, and ultimately mapped, each census tract into one of three groupings: ‘City #1’ were those census tract areas that had seen incomes increase by over 20% from 1970-2005; ‘City #2’ were those census tract areas in which incomes increased or decreased by less than 20% during the reference period; ‘City #3’ were those census tracts that had seen incomes decrease by over 20% during the reference period. What we are left with is a picture of urban continuity and change which is scaled to the neighbourhood level.
These measures are certainly not a perfect approach to understanding experiences of urban economic restructuring, especially since they do not tell us explicitly whether average incomes for the census metropolitan areas have risen (perhaps lifting all boats to some extent). We can, however, detail the ways in which increasing income inequality is constituted spatially in the city and we can infer the degree to which labour market and other trends (most notably immigration patterns) are having an impact on these neighbourhood level patterns.

The trajectories and mappings of polarization are highly differentiated for the three cities, but they correspond remarkably closely with the findings of the labour market analysis conducted in this research. Toronto has seen significant growth in City #1 (26% of all census tracts) but equally high gains in City #3 (25% of all census tracts) pointing towards a declining ‘middle-income group’ in the city. Montreal has fared very badly over the study period with 85% of its census tracts in City #2 and City #3. In contrast to Toronto and Vancouver, Montreal has seen a stalling of its upper income classes as more households and neighbourhoods slide into the lower-income categories. Vancouver is a very interesting situation. We have already seen how the city has experienced the most growth over this time period and we might expect that it would have fared the best in terms of economic outcomes. In the original data developed by Hulchanski and colleagues, this was indeed the case with only small pockets of City #3 (10% of all census tracts). However when Ley and Lynch (2012) relaxed the categories from 20% change to 15% change, similarly dramatic results were found for Vancouver: City #1 doubled from 16% to 32% of all census tracts while City #3 almost doubled from 19% to 37%. In this sense, the lower measures of change indicate that Vancouver has done better than Toronto and Montreal, but the patterns nonetheless demonstrate increases in income inequality which are shaped by class, race and immigration status.
Beyond the Labour Market: Demographics and Housing Trends

To this point, a statistical picture has been painted strictly for conditions of labour market restructuring in Canada’s three major urban centers. Of course, however, there are other dynamics with respect to population trends, immigration patterns, unemployment rates, income trends and regional measures of innovativeness to name just a few which impact the city-regions in meaningful ways. When we look at these statistics, again it is quite striking that the trajectories of growth seen in the labour market are clearly reflected in the data. Montreal remains Canada’s second most populous city-region behind Toronto, yet growth rates have slowed considerably over the past quarter-century. Much of this declining rate of population growth is attributable to Montreal’s relative deficiency in attracting immigrants (Heisz, 2006). We know that Montreal’s labour force growth rate lagged significantly behind Toronto and Vancouver, but Montreal has also had amongst the highest rates of unemployment across Canadian CMAs over the past decade and median earnings have been approximately $5000 less in Montreal than in Toronto and Vancouver (Heisz, 2006). This broader perspective substantiates many of the trends that were seen in the labour market analysis.

Toronto and Vancouver have fared better than Montreal in terms of population growth, immigrant attraction and economic performance. In this framework, Toronto appears as Canada’s established ‘global city’ while Vancouver is the upstart, dynamic ‘global city’-in-training (though one with a different character to Toronto). These trends raise important questions about the social, physical, cultural and political economic foundations of Canadian city-regions in the 21st century. While there are clearly emergent city-regions in the Canadian urban fabric – Calgary and Saskatoon are growing as financial-resource hubs, Kitchener-Waterloo and Ottawa have established themselves as the center of Canada’s technology sectors,
and Quebec City and Halifax are emerging as cultural and educational magnets – Vancouver is nearly double the size of Canada’s fourth largest city-region (Ottawa-Gatineau). This suggests that Montreal, Toronto and Vancouver will remain Canada’s largest, most globally-recognizable city-regions in the immediate future. The balance of this chapter seeks to synthesize the findings from the above statistical work while adding some other statistical dimensions to the overall picture of city-regional urban economic development.

The most significant claim with respect to the Vancouver economy which needs to be explored is the uncoupling of the housing market from the labour market. According to experts (Moos and Skaburskis, 2010), the only way to explain the fact that housing prices have risen without corresponding increases in incomes is through infusions of external capital that have pooled in the housing market. Indeed, over the past quarter-century Vancouver has become home to thousands of what David Ley (2010) describes as ‘Millionaire Migrants’, many originally arriving from Hong Kong or Taiwan and increasingly from mainland China. While evidence regarding these individuals and their home purchasing patterns is very difficult to ascertain (Mitham, 2012), it has been estimated that $35-40 billion in liquid assets were transferred to Vancouver by business immigrants between 1988-1997 (Ley, 2010). Many scholars have, thus, argued that rising house prices in Vancouver are related to immigration flows and economic growth in Asia (DeVoretz and Werner, 2001; Ley and Murphy, 2001). More recently, economist Robin Wiebe studied the relationship between Vancouver house prices and three variables: local employment levels, mortgage rates, and Chinese GDP. He finds that the most statistically significant correlations are between Vancouver housing and Chinese GDP (Wiebe, 2013; see Figure 6). The ultimate outcome of these processes is the growing divergence since the 1980s between house prices and earned incomes in Vancouver (Figure 7).
Figure 6: Vancouver Housing vs. Employment, Mortgage Rates and Chinese GDP


Figure 7: Housing Price-Income Ratios in Metro Vancouver, 1980-2010

Source: Pastrick (2013)
What is becoming increasingly clear, then, is that the real estate consumption practices of recently arrived immigrants in Vancouver are very important. Over the past quarter-century, Canada has opened itself to immigration in an unprecedented way. Indeed, by 2006 foreign-born citizens represented 19.8% of the Canadian population, ‘the highest proportion since 1931’ (Statistics Canada, 2008). Two-thirds of all new immigrants arriving between 2001 and 2006 were attracted to Montreal, Toronto or Vancouver. Though other cities, especially those in Alberta, have been experiencing increasing domestic and international migration due to their improved economic performance, Canada’s global cities remain the country’s gateway to immigrants from around the world because of their existing social networks in immigrant communities, job prospects and availability of social services (Statistics Canada, 2008).

The profile of immigration into the Vancouver city-region is unique and has had a significant impact on the shape of the local economy. Since 1980, just less than 800,000 individuals have migrated into the Greater Vancouver Regional District. BC Stats (2012) data shows the breakdown of this immigration by source and the trends are striking. The vast majority of population growth has been accounted for by international immigration since most of the interprovincial gains have been offset by intraprovincial losses. As can be seen in Figure 8, the lower two domestic migration lines are mirror opposites of each other while the higher international line essentially follows the total. What is important to note is that Vancouver has attracted double its population-weighted share of business class immigrants that arrive with established wealth (Hiebert, 2009). It is in large part the real estate purchases of these individuals that have driven-up prices and created an affordability crisis in Vancouver. An astounding 87% of median pre-tax income is needed to service a mortgage on a standard house in Metro Vancouver compared to 62% in Toronto and 50% in Montreal (RBC, 2013; Figure 9).
Figure 8: Greater Vancouver Immigration by Source, 1980-2011

Source: Author’s calculations from BC Statistics (2012)

Figure 9: Mortgage Carrying Costs by City, 1988-2012

Source: RBC (2013, 8)
Over the past decade, Vancouver has been celebrated for its distinctive approach to urbanism which emphasizes livability, density and high-quality design aesthetics. At the urban scale, Punter (2003) has argued that a creative approach to downtown planning by visionaries such Walter Hardwick, Ray Spaxman and Larry Beasley has seen Vancouver transformed into a new urbanist mecca. Receiving less attention, but likely even more important than movements at the strictly urban scale, the fractured and fragmented Greater Vancouver Regional District has managed to implement its Livable Region Strategy which protects agricultural land while planning for dense residential hubs to be developed in suburban municipalities (Berelowitz, 2005; Barnes et al., 2011). While Vancouver might be a success story from the urban and regional planning perspective, the question that interests us here is whether it can be viewed as an economic, social and ecological success story as well.

The data in this chapter provides an important window into the trends which enabled the ‘Vancouver Achievement’ but also some of the consequences of this process at the city-regional scale. By taking a broader view of Vancouver’s development trajectory, it is possible to discern a different development narrative which is here termed the YVR story. Using this heuristic to understand Vancouver’s urban economic development trajectory, the initial emphasis would be placed less on visionary urban planning and more on the sustained high rates of in-migration of international immigrants settling in Vancouver. While it is true that the original ideas of dense, mixed-use development that would come to be known as Vancouverism emerged in the 1970s-80s, it would not have been possible for such development to have succeeded without the knowledge, capital and early entry of international immigrants (Olds, 2001). In other words, the Vancouver Achievement should be seen less as a catalyst for urban development but rather as the built-form expression of international immigration and investment decisions.
The international immigrants that settled in Vancouver, especially those from Hong Kong that brought established wealth during the major immigration upsurge between 1986-1996, are the key piece of the Vancouver development puzzle. That is why the reference to the Vancouver International Airport in the YVR story is so important. With international immigration and residential investment as the catalyst for economic and population growth, many distinctive features of Vancouver’s economic development trajectory can be traced. This chapter has shown that employment growth in Vancouver has outpaced that in Montreal and Toronto respectively from 1980-2010. Vancouver has definitely seen growth in export-sectors such as business services and transportation/distribution as well as its contemporary emergence as a technology and creative services hub in digital media, gaming, film and television and web development. Still, much of the city-regional employment growth can be attributed to population increases and the need for more homes to be built, more retail and sales services to be delivered, more teachers and professors in the education system and the like.

The profile of Vancouver’s labour market has shifted over the past three decades from more export-oriented activities associated with resource development and goods distribution to consumption-oriented activities in retail sales, residential construction, food services, education, health and culture. While employment levels have grown significantly as a result of these demographic changes, incomes have largely stagnated with median family incomes in Vancouver actually declining from approximately $61,000 in 1976 to $53,000 in 2010 (Statistics Canada, 2012a; see Appendix D). Paul Kershaw (2011) notes the special difficulties of young adults in Vancouver – what he calls ‘generation squeeze’ – who have seen housing prices rise 149% since 1976 while incomes declined by 6%. Growth in lower-wage sectors and sustained rates of working-age immigration are amongst the many factors that help to explain this trend.
When these income statistics are then placed in relation to a housing market that has seen dramatic price increases, it becomes increasingly clear that the average Vancouver citizen is little able to enjoy the livability for which the city is now famous. As will be shown in detail throughout this dissertation, the relationship between an internationally-driven housing market and modestly performing local labour market is the key dynamic in Vancouver’s economic development story. The processes underlying the YVR story place significant pressure on workers and firms alike, producing challenges which complicate the image of Vancouver as an economic success.

Furthermore, Vancouver’s social and ecological record is rather complex. Known as a tolerant and diverse city, recent research has shown that Vancouver is one of the most socially isolated major cities in Canada and that this can be partly attributed to a lack of meaningful interaction between different ethnic groups (Vancouver Foundation, 2012). The Vancouver city-region also has amongst the highest crime rates in Canada, with Port Coquitlam being named Canada’s murder capital in 2009 (MacQueen, 2009). Finally, while Canadian cities, especially Vancouver, often talk about being green and environmentally sustainable, the GVRD has seen significantly more population and employment growth in suburban municipalities (Heisz, 2006). These locational dynamics of labour and housing market growth in the Vancouver city-region are important. The City of Vancouver remains a strategic jobs hub for the region but it has shifted its orientation more towards residential activity and consumption over the past two decades. Increasingly, the inner and outer suburbs are becoming engines of economic growth in the region being home to key components of the Port of Vancouver as well as anchor firms such as EA, Ballard Power, MDA and Sierra Wireless (Barnes et al., 2011). Ironically, in Vancouver, claims of urban success are predicated on rapid suburban population and employment growth.
Conclusion

This chapter presents the distinctive trajectories of growth and inequality that Canada’s three major cities have experienced over the past quarter-century. While each city is growing and becoming more unequal, the patterns and spatial articulation of these processes remain different. This, again, reminds us how much geography in fact matters to urban restructuring even as many of the foundations of major urban centers (such as labour markets, housing markets, processes of gentrification and inner-urban revitalization) appear to be converging.

The factors which appear to be the most important determinants of urban economic development are labour market trends, housing market dynamics and demographic patterns. Yet, as is demonstrated in this paper, economic processes leak into the social and ecological domains of city-regions while socio-cultural and ecological factors very often impact urban economies. Urban prospects cannot be read-off from economic patterns alone, but rather city-regions must be understood as complex and dynamic ecosystems in their historical and geographical context. From this perspective, the ‘Vancouver Achievement’ has been a paradox in a number of senses. First, while Vancouver has clearly generated the highest employment growth rates of Canada’s global cities, there remain economic, social, political and environmental challenges which emanate directly from this growth. Second, the shifting economic trajectory towards consumption-driven growth in Vancouver has created a significant tension between visions of Vancouver as a livable city and the realities of Vancouver’s middling economy. This begs the question, for whom is Vancouver livable? Finally, despite having a globally-recognized signature design and planning profile, Vancouver’s economic transition out of crisis in the early 1980s was achieved without a strong economic development strategy (Wolfe, 2009). This goes against the conventional wisdom that such a strategy is a prerequisite to urban development.
The YVR story, then, is an alternative viewpoint to the recent narrative on urbanism in Vancouver. In agreement with more established ‘folk’ models, the YVR story acknowledges the many successes of Vancouver especially in its promotion of dense, downtown living. Yet viewing development through the prism of the YVR story forces us to consider what factors led to the ‘Vancouver Achievement’, whether it is reasonable for other cities to attempt to replicate the ‘Vancouver Achievement’, and what some of the broader consequences of this vision of urban economic development may be? These types of questions move us beyond the postcard ocean and mountain views as well as the promise of a laid-back and healthy lifestyle.

As this research shows, many of the qualities for which Vancouver has become famous are an illusion since they are out of reach for the average working resident of the city. The ocean and mountain views are reserved for long-time property owners or those that have earned their living elsewhere since local incomes are hardly a match for such a robust housing market. More significantly, the idea that Vancouver is a place of harmony where work and life are easily balanced is a cruel joke for workers across different occupational segments that struggle to make ends meet. While many people are attracted to Vancouver because of the beaches, seawall runs and recreational activities ranging from snowboarding to kayaking, often these are the first delights that must be sacrificed in order to progress in a career. These local conditions create a fundamental tension between economic development in the labour market realm and broader urban growth trajectories dominated by real estate development which is unique to Vancouver. It is the key feature of the YVR story. This dissertation aims to detail and explain these challenges in the words and experiences of Vancouver residents, firms, commentators and industry experts.
Chapter 4: Vancouver as a Global (Consumption) City

Introduction

Despite the degree to which Canada’s major cities are converging in terms of the basic structure of their economies, the unevenness in urban fortunes persists (Storper, 2010). This question of how to create and maintain urban economic success remains one of the most slippery and contentious issues in economic thought. It is for this very reason that research on Vancouver is especially worthwhile. Over the past quarter-century, Vancouver has been hailed for its forward thinking on dense residential neighbourhoods in the downtown core which is now appropriately named ‘Vancouverism’ (Punter, 2003; Boddy, 2006), its early adoption of creative and cultural sector strategies (Harcourt et al., 2007; Barnes and Coe, 2011) and its more balanced approach to economy-environment relations which sees the city as a global hub for ‘green thinking’ (Brunet-Jailly, 2008).

Yet according to the most basic measures of urban economic performance, Vancouver fails to meet many of the standards of successful post-industrial cities. The region is home to relatively few head offices or ‘anchor firms’ and saw a decline of 29% in head office employment between 1999-2006; a period in which such employment grew by 64% in Calgary and 19% in Toronto (Whitely, 2006). Vancouver businesses suffer from a significant productivity deficit relative to other Canadian cities while exports also came in below the average for Canadian cities (VEDC, 2010; Finlayson, 2011). As a result of low productivity and export levels, Vancouver is fourth last in per capita income in a ranking of 31 North American cities (VEDC, 2010). How, then, are we to understand the adoration conferred upon Vancouver in light of its basic economic failings? The answer is that Vancouver simply does not conform to existing models of post-industrial urbanism.
Since the economic upheaval of the early 1980s, Vancouver has transitioned away from its position as the command-and-control center for a vast peripheral resource economy (Hutton, 2004). Belying its coverage as a post-industrial and post-staples economy (Barnes and Hutton, 2009), it is perhaps more accurate to view Vancouver as a ‘hybrid economy’. The city-region has become highly diversified by combining ‘old-world’ strengths in transportation, warehousing as well as business and technical services associated with resources extraction along with ‘new-age’ growth in film and TV production, digital media, urban planning, architecture, and clean technology. Yet for all its diversification, Vancouver has also been at the forefront of urban development that is defined and driven by consumption of local land and services rather than the export of goods and services. It is this central feature of the Vancouver economy which is the focus of this chapter.

The first section of this chapter sets out a basic definition and theory of the consumption city while offering an early categorization of various kinds of consumption-oriented urbanism. In the second section, the empirical case is made for Vancouver as a consumption-oriented global city based on the interconnected dynamics of immigration, real estate investment and various types of tourism. The discursive representations of urban development in Vancouver as an ‘achievement’ are reinterpreted here as local actors setting the foundations for the city’s rise as a site of consumption-oriented global urbanism. The chapter concludes by synthesizing some of the key challenges that consumption cities face. In opposition to the conventional, and overly celebratory, accounts of urbanism in Vancouver, this section establishes the notion of the YVR story which signifies Vancouver’s tenuous position as a consumption-oriented global city.
The Consumption City in Theory

The global city debates have been the single most important and contentious features of contemporary urban studies. In her classic text on the subject, Sassen identifies a trend towards ‘spatially dispersed yet globally integrated organization of economic activity’ and in this context, her focus is on ‘the new strategic role for cities’ which function as ‘highly concentrated command posts of the global economy’ (1991a: 3). The focus on global cities which provides the ‘global control capability’ required to produce a truly global capitalism has set the terms for, and indeed defined, debates regarding urban development in a period of intensifying globalization. This interest in the production-orientation of global cities is of course warranted but it should not come at the expense of other approaches to understanding the global city. All urban citizens are increasingly subject to globalization in the form of products, images and personal interactions crossing borders (Ritzer, 1999). What distinguishes a global city from a ‘city in a globalized world’ is the degree to which international influences penetrate the city and conversely, the ability of the city to shape the outside world. As will be argued below, Vancouver represents a global city; but a different kind of global city.

The major argument in this section is that dominant academic and public policy discourses surrounding knowledge economies and post-industrial urbanism have focused on production and the productive features of cities. The global and world cities frameworks, for example, have focused almost entirely on the geographic locations of certain key business functions and occupational segments, the connections between firms located in different cities and the ways in which certain types of workers fit (or perhaps do not fit) into these productive activities. Post-industrial urbanism has for the most part, then, been about explaining what cities produce and export once they cease to be industrial.
Indeed, the language and discourses surrounding understandings of urban development are worth exploring here. The key metaphor which global cities scholars have used to describe these cities is the ‘command-and-control center’. Nearly all of the major analyses of global and world cities have used this term to describe the function of these cities including Reed’s (1981) work on international financial centres, Friedmann’s (1986) writing on the world city hierarchy, Sassen’s (1991a) evaluation of global cities, and the more recent ‘interlocking network model’ expounded by researchers at the GaWC (Taylor et al, 2009). According to this view, the overwhelming concentration of head-office and business services functions located in global cities reflect the fact that these cities – or more accurately the firms and knowledge workers located therein – make the decisions on financing, investment and business strategy which other cities and lesser peripheries must accept as part of their effective inclusion in the global economy as branch-plant, branch-field or branch-mine locations.

This mode of thinking has been shaped by economic base theory which is a theoretical and methodological approach to understanding regional growth dynamics (Rutland and O’Hagan, 2007). Economic base theory distinguishes between basic (or ‘traded’) activities which involve the exchange of goods and services with actors outside a given region and non-basic (or ‘non-traded’) activities which involve transactions between local actors. The underlying logic of the theory is that basic activities produce the revenues out of which non-basic (mostly service) activities emerge. This model developed by Douglass North (1955) continues a long history of economic theory which essentially divides the economy in a similar manner. As the global economy has changed over the past three decades, economic base theory has been revised to come to terms with the fact that services are increasingly important export activities.
In the seemingly most powerful and successful cities, resources or manufactured goods have ceased to be the main exports and instead professional services now provide the bulk of export revenues. In spite of this broadening of the parameters of economic base theory, the foundation of the theory still holds: non-basic industries, especially in the consumer services sector, are seen to be driven by revenues that flow into the region from export sales often of producer services (Rutland and O’Hagan, 2007).

The global cities literature extends forward from this economic base theory. For Sassen (1991a) and Beaverstock et al (1999) alike, the fundamental reason that global cities exist is that only a select few cities with such deep talent pools and firm agglomerations are necessary to perform the high-value work of managing the global economy. Moreover, because the production networks which span the globe have become so complex, there are opportunities for different cities to specialize in various business services clusters. The relationship between production and consumption in global cities, then, is predictable: the returns on specialized skills create the wealth and opulence on display in cities like New York and London. For others, local consumption should be seen as the precursor to, rather than the product of, successful urban economies (Glaeser et al., 2001; Lloyd and Clard, 2001; Florida, 2002). Yet in both the global and creative cities frameworks, consumption remains a residual; something that merely helps to explain production. Still, the most outdated linear factor in the economic base theory is the conception of geography that is utilized. It is assumed that there is a clear connection between where things are produced and where they are consumed. But the era in which production and consumption were necessarily tethered in a single geographic location has been superseded by a new epoch of global capitalism in which production and consumption processes have become incessantly fragmented and (re)integrated.
There are numerous examples of the recurrent collapsing and reconfiguring of economic geographies which illustrate this point. The remarkable rise of global remittance flows (WB, 2011) can be set against the equally stunning rise of what Sklair (2001) terms the ‘transnational capital class’. In both of these cases, though on totally different ends of the social and economic spectrum, the mobility of people and investment upsets the basic geographic assumptions undergirding economic base theory. Production in the basic sector is not confined to ‘local residents’. Evidence of this, and indeed controversy, is seen in all manner of different production locations: resource extraction sites in British Columbia use Chinese migrant workers (CBC News, 2012a) while business people jet around the world making key business strategy decisions (Faulconbridg and Beaverstock, 2008).

Likewise, the consumptive activity in the non-basic sector is not necessarily aimed at local residents. The intensifying mobility of individuals has heightened the significance of different forms of tourism as foundations for local economic development (Stabler et al, 2009). Upsetting this traditional understanding of local and regional economic development as based on the export of goods and services, is that cities are increasingly able to specialize more narrowly in a certain economic function. What Massey (1984) described as the spatial division of labour has been extended beyond production and into other realms of economic life. The fact that various forms of productive economic activity – most notably the largely invisible industrial, agricultural and resource production located in the ‘global periphery’ – can be coordinated efficiently across space allows for the hyper-specialization of cities (Scott, 1988; Zukin, 1991). How else to explain the rise of post-industrial cities which produce almost none of the material conditions to sustain millions of people on a daily basis? It is this very process of specialization which has enabled the growth of the consumption city.
So what is the ‘consumption city’? In spite of the recent increase in interest regarding consumption across many social science disciplines and certainly in urban studies (Jayne, 2005; Miles, 2010), there remains no definition of the consumption-oriented city. Given that cultural approaches have dominated the study of consumption, existing research has focused primarily on the degree to which consumption creates different urban identities and structures of everyday life defined by consumerism and consumer spaces (Bourdieu, 1984; Featherstone, 1991; Miller, 1995). This is no doubt an important feature of contemporary urban scholarship but it must be complemented with more strictly ‘materialist’ analysis which seeks to understand the consumption-oriented city within its own economic parameters rather than as a variable contributing to broader ‘cultural’ changes in the urban condition.

From a political economy perspective, the consumption-oriented city can be defined as one in which the nature of the urban economy is disproportionately shaped by ‘inward’ investment into non-basic activities such as tourism, retail consumption, real estate, gambling, health services or education. The consumption-oriented city sells itself rather than exporting goods or services to be consumed elsewhere. Of course, creating an infrastructure for consumption will involve productive activities – building houses, shops and entertainment districts for example or delivering services to customers and tourists – and this reminds us of the fact that all cities are both production and consumption cities. As will be shown, this definition is fluid and supports a broad political economy treatment of exchange relationships which see production and consumption as organically connected. In short, as urban specialization continues, some places focus more on production and exports while others focus on consumption. Just as there are different kinds of production-oriented cities, there will certainly be different kinds of consumption-oriented cities.
There are two key dynamics of differentiation that arise when trying to categorize consumption-oriented cities (see Appendix E). The first issue has to do with the type of consumption that goes in a given consumption-oriented city and this means looking at the leading sectors of the local economy. In North America, early examples of consumption-oriented cities would be Las Vegas and Atlantic City both of which developed in the first-half of the 20th century as gambling and tourist locations (Miles and Miles, 2004). Other key examples of consumption-oriented spaces would be Disneyland built in Anaheim, California in 1955 and Disney World built approximately a decade later outside of Orlando, Florida. Beyond the gambling-based tourism of Las Vegas and the family-based tourism represented in the Disney model, we can increasingly speak of medical tourism, educational tourism, eco-tourism, retirement communities, outdoor recreational tourism and surely there are more (Stabler et al, 2009).

The second issue involves the scale of the consumption-oriented city in question. For example, both Toronto and Vancouver have cottage and recreational towns within approximately 150 km of their boundaries (2 hour drive). Toronto has popular summer spot Wasaga Beach and ski resort Blue Mountain. Vancouver has an international ski and outdoor sports mecca in Whistler-Blackcomb. The processes which drive economic growth in these similarly-sized and oriented leisure places will essentially be the same but the strength of the consumption and branding appeal in Whistler is orders of magnitude greater. As will be argued in the next section, Vancouver must be understood as an uneasy hybrid economy in which consumption-oriented urban development is combined with more traditional productive activities in the city. Instead of a harmonious ‘diversified’ economy, this research points to the tensions inherent in this distinctive form of 21st century urbanism.
Vancouver: A Different Kind of Global City

The rise of Vancouver over the past quarter-century has not gone unnoticed in urban studies and economic geography. Indeed, Vancouver has featured prominently in academic research examining the cultural and economic foundations of the post-industrial city (Ley, 1987; Barnes and Hutton, 2009), the links between immigration and urbanism (Hiebert et al, 1992), the role of real estate development and housing markets in urban growth (Olds, 2001; Mitchell, 2004; Moos and Skaburskis, 2010), the intersections between urban governance and urban development (Blomley, 2004; Harris, 2011) and the importance of urban planning and architecture to post-industrial city formation (Punter, 2003; Hutton, 2004).

Likewise, Vancouver’s urban development has been the subject of many examinations outside of the academic literature; all contributing to the appeal and mystique of this city. Vancouver has been explored by cultural critics (Delany, 1994) and cultural luminaries (Coupland, 2000). It has been the source of inspiration for comedians (Demers, 2009), architecture critics (Boddy, 2006; Min et al, 2008), urban planners (Punter, 2003; Berelowitz, 2005), artists (Kluckner, 2012), historians (Davis, 2011), politicians (Harcourt and Cameron, 2007) and, of course, hundreds of travel guides. Despite all of the academic and mainstream attention which Vancouver receives, it remains a city which is hard to pin down or define (Bula, 2011). As has been argued, part of the reason why Vancouver is so difficult to understand is because it does not fit the typical model of post-industrial urbanism or global cities (despite the fact that it is both of these in important ways). Vancouver is ‘exceptional’ according to Vancouver scholar and frequent commentator Tom Hutton (in Bula, 2011). This section explores how and why Vancouver ought to be understood as a global city while surveying the contemporary urban narrative regarding Vancouver.
The story of Vancouver’s contemporary urban development has been one of stark extremes. In the late 1970s and early 1980s, the city “saw a dramatic transformation of the downtown peninsula, which took the form of a rapid expansion of the corporate complex of the CBD” (Hutton, 2004: 1960). During this period, Vancouver clearly held ‘global city’ aspirations of becoming a site for corporate headquarters and business services activity. This was foundational to the planning priorities of the time as can be evinced from the City of Vancouver’s Coreplan Strategy of the early 1980s. This strategy of building a corporate CBD, however, “was seriously compromised by a severe recession in the early 1980s, [which was] precipitated by commodity price shocks within the provincial staples sector” (Hutton, 2004: 1962). This experience would set the stage for an equally extreme planning framework to replace the Coreplan.

For Hutton, the “severe recession of the early to mid-1980s eroded public and political support for assertive growth management in Vancouver’s core and arrested the expansion of speculative office development in the CBD” (2004: 1962). However, the late 1980s brought a recovery catalyzed by the stimulus of Expo 86 and the rapid inflow of business class immigrants from the Pacific Rim. Vancouver’s new land use strategy – crystallized in the Central Area Plan of 1991 – “proposed a strategic reordering of space favouring residential and public uses, to be achieved by consolidating the CBD within a smaller and more tightly bound territory, effectively freeing-up significant land resources for housing” (Hutton, 2004: 1964). In the years since the Central Area Plan, residential real estate development has come to dominate the downtown Vancouver landscape. By 2004, it was recognized that the pendulum had swung too far in the direction of residential development and a moratorium on condominium conversions was passed by Vancouver city council (Barnes and Hutton, 2009).
Through the decisions of influential local politicians such as Art Phillips, Walter Hardwick and Mike Harcourt as well as urban planners such as Ray Spaxman and Larry Beasley, Vancouver became a pioneer in what would later be recognized as creative or livable urbanism (Harcourt and Cameron, 2007). What is termed Vancouverism – the name given to Vancouver’s urban development approach – consists of dense condominium towers twinned with street-level and accessible amenities such as shops, parks and recreational spaces, community centers, and public transit hubs. All of these features are aimed at attracting upwardly mobile people to live in dense, mixed-use, lively downtown neighbourhoods. The genius of this planning approach is that it leveraged the city’s assets – its ‘mountain and ocean views’ and recreational sites such as the sea wall which was built in conjunction with the condominium towers – and it anticipated the rise of a different kind of city and urban dweller (Ley, 1996).

While other cities were quickly building office-tower downtowns connected by highways to suburban residential areas, the City of Vancouver planned for a different kind of future city in which people would want to live in dense, dynamic and diverse communities (Ley, 1987). Moreover, the 22 municipalities making up the GVRD voluntarily agreed to a livable region strategy which prioritized dense suburban development (Artibise et al., 2004). Vancouver, then, fundamentally challenges the global cities literature. The global and world cities framework, which has become an important measure for urban success in an era of post-industrial urbanism, has validated a business and office tower-led growth model while discounting to a great extent different possible expressions of ‘global’ urbanism. The growth model implicit in the Central Area Plan of 1991 represented the urban planning and land use strategy which was the catalyst for Vancouver’s emergence as a global city, but one with a different character to New York, London or Toronto.
A key factor shaping Vancouver’s contemporary urban economic restructuring – one that helps to explain the sharp extremes in development orientation outlined above – is the importance placed on urban planning relative to economic development in the city. These functions are thought to be intimately related in the sense that economic development strategizing aims to leverage a city’s unique competitive advantages while urban planners provide the land uses necessary to achieve such economic development goals (Goldberg, 2003). What is perhaps most distinctive about Vancouver is that a novel economic development orientation which prioritizes urban consumption has been pursued without an overarching economic development strategy. In Vancouver, urban planning decisions have effectively been rendered economic development strategies because of the historical absence of strong economic development planning at the municipal and regional scales (Graham, 2005; Barnes et al., 2011).

As noted Vancouver economic commentator Frances Bula (2012) has argued, “[f]or two decades before [Mayor Gregor Robertson] arrived, the commission (previously named the Vancouver Economic Development Commission) was a mysterious appendage to city-hall operations with a big budget but rarely heard of by the public.” What the economic development office had not done from the late 1980s until 2010 was establish a formal economic development strategy nor had there been successful efforts to coordinate economic development efforts across independent municipalities (Wolfe, 2009; Artibise et al., 2004). Furthermore, while Metro Vancouver municipalities invest approximately $4 million annually on economic development efforts, nearby Seattle invested $11.6 million and Toronto $33.6 million (Graham, 2005, 4). These patterns run contrary to much scholarship regarding the rise of entrepreneurial cities in which strong local strategies are seen as necessary to spur growth (Harvey, 1989). In Vancouver, urban planners and land use considerations have led economic development.
On what basis, then, might it be argued that Vancouver represents a global consumption city? There are three key, interrelated features that mark Vancouver as a distinctive global city specializing in real estate consumption. The first factor is that in the past three decades, Vancouver has been a primary beneficiary of changing immigration policy in Canada which has sought to attract wealthy immigrants from around the world. Most notable were the massive flows of Hong Kong residents that were aggressively lured by Canadian government officials during the late 1980s and early 1990s (Siemiatycki and Preston, 2007). Between 1989 and 2004, Vancouver received over 300,000 immigrants and, most significantly, “double its expected share of business class immigrants” relative to Toronto and Montreal (Hiebert, 2009, 17; see also Ley, 2003). The arrival of Ley’s (2010) ‘Millionaire Migrants’ and the associated pooling of international capital in Vancouver has had a dramatic impact on the local economy. Instead of investor class immigrants making productive investments in Canadian business beyond those mandated by government programs, the dominant investment vehicle has been in real estate (Olds, 1996; Ley and Tutchener, 2001; Mitchell, 2004; Ley, 2010; Moos and Skaburskis, 2010).

The relationship between international immigrants and the local housing market is an issue which has driven much local debate amongst academics, policy-makers and the general public. For some academics such as Michael Goldberg (2002), the anxiety of established Vancouverites over the ‘Asian Invasion’ in the 1990s was misplaced since immigration had only exacerbated a basic problem of land scarcity. Yet while acknowledging the land supply issue, Ley and Tutchener (2001) argued that globalization processes had given rise to increased international investment into the Vancouver property market and that this surge in demand was a significant contributor to rapidly rising house prices. How should these investment flows be understood in the context of Vancouver’s reorientation towards consumption?
In most cities, the residential form is a product of local labour market factors. This is simply not the case in Vancouver. Moos and Skaburskis (2010) demonstrate that Vancouver’s housing market has been de-coupled from the local labour market because of major infusions of investment from recent immigrants arriving with established wealth. As has been argued, this phenomenon has not been the result of economic development strategizing at the urban, regional or provincial scale which prioritized such a growth trajectory. Clearly, federal policy on business class immigration has been vital to the rising trend of inward investment in the Vancouver property market (see Figure 10) but only in conjunction with other supporting mechanisms. Similar to the U.S. and U.K., Canada has “few restrictions on foreign ownership of real estate” despite the fact that other countries such as Australia are increasingly imposing such laws to control housing affordability problems (Stastna, 2012). Another important factor which has incentivized real estate consumption for locals and foreigners alike has been more readily available credit terms and low interest rates over the past decade (Perkins and Robertson, 2012).

The ultimate outcome of these interrelated financial, regulatory and immigration processes as they have played out in Vancouver has been a dramatic rise in housing prices without corresponding growth in local incomes. In 1981, Vancouver was recognized as having high ‘living costs’ but workers in Vancouver were the highest paid in Canada according to the Conference Board of Canada (Lukasiewicz, 1981). Only one of those variables has changed since then. Figure 11 illustrates that “Metro Vancouver has Canada’s highest housing costs and lowest median income among the largest regions” (Metro Vancouver, 2012, 2). The connection between immigration, international capital and real estate development is the key feature of Vancouver’s consumption-orientation.
Figure 10: Immigrants Arriving in Montreal, Toronto and Vancouver, 1989-2004, by Admission Class, Indexed to the Canadian Average

<table>
<thead>
<tr>
<th></th>
<th>Vancouver</th>
<th>Toronto</th>
<th>Montreal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total (N)</td>
<td>319,915</td>
<td>825,925</td>
<td>253,040</td>
</tr>
<tr>
<td>Family</td>
<td>97</td>
<td>103</td>
<td>85</td>
</tr>
<tr>
<td>Principal applicant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skilled worker</td>
<td>91</td>
<td>98</td>
<td>130</td>
</tr>
<tr>
<td>Business class</td>
<td>254</td>
<td>70</td>
<td>57</td>
</tr>
<tr>
<td>Spouse and dependants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skilled worker</td>
<td>98</td>
<td>105</td>
<td>93</td>
</tr>
<tr>
<td>Business class</td>
<td>241</td>
<td>74</td>
<td>66</td>
</tr>
<tr>
<td>Refugee</td>
<td>56</td>
<td>93</td>
<td>118</td>
</tr>
</tbody>
</table>

Source: Statistics Canada, Longitudinal Immigrant Database (IMDB), special tabulation, 2005.

Figure 11: Average House Prices and Annual Median Family Income in Canada’s Major Cities

Source: Metro Vancouver (2012, 3)
The second dimension of Vancouver as a consumption city is the way in which ‘livability’ has become Vancouver’s international brand. This is apparent from the city’s early 1990s ‘Living First’ urban planning strategy of amenity-driven, residential revitalization of the downtown and has only become more prominent with Vancouver being awarded the world’s most livable city for each year from 2007-2011 (Reuters, 2011). Indeed, what urban planners and designers such as John Punter (2003) have described as the ‘Vancouver Achievement’ is nothing if not the promotion of the inner city as a consumption and residential space rather than a business complex. Olds (2001) terms this the ‘consumption orgy’. It would be nice to think that this was a coordinated strategy on the part of planners, economic developers and politicians, but the available evidence suggests otherwise.

The moments when Vancouver has most coherently articulated an economic vision based on consumption have rather unsurprisingly been directed towards mega-events which apparently catalyze ‘convivial’ urbanism (Miles, 2010). Vancouver’s push toward consumption-oriented global city status has been bookended by two global spectacles in Expo 86 and the Vancouver 2010 Winter Olympics. These cultural and economic development programs provided the opportunity to rethink Vancouver’s position in a global economy by: aligning local political and economic forces on a growth agenda (Surborg et al. 2008), coordinating funding from various levels of government for mega-projects that increasingly define the city (Siemiatycki, 2005), and drawing Vancouver ever closer to Whistler which has deepened Vancouver’s appeal and brand as an international leisure and recreational hotspot. Like other consumption-oriented cities, being an attractive lifestyle place is tremendously important to the local economy.
The third and final feature of Vancouver’s consumption-oriented status is the importance of various types of tourism. In terms of the conventional notion of the travel tourism economy, the numbers for Vancouver are striking. The BC Tourism sector contributes more to the provincial GDP than any other primary industry (see Figure 12). Approximately 75% of all tourists to British Columbia spend at least one night in Vancouver and for 39% of all tourists Vancouver is the main destination (Mansfield, 2010). In 2009, tourism revenues in Metro Vancouver were $3.5 billion with total sector employment of 206,900 (Kunin, 2009). Vancouver is repeatedly ranked one of the top global tourist destinations (CBC News, 2010). While it is difficult to quantify the economic contributions of tourism, Vancouver registered 8.4 million overnight visitors in 2010 compared to 9.8 million in Toronto despite the latter being twice the size of the former (Tourism Vancouver, 2010; Tourism Toronto, 2012).

Figure 12: GDP by Primary Economic Sector in British Columbia

![GDP by Primary Economic Sector in British Columbia](source: Tourism BC (2011, 5))
Clearly, then, tourism is an important contributor to the Vancouver economy. This is reflected in the fact that 8% of all Metro Vancouver employment is in accommodation and food services compared to 6% in Montreal and Toronto respectively (Statistics Canada, 2006b); a key proxy for the overall tourism industry because nearly two-thirds of all tourism jobs are in these hospitality sectors (Mansfield, 2010). Interestingly, while many commentators have been unimpressed with Vancouver’s economic development strategizing (Finlayson, 2012), Tourism Vancouver has been an outspoken advocate for a particular vision of Vancouver. In 2011, the outgoing chair of Tourism Vancouver boldly declared that, “Vancouver will be a world city by 2020” and new chair Howard Jang, proclaimed Vancouver to be “entering a decade of culture that will propel us toward a world city in just a few short years” (Tourism Vancouver, 2011). For Tourism Vancouver CEO Rick Antonson, “It’s about the city having gravitas; it’s hard to define, but you know it when you say London, New York, Hong Kong or Barcelona. We’re not there yet, but we deserve to be” (quoted in Hyslop, 2012).

This is an ‘official’ vision of Vancouver as a global consumption city. It resonates very closely with the importance of ‘place’ as Sharon Zukin uses the term: “Place in this sense is a form of location rendered so special by economy and demography that it instantly conjures up an image: Detroit, Chicago, Manhattan, Miami” (1991: 12). Vancouver is increasingly attempting to craft its own image as a lifestyle and recreational hub, a place of culture and diversity and, with the completion of a new convention center, a place for international events and conferences. This is perhaps a reasonable economic development strategy given that analysts argue “tourism worldwide has grown to become the largest and fastest growing industry in the world” (Kunin, 2009, 6).
Yet, despite the size and importance of conventional tourism to the Vancouver economy, in the context of consumption-oriented cities this is only a partial component of the tourism economy. According to Vancouver-based economic development consultant Rosalyn Kunin (2009), “tourism is travel for recreational, leisure or business purposes.” The broader question is what is the temporal threshold which distinguishes tourist travel from migration? Are international students arriving in Vancouver to attend an English-language school for one year tourists or migrants? Are foreign or out-of-province post-secondary students arriving in Vancouver to study at one of the lower mainland’s colleges and universities tourists or migrants? In the context of the consumption oriented city, this distinction is null: the only issue of import is whether individuals are spending dollars that were earned elsewhere to consume local services and experiences. According to this view, travel tourists and educational tourists are differentiated only by the intensity and length of their stay in Vancouver.

Much in line with this understanding, Vancouver is becoming an important international destination in what Hiebert and Kwak (2004) term the ‘global education industry’. According to recent figures, of the approximately 96,000 foreign students arriving in Canada in 2010, 21% studied in Vancouver compared to 26% in Toronto (CIC, 2011). These international students are having a disproportionately strong impact on the Vancouver economy (VEDC, 2003). Moreover, British Columbia was the first province in Canada to accept international students in the public K-12 system, many of which are destined for Vancouver (VEDC, 2008). When immigration and investment flows in the real estate market are combined with a broadly-conceived tourism sector, the importance of consumption activities to the local economy becomes clear.
Thus, in this dissertation, Vancouver is set out as a different class of global city. What makes it a global city is that it has been shaped to such a large extent by international investment, migration, and culture over the past quarter-century. In this time, Vancouver has spawned a cottage industry of city-builders that, as can be seen from the spread below which was featured in urban issues periodical Monu (Cormier and Pandolfi, 2010), have literally been exporting Vancouver’s blend of urbanism to locales ranging from Dallas to Abu Dhabi. Yet, as has been argued, this is not a place in which the basic markers of traditional global cities – in terms of the built form, types of firms and jobs – are present. As a result, Vancouver as a consumption-oriented global city has a different set of opportunities and challenges compared to other global cities.

Figure 13: ‘Vancouverism is Everywhere’

Source: Cormier and Pandolfi, 2010
Consumption and Production

Despite the seeming autonomy of cities and the imperatives of capitalist development which place them in competition, people in different cities are constantly cooperating. This is the fundamental feature of an economic system organized around trade. Urban studies as a discipline has been so heavily oriented towards issues of jobs and investment in part because of the arguments of classical economists from Smith to Marx about the importance of capital accumulation through production. For Marx especially, the main driver of capitalist development is the degree of exploitation which is embedded in the wage-labour form. Out of this particular organization of economic activity arise political and social conflicts expressed through the class relations of production. Within this schema, consumption plays a marginal role as all of the action is taking place in the sphere of production, leading to charges that Marx-inspired theory has a productivist bias (see Jayne, 2005, 9-10; Leslie, 2009 for a discussion of these issues).

Despite Marx’s preoccupation with the sphere of production and value creation, it would be a mistake to say that Marx neglected issues of consumption, distribution and exchange. These features of the capitalist economy were taken up in some depth in the Grundrisse, a work which for some Marxist scholars symbolizes the transition towards the more scientifically-oriented and mature Marx (Wood, 1993; against this view see Hook, 1994). In the Grundrisse, Marx takes a more holistic view of the capitalist economy:

Production, then, is also immediately consumption, consumption is also immediately production. Each is immediately its opposite. But at the same time a mediating movement takes place between the two. Production mediates consumption; it creates the latter’s material; without it, consumption would lack an object. But consumption also mediates production, in that it alone creates for the products the subject for whom they are products. The product only obtains its ‘last finish’ in consumption (1973, 91).
Perhaps the most important conclusion derived from Marxist political economy is that capitalism is an inherently unstable system of economic organization which is beset with conflict and upheaval. Cities are key sites in the spatial order of capitalism because they function as both places of production and consumption. As has been argued, however, in an era in which these two processes have become ever more geographically disconnected, cities are able to specialize in increasingly narrow ways as sites of production, distribution, exchange and consumption (in fact, it might be more accurate to say that global cities are sites of exchange rather than production per se). This specialization may not be planned or state-directed, but it is the hallmark of globalization. What is most significant is that these different kinds of cities will be subject to different tensions and contradictions.

Within the political economy stream of economic geography, there is a long tradition of scholarship examining the nature and consequences of economic restructuring (Lovering, 1989; Massey, 1984; Smith, 1984). In attempting to explain the dramatic changes being experienced in the global space economy in the 1980s, Marxist-oriented scholars generally argued that it was the search for lower-cost production locations that created deindustrialization and the rise of global production networks. This view represents the foundational logic behind what Smith (1984) described as uneven development under capitalism. On closer inspection, however, these basic logics apply to all cities which rely on export-oriented production. The common feature of all such cities is that there are real dangers that accrue from success as firms seek to find lower-cost locations for productive activities.
The competitive imperatives of capitalism place a great amount of pressure on production cities and regions. Resource-based local economies are constantly struggling with issues surrounding the speed at which resources are exploited and the global markets into which raw resources are being sold. This creates intense boom-bust cycles described by Harold Innis in his analysis of the ‘staples economy’. Manufacturing is perhaps even more vulnerable to place-based competition because of the relative ease with which low-skilled labour can be incorporated into the industrial production process. The deindustrialization of many Global North countries in the post-WWII period and the concurrent industrialization of many Global South countries – especially those in East Asia – have been made possible because workers with little industrial labour experience were able to become very productive manufacturing workers in a short time.

In the current era of post-industrial urbanism, it would appear that high-end producer services such as the FIRE occupations, legal and accounting services, and consulting could be located anywhere. Against the end of geography hypotheses, however, these productive economic activities have continued to cluster in certain ‘global cities’. Yet these cities are increasingly facing competition from new ‘informational cities’ that are either closer to emerging markets or can provide similar services for lower costs. The rise of the Indian economy as a global hub of business services outsourcing is perhaps the most important example of such processes at play but the trend is essentially the same as for any other productive activity: despite the fact that sunk costs arise for which firms want to recoup their investment and the fact that particular places build-up deep competitive advantages in certain kinds of occupational activity over time, production-oriented cities and regions are constantly at threat from cheaper production locations.
Consumption-oriented cities face a different set of challenges which have not been comprehensively analyzed in the urban studies literature. Instead of concerns about resource abundance or labour arbitrage, consumption-oriented cities are threatened by a dependency on inward investment. As has been argued, in the absence of a strong export presence, consumption-oriented cities develop as the result of infusions of capital, ideas and people from beyond the borders of the city. This is certainly the case in Vancouver where flows of capital and people from East Asia have shaped the built form and social morphology of the city. Indeed, from the pioneering investment decisions of Hong Kong billionaire Li Ka-Shing in the 1980s to the growing presence of mainland Chinese migrants in the property market, the intensity of Vancouver’s dependency on external sources of capital has only increased over the past two decades (Ley, 2010). Vancouver has had exceedingly favourable conditions as its growth has mirrored the remarkable rise of China and Asia more broadly, but it cannot escape these boom-bust features forever.

Perhaps more interesting are the tensions that exist between the productive and consumptive sectors in a hybrid economy. Vancouver’s real estate market has been central to the city’s employment growth (Korstrom, 2012) and rising international prestige (Boddy, 2004) but it has presented significant challenges for those firms that are trying to compete in export-oriented production. As one former executive of a Vancouver-based technology company remarked: “The real estate market here is a business killer; it makes it difficult to attract the kind of talent you need and it makes office and production space more expensive” (interview, industry expert, 2011). This embodies the main contradiction of the Vancouver economy which, as will be demonstrated in the following chapters, has significant implications for worker and firm competitiveness.
Thus while production-oriented and consumption-oriented cities face different kinds of challenges that are inherent to their growth models, there are two basic contradictions which arise in both types of cities that are related to the underlying foundations of capitalism. The first is that in an economic system that is defined by trade relations, a given place is always dependent to some extent on the performance and decision-making of trading partners. This dependency is perhaps most acute in consumption-oriented cities that rely heavily on inward investment for their growth but it is no doubt important for production-oriented cities as well which require a healthy demand from trade partners to enable their own growth and consumption. Resource-based and manufacturing-based regions feel this pressure when trade partners stop demanding their export-goods, while business service-based global cities experience this pressure as the need to constantly innovate in search of new market opportunities. In both cases, there is a significant degree of dependence on others.

The second contradiction is that cities and regions can be prisoners of their own success. For production-oriented cities, economic success is usually met with increasing costs of labour and space and these increased costs encourage firms to seek out new locations of production. The contemporary experiences of decline in resource cities such as Pittsburgh or industrial cities like Detroit, are examples of how fleeting economic success can be in an era of global competition. Similarly, consumption-oriented cities such as Vancouver that attempt to retain a balance between productive activity and consumptive activity often find that there are constraints placed on the productive sector by the success of the consumptive sector. These tensions are part of the dynamism of the capitalist economic system and deserve more systematic inquiry from urban studies scholars.
Conclusion

This analysis of the consumption-oriented city harkens back to the prescient commentary of Lewis Mumford in ‘The Culture of Cities’ (1938, 224): “One may distinguish roughly between producing cities and consuming cities: between the Five Towns, Pittsburgh, Lyons, Turin and Essen, on the one hand, and London, New York, Paris, Berlin, Rome, and their subsidiary pleasure resorts, on the other”. In consumption cities, the city itself through residential development or particular services that draw people to the city (such as tourism, hospitality and increasingly education) becomes the core ‘product’ attracting export-dollars. And in the ‘global’ variant of the consumption city, urban development is channeled through global flows of investment, people, architecture, urban planning and travel tourism. If the metaphor most often used to describe the global city is the ‘command-and-control center’, the ordinary city and its lesser peripheries might be conceived as the ‘engine-room’ of the global economy. So where does that leave consumption-oriented cities?

The consumption-oriented city is the leisure room of the global economy, a magnet which attracts people and wealth rather than globally-competitive firms. For these reasons, it must be measured based on different metrics and indices. Consumption-oriented cities will generally have lower percentages of manufacturing and business services employment and higher percentages of employment in retail sales, hospitality, accommodations and food services and other targeted services such as education or health care. Instead of being home to Fortune 500 head-offices or major manufacturing facilities, consumption-oriented cities depend more on tourism, education in the form of universities and language schools, as well as real estate development and lifestyle migration.
Yet these two approaches to urbanism – production and consumption cities – are not separate. On the contrary, the basic idea of the real economy as an interplay between production and consumption can, and indeed must, be translated into the realm of urban studies in order to develop a greater understanding of the diversity of urban forms and functions. The existing literature, focused as it is on productive concerns of investment, job growth and firm clustering, provides a partial view of urban development under capitalism in the 21st century. Urbanism cannot simply be about the location of manufacturing facilities, resource extraction sites and business services clusters. These would have no value without the demand of consumers. In this sense, production locations need consumption locations to valorize their work. But, of course, consumption locations are dependent on divisions of labour and production located elsewhere for their existence and this means that a relational view of urbanism is needed which seeks to understand the connections between cities rather than their seemingly independent growth.

For Sharon Zukin, “changes in the material and symbolic fabric of cities alter previous conceptions of consumption as a residual category of urban political economy. Cities are no longer seen as landscapes of production, but as landscapes of consumption” (1998: 825). Vancouver has, over the past quarter-century, become a consumption city. It is the antithesis of a standard global city. Examining urban economic development issues in Vancouver means explaining urban processes and dynamics according to different logics than most other cities and this research is interested in how Vancouver has become a global city, but one with a different character to that of Toronto or even nearby Seattle. Whereas other consumption cities have been forged around gambling, recreational or family tourism, Vancouver has grown as a real estate and lifestyle consumption city.
Vancouver scholars have no doubt identified the exceptional role of immigration, international investment and livability discourses in the city’s growth trajectory: “[w]ith this immigration came a unique feature of Vancouver’s economic geography, the emergence of the real estate market as a key element of regional development” (Barnes et al., 2011, 304). Yet even very good scholarship on Vancouver which recognizes the growing importance of consumption (such as Barnes et al., 2011) maintains the focus on the productive sphere. Outside of academia, the idea of Vancouver as a ‘glorified resort-economy’ in which there are serious barriers to export-oriented growth is one which consistently sets off heated debate. Architectural critic Trevor Boddy (2006) established this notion in discussing the ‘de-downtownification’ of the inner core. Both through new condominium projects and by way of highly controversial conversions of land and buildings which had previously been zoned for office or industrial space, Boddy along with renowned local architect Bing Thom argued that Vancouver was prioritizing residential and consumption activities over jobs and production. This is the YVR Story.

Despite the difficulty in substantiating Vancouver’s foreign real estate ownership patterns beyond the anecdotal (Yu and Donville, 2011; Mitham, 2012) this idea resonates with so many local residents because of Vancouver’s unaffordability crisis. Not only do these challenges place increasing strain on the ‘average middle class family’ (CBC News, 2012b), media accounts are increasingly documenting “the [negative] impact housing unaffordability is having on employers and the broader economy” (Kirby, 2011). Indeed, a recent article detailed how a number of executives at large Vancouver technology firms such as Sierra Wireless actually live in the United States and encourage many of their top talent to reside in communities such as Semiahmoo Resort near Blaine, Washington (Gold,
2013). These anecdotes are suggestive of the local constraints on job and firm development in Vancouver. As a result of this, the City of Vancouver (2012) convened a Task Force on Housing Affordability but this largely represents another effort where better urban planning has been seen as the solution without much broader examination of the underlying causes and consequences of unaffordability. To be clear, Vancouver remains a productive city but the foundational idea which shapes the following chapters is that the orientation of the city has fundamentally changed.

What is most important here, however, is not that Vancouver be seen as an altogether novel category of city, but rather to better appreciate that all cities are both producing cities and consuming cities in distinctive ways. Vancouverism, as conceived and experienced in Vancouver, has succeeded precisely because it was the crucial urban planning lever which shifted the city’s economic development trajectory. As a global consumption city, Vancouver is selling the promise of a particular kind of lifestyle.

Vancouver is both urban and not urban. It provides the attributes of work, culture, density and diversity that come with the modern city, but adds the wonders of livability, outdoor recreation, beauty, cleanliness, and harmony with nature that are not typically associated with urbanism. In a world in which productive forces and work pressures are so intense, the prospect of balance is a very powerful and seductive draw. But this notion of balance in Vancouver is a myth for most local residents. The tensions that arise out of pursuing productive endeavours constantly complicate and contradict Vancouver’s image as a mecca of livability. This research, then, is ultimately about how workers, firms and the state manage and negotiate the various tensions that exist in this particular formation of post-industrial urbanism.
Chapter 5: Precarious Employment in the Post-Industrial City

Introduction

Do the occupations that make up Richard Florida’s creative class provide ‘good jobs’ or are more and more workers, irrespective of their occupation, finding themselves in jobs that are precarious and dissatisfying? This chapter seeks to place creative class theory in conversation with research on precarious employment. Precarious employment is a term that has been developed by scholars over the past two decades in order to capture changes in employment relationships which are having a negative impact on work conditions and experiences in the labour market. Within this literature, it has been argued that there are four key dimensions which define precarious employment: i) the degree of certainty over continuing employment; ii) the degree of control over the labour process; iii) the degree of regulatory protection; and iv) the income level (Vosko, 2006). For these scholars, highly precarious jobs are those characterized by low job continuity, low control over work conditions, low regulatory protection and low income. In general, it is assumed that the higher the level of precariousness, the worse the job is. This framework provides a way of comparing job quality across the labour market.

While there have been few attempts to place all types of jobs in a local, regional or national setting in comparison based on these measures, what is clear from the existing literature is that certain types of employment are significantly more precarious than others and relatedly, that certain types of people are prone to landing in these more precarious jobs. In terms of the occupational and industry segments, research has identified private-sector work in retail and other services as well as agriculture as key clusters of precarious employment (Vosko, 2006). These jobs are disproportionately held by women, visible minorities, and foreign-migrant workers acting as a reminder of the connection between labour market insecurity and social identity (McCall, 2001).
The fundamental commonality between scholars of precarious employment and creative class thinkers is an interest in theorizing about the nature of class formation in the 21st century. For Florida (2002), workers in professional and cultural-creative occupations constitute a class that is based both on the nature of their symbolic labour and on their tastes, styles and amenity demands. This is a construction of class which combines features of both the productive sphere of life (the kinds of work people do) as well the consumptive sphere of life (the kinds of lifestyles people are engaged in). What is fascinating about the precarious employment literature is that there are two contrasting approaches which offer very different views of the labour market conditions underlying 21st century capitalism. On the one hand, there is the more empirically-grounded academic literature, here termed the ‘precarious employment approach’, which examines the ways in which new forms of employment relations are regulated, instituted and experienced (Vosko, 2006). This particular perspective shares with creative class theory the basic view of a highly stratified, and differentially experienced, labour market.

On the other hand, work emerging out of the activism and theorizing of autonomous Marxists – mostly in Europe – has seized on the issue of ‘precarite’ as a different embodiment of class which apparently captures the new realities of work-life in the 21st century. For these authors (Foti, 2006; Neilson and Rossiter, 2005; Popodopoulos et al., 2008), workers in various occupational and industrial segments are now subject to many of the same pressures of precarious employment arising out of the increasingly flexible labour markets which are a common feature of contemporary capitalism. This ‘precarite approach’ argues that workers at all points along the labour market spectrum – high-skill and low-skill, high-income and low-income – are facing similar challenges in the employment realm and that this could catalyze the political mobilization of a broader class alliance against capitalist exploitation (Hardt and Negri, 2004).
In the Florida conception of class, there is thought to be a significant divide in labour market and overall life experiences between what are termed creative class and a ‘residual’ service class. The service class – constituting between 50-70% of all urban workers and made up of retail salespeople, personal care workers, and other generally low-wage service sector occupations – apparently toil in menial, unsatisfying and precarious jobs. This logic is similar to that offered by precarious employment scholars (Vosko, 2006). Both conceptions are founded on the basic argument that certain workers such as lawyers, doctors, engineers, software developers and accountants are able to command higher incomes and secure more stable work. Florida simply projects forward from this that creative classes are better able to find rewarding work and enjoy the spoils of a city-life which is increasingly catered to their desires. This is not to suggest that either of these theorists are unaware of the existence of precarious employment in higher-end labour market segments since they both acknowledge such occurrences (Vosko, 2006; Florida, 2002). Rather, it is to argue that in both of these cases, the orientation towards labour market research is one in which certain key, statistically-verifiable factors – most notably average incomes and full-time work status – are seen to determine whether a job is good or bad.

The autonomous Marxist view theorizes no such fundamental split between service and creative workers (Ross, 2008). On the contrary, these commentators share a more classical Marxist view that all workers divorced from the means of production will have an antagonistic relationship to capital and this is especially the case in an era of neoliberal globalization when the intensity of global labour markets are threatening those occupations which have traditionally been insulated from competition (Ross, 2008). Whether associated with autonomous Marxism or not, the notion of a more wide-spread precariousness has catalyzed new research exploring how precarious employment has ‘leaked’ into higher-end labour markets.
A key early finding is that a significant amount of the work undertaken by creative and knowledge workers is highly precarious since it is often contractual, project-based or freelance (Ross, 2008; Kong, 2011). This basic conclusion creates a serious complication in terms of how to interpret dimensions of precarious employment into labour market segments dominated by relatively highly-skilled, highly-paid individuals. While the ‘free agent nation’ envisaged by Daniel Pink (2001) might be an encouraging trend for some ‘high-end’ workers, for many others, especially Florida’s ‘super-creative core’ in the arts, design, new media, and higher education, it represents the more common concerns about insecurity and vulnerability.

As was discussed in Chapter 2, scholars have traditionally analyzed these issues by way of segmentation theory, but more recent scholarship has been focused on the restructuring of labour markets and the rise of flexibility (Rosenberg, 1991). Thus far, the most in-depth work on these topics within economic geography has been explored through single-sector case studies (Christopherson, 2004; Ekinsmyth, 2002; Vinodrai, 2006) with what comparative work exists being more theoretical and speculative (Ross, 2008). This chapter examines these issues regarding the depth and extent of precarious employment through a comparative case study of three key occupational segments of the Vancouver economy: food and beverage services, video game production and legal services. These case studies of employment relations and working conditions are aimed at illuminating three crucial issues which remain under-studied. First, what is the nature and extent of precarious employment across service, creative and knowledge sectors? Second, how do localized factors at the city-regional scale influence the way in which workers experience precarious employment? Finally, how does precarious employment impact people’s lives both within and beyond the workplace? These questions frame the case studies that follow and will be returned to in the discussion and conclusion.
Precariousness A La Carte

A significant amount of research within labour studies has looked at the nature of food and beverage services. There are two key dynamics that emerge out of this literature having to do with food and beverage work and employment patterns. Labour studies scholars distinguish between work and employment in order to differentiate the actual physical and mental characteristics of a job (work) from the contractual terms of a job (employment). In terms of food and beverage work, scholars point to the ‘performative’ character of such jobs in which servers are constantly managing their physical, mental, emotional and bodily states in order to provide a positive consuming environment for the customer. Research on the performativity of labour has increased over the past quarter century with the rise in importance of service industries and the mass feminization of key segments of the labour market (Hochschild, 1983; McDowell, 2009). It has been argued that in many of these sectors, some of the key characteristics of work have to do with performing in ways which elicit positive responses from peers, managers, customers and others engaged in the work environment.

The increasing scholarly interest in performativity as part of the work process has been matched by concerns to theorize how this form of labour fits into political economy frameworks of the labour market. Again, the most significant research on this topic has come from autonomous Marxists such as Hardt and Negri (2004) who argue that ‘immaterial labour’ – and more specifically ‘affective labour’ – is becoming an ever more common feature of service economies. According to Hardt and Negri:

One can recognize affective labor, for example, in the work of legal assistants, flight attendants, and fast food workers (service with a smile). One indication of the rising importance of affective labor, at least in the dominant countries, is the tendency for employers to highlight education, attitude, character, and ‘prosocial’ behavior as the primary skills employees need. A worker with a good attitude and social skills is another way of saying a worker is adept at affective labor (2004: 105).
For these theorists, immaterial labour represents a change in the basic currency of Marxist thinking because the working-class workplace has changed so dramatically. Of central import is whether affective labour changes the class relations of production and what this case study of food and beverage servers demonstrates is that pro-social behaviour in the service workplace can indeed influence how workers view their (precarious) employment.

Within the realm of the food and beverage occupations, Rose (2004) presents an interesting account of the varied skills that are necessary for servers to be successful. The dominant theme running through this description is that food and beverage serving is by no means ‘low-skilled’ work. Both in the physical and mental demands of the job, servers are required to have a repertoire of skills which must be called on in an often intense, fast-paced work environment. These include: knowledge of the menu and memory of the particular orders made by specific customers; an understanding of the time it takes to cook particular dishes as well as the layout of the restaurant in order to ensure timely service; the muscular strength and dexterity to serve and bus tables. All of these required skills are then complicated by the fact that food and beverage serving revolves around two sets of inter-personal relations which can often be conflicting. On the one hand, the server must always be concentrating on the needs or demands of the customer, yet on the other hand the server must nurture good working relations with co-workers in order to ensure that orders are filled promptly and that the restaurant is creating the right ‘consuming atmosphere’. This is a challenge of performativity and affective labour. As Rose contends, “[w]aitress-customer interaction, then, is shaped by history and gender, it involves a good deal of economically motivated emotion management and interpersonal manipulation, all centered around the tip, which itself is laden with symbolism and feeling” (2004: 23).
This view provides an interesting connection between the work sphere and the employment sphere in the context of food and beverage serving. In its most narrow definition, precarious employment refers to jobs that are characterized by low security, few employment benefits, little control over work processes and low wages (Vosko, 2006). There are clear demonstrations of affective labour amongst servers, but that work is often aimed at producing positive results in the sphere of employment. As will be argued in the balance of this section, for food and beverage workers, remuneration (especially tips), hours and ultimately job tenure are highly dependent on the degree to which a server is an effective affective labourer. In this sense, the ‘affective labour’ produced by individual workers is a means of ameliorating employment conditions which, as will be demonstrated, can best be described as precarious. According to the empirical and theoretical foundations of work and employment in food and beverage serving occupations, there should be a number of challenges which generally correlate with a high degree of job dissatisfaction. To what extent is this image represented in the qualitative case study of two downtown Vancouver restaurants?

*Inside the Food Services Workplace*

The nature of work and employment for food and beverage servers is shaped by the nature of the restaurant industry which is highly competitive. Because there are relatively low barriers to entry, restaurants are subject to very tight margins and are constantly searching for ways to reduce costs. This is translated into an employment regime which is defined by flexibility. Restaurants have certain busy periods during the day (a ‘rush’) in which staffing levels need to be high while there are other times during the day in which the restaurant is empty or even closed and staff are not needed. The attempt on the part of restaurant managers to staff according to busy periods creates precarious employment in the industry.
As one of the managers at Pub Foods stated (interview, 2011):

At our restaurant, we generally have a big weekday lunch rush because we are close to the convention center and we are in the financial district. So on weekdays, we’ll have about 6 to 8 servers on the floor for the lunch rush with one hostess and one or two bartenders. The servers are just there for lunch. It’s a little two hour flash in the pan and then they’re done. The managers try as hard as possible to keep servers on short shifts and at our restaurant we almost never have servers working double shifts of more than 8 hours because management doesn’t want to pay 12 bucks to someone that has gone into overtime, when they can pay someone else to come in at 8 bucks. We have a roster of about 25 people with varying levels of seniority and so we just book the most senior people for as many shifts as they want and then fill the rest in as we need.

In both of the restaurants that are part of this case study, managers expressed the importance of seniority to the functioning of this labour market segment. The restaurants face a very real conflict in that they need to keep costs as low as possible by bringing in workers on different shifts, but the workers have to be able to maintain levels of quality and professionalism set out by the corporate head office. Managers in both restaurants attempt to overcome this tension by using a stable of key workers that have gained experience and seniority at the restaurant to staff as many shifts as possible. These more senior workers are effectively permanent part-time workers who have earned some degree of job stability by establishing themselves as reliable and quality servers. For more junior servers in the restaurant industry, there is significantly less stability. The manager at Pub Foods continued (interview, 2011):

Some of these girls who don’t have another job, I don’t know how they survive working 2 hour shifts 2 or 3 days a week...especially not in Vancouver. We’re constantly hiring new people, mostly because it is hard to get people to work on the weekends. We have a core group of about 10 or so girls that serve pretty regularly during the week and have been doing so for a year or two – which in the restaurant industry is a pretty long time. When we hire new people, they think they are going to get choice shifts and so often after a few weeks once they figure that they will have to start by working mostly weekends, they quit. In the restaurant industry, you usually have to start with pretty much open availability and build up your seniority and dependability from there. Because we have a hard time filling those weekend shifts, I sometimes have to ask our core servers to work on the weekend. They don’t love it obviously but they usually do it without too much complaint.
As can be seen, the competitive imperatives of the industry lead restaurant managers to set out employment regimes that generally meet all four dimensions of precariousness. The job stability is relatively low (even for more senior servers), neither restaurant offers employment benefits beyond those mandated by the government, there is little control over the work process which is often designed at the corporate head office, and the total wage rate is quite low. As a result of this precarious employment within the restaurant industry, one of the hallmark features of this occupational segment is the degree of multiple job holding (or moonlighting). Multiple job holding has increased significantly over the past quarter-century and this is especially true of service occupations which disproportionately employ marginalized individuals such as women, youths, legal and illegal immigrants, and people of different ethnic or racial backgrounds (Bauder and Sharpe, 2000). According to a manager at Lounge Foods (interview, 2011):

Pretty much everyone I know in the restaurant industry has a second job of some kind, or are going to school. A lot of people at our restaurant are working in film and television, so that is their career I guess. I know that for people who are only serving, everyone has at least one if not 2 or 3 other serving jobs. That is the only way to make ends meet.

This issue was echoed by nearly all of the servers that were interviewed as part of this case study. Indeed, out of the 17 servers who were interviewed across the two restaurants only two were not either in school or employed in another position and both of those individuals had just finished university. Because of these pressures that result from the precarious nature of employment in the industry, workers are compelled to find strategies that help them to make more money. There are three common strategies which were mentioned by many different workers across the two restaurants. The first strategy is that very few servers (only 3 out of the 17 interviewed) claim their tips according to the legal standards set out by the tax code. In Canada, servers are supposed to keep a detailed account of their tips which are taxed (CRA, 2012). As a senior server at Pub Foods remarked (interview, 2011), “I work two permanent part-
time jobs and still struggle to pay the bills; if the government wants to come after me for not paying taxes on my tips they can go right ahead...there won’t be much to take from me.”

The second strategy, as has been mentioned, is to take on as many hours and jobs as possible. This can be very difficult to balance because one of the most important work traits in the restaurant industry is availability. Even once a server has gained a measure of seniority, they still need to be available when asked to work a shift outside of their preferred schedule. Trying to balance the availability across a number of different jobs can be difficult:

As a server I have to work 3 or 4 jobs in order to get a good size paycheck because they’re all part-time jobs. No server works 8 hours a day. So I serve at the restaurant weekdays from about 10 to 4 if I’m lucky, then I have random shifts at a hotel restaurant and then I work Thursday, Friday, Saturday, Sunday nights at another restaurant from 5 to 1 am. Restaurants and managers are, if you’re lucky, pretty accommodating because they know that everyone is working a bunch of other jobs and trying to balance everything. But that’s not always the case. You know you work really hard for your money and you’re getting paid 8 dollars an hour. So you’re working all these hours and your paycheck will be maybe 300 bucks. But the tips are really good...when people are tipping. It’s nice to have that money in hand. When I’m serving and I know I have a car payment on Friday, as long as I know I’m working my regular shifts I know I should be fine to make the payment (senior server, Pub Foods, 2011).

Like many other servers, I’m in the industry because it allows me to pursue my passion. We have actors, fashion designers, web developers and lots of other creative people working at the restaurant. My passion is theatre. I try hard to make sure that my serving schedule doesn’t conflict with my theatre schedule. If there is a really busy rehearsal period, I will try to book that time off as soon as I know. Usually it is okay, but sometimes my managers tell me they need me and book me anyways. When that happens I have to try to get someone to cover my shift or trade shifts. It can be a hassle, but because there are a lot of servers there is usually someone who can take or trade the shift. It was definitely harder for me to request that time off when I first started serving. Basically, when you start you are expected to have an open schedule and work whenever you are asked. That was tough because I was new to the Vancouver theatre scene so I was trying to establish myself which obviously involves getting out there and auditioning for a lot of parts. I couldn’t always do that because I was working a lot. That was one of the periods in which serving and theatre were at odds. But after I had been serving for a bit and got to know my managers a bit better, it became much easier for me to request time off (mid-senior server, Lounge Foods, 2011).
The final strategy that food and beverage servers use in order to overcome the precarious employment which is such a standard component of the industry, is to try to be as efficient and effective as possible during their working hours. Despite the fact that nearly everyone has experienced bad service while eating out at a restaurant, the majority of workers interviewed noted that it is in their interest to do the best job that they can and provide the best service that they can: “even if I’m not feeling well or if a table is really annoying me, I always have it in the back of my head that I need to try to be professional and get the biggest tip out of a table that I possibly can” (junior server, Lounge Foods, 2011). In this instance, servers are taking a resolutely instrumental view of their work. They know that they are working very short shifts and that they have a limited number of tables to serve. In this environment, the servers are trying to leverage as much of a tip as possible from each table and this is where the connection between precarious employment and affective labour is forged.

The performative aspects of food and beverage work emanate from the fact that servers are catering to the desires of their customers though not under conditions for which they have full control. While servers are supposed to create the social environment in which customers will feel comfortable spending their money, servers are often under very intense pressure to serve many different tables at once. This creates a tension between providing great service and providing service to all the tables in a given work section. When restaurants get busy, this tension can be difficult to reconcile. It is for this reason that many restaurants – especially those chain restaurants in which a corporate image is an important part of each local restaurant’s identity – have standards of style, behaviour, and etiquette that servers must uphold. In this case study, Pub Foods did not have an established standard with one manager commenting (interview, 2011), “our restaurant is more laid-back and informal, but still professional of course”.

At Lounge Foods, however, these standards were highly codified and corporate managers would regularly perform site visits to ensure that standards were being maintained. This was an issue which both managers at the restaurant had much to say about:

What I have really come to understand and appreciate after managing in the restaurant instead of being a server as I was before, is how important our brand experience is. The reason that people come here is that they like the environment and a lot of that is about our front-of-house staff. It is so important that they work hard and work fun because they are the people that communicate our culture of style, fun, health and enjoyment. It is carried in how they interact with our customers and that could be verbal, eye contact, body language, etc. If they create that great environment, then they are likely to get better tips and our restaurant is likely to get more repeat business. Both of those are good for the individual and the restaurant (manager, Lounge Foods, 2011).

Our restaurant has a set of standards which are pretty common sense regarding how to treat customers and coworkers while on the floor. I think one of the hardest parts of serving here is that we want to create a kind of ‘standardized’ experience which is codified in certain things our servers will say and do, but we don’t want our servers to be wooden or fake. Our brand is about being upbeat and energetic and caring. Our servers have to communicate that brand authentically; they can’t fake it. So a lot of our job as managers is selecting people that naturally have that upbeat personality while also training our staff on how best to channel that energy or creativity. Most of us have served before, so we know it’s not easy to be ‘on’ all the time. That is where team and the social comes in (manager, Lounge Foods, 2011).

Clearly then, both restaurants are, either formally or informally, setting out the terms in which affective labour is performed. When this runs smoothly, the gains from good performance on the part of servers should benefit the servers themselves and the company. Yet as the managers acknowledge, it is not always possible for servers to maintain those corporate standards. Even when servers are hired based on the fact that they ‘naturally’ have the personality traits which parallel the corporate brand of the restaurant, there are many instances over the course of each shift when the patience and discipline of servers is tested. As one senior server at Lounge Foods admitted (interview, 2011), “I try to have the best attitude I can every shift but there are definitely times when I come to work in a bad mood or when work puts me in a bad mood; on those days I’m probably not the nicest server around”.

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Despite the challenges that workers in this occupation face and the competitive pressures which make this a very intense industry, food and beverage workers were surprisingly positive about their work and employment experiences. There were two principal insights which a majority of interviewees presented in defending their work and employment against outcomes that might have been expected by labour studies scholars. The first insight was that for the young women that dominate this industry, work life and social life are entwined in complex ways so that the work place becomes much more than a place of work. Rather, according to one server at Lounge Foods whose comments echoed those of many others,

Work is as much a social scene as it is a job for me. I live with a girl I work with, most of my best friends work here as well and we go out partying a lot on industry nights [generally these are parties on Monday or Tuesday nights which cater to those that work on the weekends]. We spend so much time with each other that it’s impossible not to create really close bonds. Also, because of the hours that we work, we don’t have regular schedules so it is actually hard sometimes to maintain friendships with people that are outside the industry. I’m not from Vancouver so I don’t really have to deal with that too much, but I’ve seen some of the girls from Vancouver struggle to maintain their high school friendships (junior server, Lounge Foods, 2011).

In this way, the social characteristics of the job have a way of ameliorating some of the negative features of the job associated with precarious employment. The social relationships that are forged in food and beverage establishments create a supportive environment for work and enable managers to create a ‘team’ mentality amongst restaurant workers.

Perhaps even more important than the social dimension of the job is that, in the case of food and beverage servers, work is overwhelmingly seen as a means to an end. The vast majority of employees in this particular restaurant segment were either working in another – often creative – field, or they were training in pursuit of entering a different field. In this sense, many of the qualities of the job that scholars would view as negative and contributing to precariousness are actually viewed as positives by the workers themselves. This is especially the
case with respect to the shortness of shifts and the general flexibility of the work. A common sentiment articulated by servers at both restaurants was that workers, ‘hated being kept on if the floor was slow’. In other words, the servers did not want to be at work during down periods when there would be hardly any tips and their time could be better spent studying, rehearsing, or perhaps going to the beach or for a hike. Indeed, instead of the work and employment conditions providing the basis for job dissatisfaction amongst food and beverage servers, it was more often the case that the fit between work life and career aspirations created the most difficult challenges for workers. The reflections of both a younger and an older server capture these tensions:

Sometimes I absolutely despise serving and just want to walk out on a table and quit my job, but most of the time I appreciate it for allowing me to do what I love and what I’m passionate about. Serving is definitely not something that I want to stick with and it’s a bit scary because it is easy to get too comfortable in the position and get trapped into the job. If I’m still serving regularly 2 years from now then that will be a major concern, but for right now it serves its purpose (junior server, Pub Foods, 2011).

I really didn’t want to be a forty-year old server. I am definitely not demeaning serving work cause I’ve been doing it for years. I know that servers work really hard and deserve as much respect as anybody else, but I just wanted something better for myself…. something a bit more challenging and creative. It’s hard when you meet other people and they tell you about their careers and you have to tell them that you’re a server. Even though serving has been very good to me, it’s hard not to feel like you’re in a low status position as a server, especially at my age. So the last few years I’ve been going to school part-time. But I still like serving people. You get to meet new people all the time and hear interesting travel stories and stuff. I was a single mom for a few years and it paid the bills then the same way it does now that I have a more traditional family. I guess I’m torn sometimes because it is so easy to just stay in the industry because I am comfortable, but I also feel like I want a change. I am hoping to find some kind of project to take on once I finish so we’ll see. But I don’t think I’ll ever really leave the industry altogether (senior server, Pub Foods, 2011).

Against the outcomes that might be expected from both creative class and precarious employment theories, food and beverage servers reported less of a concern with the immediate nature of their work and more concern with how serving fits with their social lives and career goals. This provides evidence which runs contrary to the expectations of scholars who generally assume that precarious work in service occupations is necessarily bad work.
Yet it is surely the case that basic conditions of exploitative, precarious employment are in place in the restaurant industry including: low and variable incomes, lack of control over the work process and schedule, and perhaps most importantly, a lack of alternative employment options. One important element to be considered is the age and gender make-up of this workforce. The servers working at the two case restaurants were overwhelmingly young and female which substantiates existing research on the gendered division of restaurant labour between mostly female servers and mostly male kitchen staff (Bills, 1999; Fine, 2002). While the young, female servers reported that flexible work sometimes suited their lifestyles, these very conditions of variable work provided challenges that had to be coped with and adjusted to. All the while, employers were generally free-riding on this labour supply given that there were constantly new hires being tested both for quality and availability. This is closely linked to the more significant trend that must be understood as a key component of precarious employment in this labour market setting.

This research with servers in the restaurant industry fundamentally challenges the distinction between creative and service class workers because so many service workers are also in the creative class. The notion of the struggling artist working as a bartender or server is limited neither geographically to places like New York or Los Angeles nor occupationally to actors. The restaurants examined in these case studies were filled with Richard Florida’s ‘supercreative core’ of actors, artists, fashion designers, theatre producers, and students. Statistics Canada (2012b) data show that multiple job holding has increased across all occupational segments but especially for service workers (BC Stats, 2007; see Appendix F). Yet this research provides some evidence that in Florida’s ‘creative cities’, service workers are not just moonlighting at different service jobs but rather supporting their creative careers.
**Playful Precariousness**

Creative industries have become an integral part of the landscape of post-industrial cities (Florida, 2002). There is no consensus regarding what constitutes the creative economy but it generally includes a broad set of sectors ranging from advertising and architecture to film production and software engineering. Recently, there has been an increasing awareness of the importance of technology in the creative industries and the rise of telecommunications, software development, digital media, web and app development, e-commerce, internet security and other multimedia activities. One of the key characteristics of this industry cluster is the distinctive way in which work and employment are organized. As Kong (2011: 56) has argued:

In this creative economy, increasing numbers of creative workers do not belong to the traditional employment set-up organized around a firm or corporation. Instead, in moving from portfolio to portfolio, assignment to assignment, they replace a job for life with one corporation with frequent changes of employment and periods of self-employment. Working lives, for this group, are organized around projects and not careers in firms, which have hitherto represented a core institution of industrial civilization.

According to many scholars, the emergence of the creative sectors signals a broader shift in employment relations away from standard arrangements and towards more independent, freelance and contract-based work (Grabher, 2002; McRobbie, 2002; Christoperson, 2004). For some commentators, this ‘free agent’ economy provides a world of opportunity for mobile, flexible creative workers and these arguments are often grafted onto generational stereotypes about younger workers desiring more job flexibility (Pink, 2001). Against this rosy view of the new creative economy, other commentators have argued that creative sectors often provide what Pratt (2002) describes as ‘bulimic careers’ which are characterized by constant boom and bust cycles of self-employment and unemployment. In this view, creative industries are especially prone to precarious employment.
As will be demonstrated throughout this section, cases can be made for both the positive and negative perspectives on employment relations in creative industries. However, because of the notorious difficulties in measuring different forms of precarious employment and even in defining the creative sectors, there has yet to be a comprehensive statistical analysis undertaken to determine the proportion of creative workers that are happy ‘free-agents’ versus those that are precarious freelancers. Extensive research has been undertaken on creative industries in New York and this sheds light on some of the employment trends in one of the world’s foremost creative cities. In 2002, approximately 28% of New York’s creative industries workforce was self-employed (Keegan et al., 2005). In a 2005 study of 2800 freelance workers in New York’s creative sectors, 85% of respondents noted that unstable income was a disadvantage of self-employment (Horowitz et al., 2005: 5). In the New York case, then, the profile of precariousness amongst self-employed creative workers can be expressed in terms of highly contingent contractual relations, poor and unstable remuneration and the crisis of severely lacking health care provisions (Keegan et al, 2005).

Yet despite the fact that issues of self-employment and freelancing are key themes in the emerging labour studies literature on creative industries, many creative workers are employed by a firm or corporation often on a full-time basis. For example, Industry Canada (2012) data shows that 78% of Canadians employed in ‘Information and Cultural Industries’ work in firms of above 100 employees. Indeed, this category which includes new media, broadcasting, digital arts, and publishing has only 3% of workers employed in micro-firms of less than 4 employees. This suggests that more research is necessary to understand employment relations within the context of creative and knowledge firms. The balance of this section focuses on two gaming companies in Vancouver and the employment relations which underpin their activities.
I personally have endured many nights of waiting up alone in a new city (which we moved to for a "better life") for my hubby to get home. I have waited until the wee hours of the morning on more than one occasion and have definitely had weeks and weeks in a row where I’ve spent less than an hour per day with him. I have spent tons and tons of weekends alone while his "crunch mode" time lasted eight months rather than eight days or eight weeks. I have put off going home to see our families for holidays because he was "strongly encouraged" not to take time off. Man, the list goes on and on -- those are just the highlights.

Another EA Spouse, 2004

In November 2004, an anonymous post from a blogger named ‘ea_spouse’ set off a debate related to working conditions in the video game production industry. Entitled ‘EA: The Human Story’, it should perhaps come as little surprise that exploitative working conditions in digital industries were first exposed in the blogosphere. Yet this blog and the online comments, mainstream media attention and legal battles it has spawned have transformed the discourse surrounding working conditions in the creative industries (Dyer-Witheford and de Peuter, 2006).

The prevailing viewpoints on work and employment in creative sectors generally emphasize three main points: i) creative workers with a steady corporate job are fortunate in an industry dominated by self-employment and contract-work (Timberg, 2012); ii) creative workers at major corporate tech companies, are some of the best paid workers and receive invaluable job training and experience (Florida, 2002); and iii) creative workers are very passionate about their craft and enjoy playful job perks including game rooms, slides, music spaces and sports fields (Garber, 2012). In short, these workers should love their jobs. The ‘EA spouse’ expose was so shocking to the public because it revealed that full-time workers in creative industries were prone to all the same abuses and exploitation that workers in lower-status occupational and industrial segments have long faced. What, then, is the nature of precarious employment in Vancouver’s video game cluster and how is it connected to the city’s distinctive urban growth dynamics?
According to the four indices used to measure precariousness, the video game production sector should have low degrees of precarious employment. The average annual salary for employees at Canadian gaming companies is $62,000 compared to the overall average salary of $29,000 for Canadian workers (ESAC, 2011). 59% of Canadian video game production employees work for large studios (of more than 150 people) and these companies usually employ people on a full-time basis while offering benefits packages to attract the best talent (ESAC, 2011). On the surface, then, the gaming industry would seem to offer meaningful opportunities for creatively, socially and financially rewarding work. Yet on each of these measures, video game industry employees and experts alike recognize that there is in fact a high degree of precarious employment. Indeed, in Vancouver, this precariousness has been institutionalized by provincial regulatory exemptions on overtime and work hours which permit excessive work conditions for ‘high technology professionals’ (Fairey, 2005). As will be demonstrated, some of these precarious employment trends arise from the nature of the field while others are more distinctive to the local context within which video game production takes place.

Vancouver’s video game cluster has been transformed over the past five years. Once dominated by EA Canada and other medium sized independent studios such as Radical Entertainment and Relic Entertainment, in the past three years many of these anchor firms have reduced their Vancouver operations. Meanwhile, a growing number of small studios – such as Move It (MI Games) and Free for All (FfA Games) featured in this section – have been established to produce mobile app games. In terms of overall employment, between 2006 and 2011 Vancouver went from having over 50% of all Canadian video game production employment to less than 25% (ESAC, 2011). This is an issue that is receiving significant media and industry attention (Godsall, 2011; Kyllo, 2011; Donaldson, 2012).
Similar to other economic sectors, in the video game industry small firms generally provide lower salaries, are less stable and rely more heavily on the ‘sweat-equity’ of employees:

The labour process issues between the big and small tech companies present a very interesting dynamic. Small tech companies typically succeed on the energy and effort that people are putting out. Workers often will take a job at bigger tech companies with the expectation that maybe now they’ll be able to do a more standard 9-5 workday for a change. Often times, in cases like EA or elsewhere, this isn’t the reality but the perception definitely persists. And so even something like the controversy surrounding the EA spouses I think represents what is a long-standing tradition of tech people being worked very hard. Now, in the first few years of someone’s career, that isn’t a problem and it might even be an attractive or fun attribute of the job. People coming out of school with energy and enthusiasm and they’re techie, they don’t have a problem working 7 days a week for 12 hours a day as long as you keep pumping pop and snacks into them and that kind of thing….it’s kinda like ‘this is a great lifestyle’. But of course at a certain point people want to settle down and have families, get some balance in their lives and that is where the issues arise. There are some people that really enjoy the small, entrepreneurial environment and so they’ll stay in those kinds of companies throughout their careers. But many people seek out the big companies for a bit more of a balanced career phase and without many of those anchor firms here, we definitely have a problem retaining talented people in the tech sector especially those on the business side of things (industry expert, 2012).

It would appear that in the video game industry, it is hard to avoid ‘being worked very hard’.

Small firms rely on hard work to get their games made and delivered while the bigger firms like EA also work employees hard since games must meet strict schedules and quality standards.

Precarious employment dynamics, thus, permeate throughout this industry.

The topic which provoked the most displeasure from workers had to do with incomes:

Some people make a very good career out of game production but they are the minority. The majority of people are working very hard on something they love to do. So when you look at the salary reports, yes we have higher than average incomes. But those statistics can mask a lot of things. Most importantly, they don’t tell you how many hours you had to work to earn that salary. And the levels of self-exploitation in this industry are the stuff of legend at this point. The second thing that the data doesn’t capture well is the instability in the industry, so you could have one very good year where you make $100 000, but the next year you could be out of work altogether. All in all, I think this is a good industry to be in if you love developing games. If you’re in it to make money in a stable and secure way, take your programming skills somewhere else (game developer, MI Games, 2012).
The issue of incomes was not simply about the internal dynamics in the video game industry. Florida’s creative class theory is driven by the fact that young and talented people in creative industries such as video game production will locate in certain types of cities. Vancouver is one of these cities and it does attract many young people based on its West Coast culture and recreational opportunities. Yet a number of employees felt that their above-national average salaries were not nearly high enough to enable them to enjoy the Vancouver lifestyle:

Well, I am personally in that exact category of young professionals trying to make ends meet in Vancouver. And basically the ends didn’t meet so I’m moving to Toronto with my husband next year. I don’t know how people do it. We moved out to South Surrey [a suburb of Vancouver] which I actually like more than I expected to. But the thing is, if you are here in Vancouver you want to be able to experience and take advantage of all the lifestyle attributes of the place. And you just can’t do that living in Surrey. Not to mention having to commute into Vancouver an hour and half each way. It’s just too big a sacrifice. I know that Toronto is an expensive market as well, but there seem to be better work opportunities there especially to grow and move up in a business. And because it’s a bigger city I think there will be more opportunities to find affordable city-living rather than moving into the suburbs. I agree that this is one of the issues that is distinctive to Vancouver and I think it creates a kind of vicious cycle. The companies have a hard time growing because you have to pay a lot higher just so people can afford the real estate. If the companies don’t grow then there are fewer opportunities for people to move up the business and so people will leave. Yet because Vancouver is such an attractive place to live, there always seem to be lots of talented people that are willing to make sacrifices to live here and so this keeps the labour costs down even though the cost of living is high. It is very frustrating (game developer, FfA Games, 2012).

The issues outlined above get to the heart of what precarious employment looks like in creative industries. Because average incomes in the industry are well-above those for the Canadian workforce in general, it is easily assumed that these workers are protected against precariousness. Yet income levels mask not only the hours and conditions of work but also the cost of living associated with working in a particular city. Many successful ‘creative cities’, such as Vancouver, have seen housing costs rise at a significantly faster rate than local incomes. As will be seen in the next section on lawyers, this discrepancy between local incomes and costs of living is another reason to scale research on precarious employment down to the city level.
Closely connected to incomes and the associated lifestyles of Vancouver game developers are the working conditions associated with producing a video game. Again, there are issues that emerge here that appear to be inherent to the video game production industry while other issues are more specific to Vancouver. Commenting on the general attitude towards work conditions and work-life balance in video game production, one long time developer stated:

It’s been about 5 years since the EA spouses controversy and so in some ways it is a good time to reflect back on what happened and measure how much progress has been made. In the larger studios, there has been a tremendous move forward in trying to make the lives of staff better. A lot of good has been done and the bigger you are, the more you can afford to think about these things. Work life balance is important, retention is important and some studios do it better than others. You can develop organizing techniques and management processes, but things are always different and you come to a point that developers often call crunch mode. It is legend in our business because it comes back to that suits and developers dynamic where the suits are establishing a strict production schedule and saying ‘we must have this game out by this quarter’. And this is where the friction arises because as a game developer and as an artist, I don’t want to turn out a game unless I know it’s absolutely, bloody perfect. And then marketing says, ‘well it’s just gotta be out, we can do a patch later if we need to’. More and more companies are building polish-time into the production schedule which is helping to reduce stress, but there will always be a crunch mode. Because as a business, the game has to come out at some point and the developers could wait forever until it’s perfect. There is definitely a lot of room for improvement still in work-life balance in this sector and the results are very uneven between different studios, but it has gotten better (game developer, MI Games, 2011).

This notion of crunch-mode was one that came up in nearly every interview and for the EA spouse bloggers. The broader issue is whether the long hours of crunch-mode become standard industry norms and what impacts this might be having on worker health and productivity. As one developer stated about a past crunch-mode:

When I was working those crazy hours, I felt miserable and angry. I hardly talked to people, I was like a zombie. I was totally out of shape. I gained a lot of weight because I was eating all kinds of junk and didn’t have time to play sports like I normally would. This is definitely one of the characteristics of the industry that people are talking about constantly. I moved to Vancouver from Manitoba so that I could be more active, but it hasn’t quite worked out as planned. I think junior developers are even more vulnerable to these stresses and health issues because they don’t have the confidence to say no. If you don’t keep that in check, it can be a real problem (game developer, FfA Games, 2012).
The final dimension of precarious employment that emerges in the video game sector has
to do with the dominant forms of contracting in the industry. Scholars interested in precarious
employment often look for project-based, temporary, or part-time contracts as evidence of
precariousness, yet the video game industry tends to use full-time employment contracting. As
the manager of a niche employment agency serving the Vancouver video game sector stated:

Talented and experienced programmers will always be in demand. In the gaming sector, it
is often the highest-caliber or rock star type developers that will choose to work on a
contract basis because they can actually make more money that way. But in general, most companies try to bring their talent in house and hire them on a full-time basis. That
is seen as a way of getting developers to really commit to the company and project. The
distinctive thing about the gaming sector, and I think this is only increasing as the casual
and mobile space grows, is that there is a significant amount of turnover and change.
This is a very dynamic and fast-moving sector where things like investment and funding
can change in a heartbeat. So you can bring someone on a project on a full-time basis
and then the project funding gets yanked and the company basically folds. In that
environment, you don’t need to hire people on contract or project it is kind of understood
that things can change (industry expert, 2012).

Echoing this sentiment, a former gaming executive and venture capital fund manager argued:

In the gaming sector, especially in the direction that things are going now, it’s not so
much that contract work is standard, but rather we’re moving to a model of contract
development. The smaller studios producing games for the App market or Facebook are
often on contract with bigger studios or publishers to produce those games. So you can
find lots of talented people to work full time on a project, but if the contract falls through
or if it isn’t extended then the company just goes under. And that happens regularly.
Companies can flame out just as fast as they are created (industry expert, 2012).

In the video game industry, then, the degree of precariousness cannot simply be read off from the
income statistics or dominant types of contractual relationships because the nature of precarious
employment is more fundamentally embedded in the competitive imperatives of the industry. As
one experienced game developer stated:

To have a career in gaming pretty much means you become a nomad. I’ve been laid off
half-a-dozen times and I worked in Japan, the United States, Canada all with different
studios. I mean there is nothing stable about this industry and it can be really rough
(senior game developer, FfA Games, 2012).
(Un)Lawful Precariousness

Work-life balance (WLB) refers to the degree to which a person can successfully manage the many roles of life associated with work, family, health, as well personal and community pursuits. It has been described as the “topic of the 21st century for families, employers and governments” (Bagust and Thornton, 2007). While workers in various fields struggle to achieve work-life balance, the challenge might be most acute in the legal profession. Whereas 25 percent of workers in Canada report that their work demands make it difficult for them to meet their non-work responsibilities, this rate doubles in the legal profession where survey data reveals that over 50 percent of Canadian lawyers feel challenged in their pursuit of WLB (Catalyst Canada, 2006). Furthermore, across Canada, 50 percent of female lawyers and 20 percent of male lawyers believe that ‘flexible work arrangements’ limit their professional development because their usage makes them appear less committed to their employers (Catalyst Canada, 2006). Finally, there is a very important gender dimension to work-life balance issues in the legal industry. Women currently comprise 52 percent of the Canadian law-school population yet this does not automatically translate into higher number of practicing women in the field. In British Columbia, for example, women represent approximately 34 percent of all practicing lawyers in the province and only 29 percent of those engaged in full-time private practice (LSBC, 2009).

Work-life balance issues, then, are an important feature of the changing political economy of legal practice and are deeply embedded in gender and generational dynamics. As will again be demonstrated, the interplay between elements that are inherent to the legal sector and those which are influenced by the local nature of legal practice in Vancouver will be significant. The balance of the section will use key informant interviews to detail how precarious employment issues emerge in the Vancouver corporate legal sector.
Inside the Corporate Legal Service Workplace

The legal industry has long been noted for producing an intense work environment. Issues of suicide, drug and alcohol abuse, burnout and turnover have been studied by the Canadian Bar Associations (Hill, 2003) and they are emerging as significant economic issues regarding retention and attraction of talent. Legal work, and the working conditions or work cultures which undergird legal practice, are differentiated based on the type of law that is practiced, the organization within which law is practiced and the place where law is practiced. In this sense, like in other sectors, the working conditions in the legal industry exist on a spectrum or continuum which takes into account the above three factors. The most intense working conditions are generally understood to exist in the ‘downtown’ corporate law firms while on the other end of the spectrum the typically suburban family law firms are believed to have somewhat more relaxed working conditions. In between these two extremes would be in-house counsel of various sorts as well different practice areas such as criminal, labour, environmental or constitutional law.

This research focuses on the corporate legal sector in Vancouver through in-depth interviews which were conducted with lawyers of varying experience in one practice area along with HR staff, managers and partners at a major law firm of over 200 people. It might be argued that it is unfair or unrepresentative to select the corporate legal sector for a study of precarious employment since this is the practice area which has the most intense working conditions. This is true to some extent but it discounts the degree to which young lawyers feel compelled to go into corporate law and the fact that corporate law firms are struggling to deal with these employment issues. In the corporate legal sector, precarious employment manifests itself as work-life balance issues which are embedded in generational and gendered conflicts.
Based on the usual measures, Canadian lawyers should have very low rates of precarious employment. Median industry incomes of $82,700 in 2006 were far above the Canadian average of $26,850 (Statistics Canada, 2006a), while part-time and temporary employment are relatively uncommon (Millan, 2011). Yet one key feature of this occupational segment is that in many provinces, including British Columbia, lawyers are not protected by the Employment Standards Act because of their professional status (Saunders, 2005). Though studies of precarious employment tend to focus on occupations in which workers face multiple and overlapping deficiencies – poor pay and benefits, a shortage of work hours, a lack of control – scholars are less attuned to issues of overwork even though they are becoming more prominent. The average work week has increased from 42 to 45 hours per week since 1990 with 40 percent of employees working more than 50 hours per week (compared to 25 percent in 1990) (Shepell, 2004: 2). As well, 52 percent of employees take work home with them, up from 30 percent in 1990 (Shepell, 2004: 3). Lawyers provide an exemplary case for exploring work conditions amongst knowledge workers because of their exemption from regulatory protection and their demands for the very part-time and flexible arrangements which scholars worry create precariousness.

Work-life balance is the dominant expression of dissatisfaction with working conditions in the legal sector, but it is a very controversial issue:

I hate this term work-life balance. At our firm we are now talking about these issues as ‘dynamic tensions’ because there is no such thing as a balance. Balance is a moving target that depends on the stage of life someone is in and their unique priorities... This is a very complicated issue in the legal industry and it is an extremely difficult dynamic to manage. The one thing that seems to be clear to me, at this point, is that this is above all a generational issue. I’m in the generation that when we started you kind of got thrown into the deep end, you figured it out and you just did it. The young ones today need so much more care and feeding, so much more hand-holding. I’m responsible for the associates and it’s hard not to get incredibly frustrated because they need to be told they’re doing great all the time. For myself and other partners and even for more senior associates, it’s kind of like ‘get on with it, we’re sick of this’ (Senior Partner, 2011).
The firm has been open to ‘flexible work arrangements’ which in this context consist of reduced target hours rather than an alternative employment relationship such as part-time work or contract-based work. In the legal sector, lawyers have targeted billable hours that they are supposed to reach each year and these targets differ based on the type of firm, practice area and geographic location. As one managing partner put it, “lawyers working on an 80% percent basis will get paid at an 80% level”. Yet even this type of agreement has not worked well at the firm and one partner articulated why that was the case and his frustration with the process:

Other than being an intergenerational issue, it is also a communications issue. Now, one of the complicating factors in how these issues play out across the industry is that work practices are very different in a big private firm compared to a small firm or in-house or whatever. But at the end of the day, law is a service business. We are a large private law firm with a predominately corporate client base and with the amount that people pay us, these work-life balance issues cut right to the core of our business model and viability. This is a client-services issue – working strictly Monday to Thursday 9 to 5 just doesn’t work for us. If we say you’re working 80 percent time and you figure it out, that totally works for us. But in that arrangement, if we really need you at 3pm on a Friday, then we really need you at 3pm on a Friday. So we’ve tried various part-time or flex-time arrangements with people but often they get bent out of shape because of the needs of the client. The wonderful thing about this job – which has been the same for the past 25 years – is that no one gives a rat’s ass if I am in my office, at my home or whatever. As long as I can provide the service levels required, it doesn’t matter where I physically am. Our firm is not really a ‘face-time’ kind of firm as we call it. It’s just the work needs to get done, so do the work. We don’t care where you are or if you’re wearing your pajamas – just do the work. That is the general attitude of our partnership. There is paranoia in associates where they think if they don’t show their face they’ll be criticized. It drives me crazy. I don’t know how many times to tell them ‘if you want to leave at 3 o’clock to go your kid’s recital, don’t ask me, just go do it’. You know what, that may mean, gee, you’re working through lunch. That may mean you don’t get lunch for three days. That may mean you’re getting up at 5:30 in the morning to do something or you’re working at 10 o’clock at night. I don’t care when you do it, just get it done…don’t ask me. So it’s that kind of thing, I think, which means that people aren’t exploiting the opportunities for flexibility that already exist in the job. There is the culture of people feeling like they have to ask to do stuff whereas we just figured out what needed to be done and did not…not that we’re so fabulous or anything but there is a lot of frustration at the partner level. When our people say they want flex time, I’m thinking, ‘do you get it, we’re basically knowledge workers….as long as you deliver the work we don’t care how you do it’. But trying to convey that message to our juniors has been a real challenge. I keep having to say, ‘you have flex time, but we have a large volume of work that needs to get done’ (Partner, 2011).
It is clear from the above statements of managing partners that ‘dynamic tensions’ in the firm are not limited to the ways in which workers balance different priorities at various stages of their working lives. In fact, there are numerous dynamic tensions at play in the legal industry, which make this such a complex issue. The first, and most apparent, tension has to do with the generational divide that has been referenced above. Indeed the major factor distinguishing the legal workplace from the gaming or restaurant workplaces that have been detailed earlier in the chapter, is that a mix of generations not only work in the same firm but work on the same team. This makes inter-generational conflict between junior and senior lawyers even more intense because these different-aged individuals have to work together in the best interests of the client.

For the typical managing partner:

This generational issue is really irritating. I just don’t think these young people understand the business side of the equation. They want to make good money, buy nice things, live downtown and all that but at the same time they want to go to Whistler, have an equal balance of work-leisure-family time and all these other things. It’s all about me. And what I don’t understand – and in this I can speak for my generation of partners at the firm – is why don’t these young people aspire to be the best that they can be? Have they no ambition to lead the profession? Have they no ambition to do the most interesting work for the most interesting clients? The whole firm is a big team that is broken up into little teams and we all depend on each other to attract clients and to produce very high-quality work. Ideally, everybody would move through the same basic roles in the firm and be happy working for the betterment of the team. There have always been issues of balance in the legal profession and there is room for improvement. But I’m somehow always surprised when young people complain about the conditions because this is kind of what you signed up for (Partner, 2011).

In response to this issue of a generational divide, one junior associate remarked:

Everyone is talking about work-life balance but it’s bullshit. The partners – most of whom are baby boomers – expect the younger generation to follow the same path that they did. To them the stresses and strains in this industry are like a professional badge of honour that they feel needs to be preserved. I have a sports background and to me it kind of feels like an initiation ritual. The senior people went through it so they feel everyone should go through it. They don’t seem to understand why someone would want to take a different career path, or why someone might prioritize their physical and mental health, or how someone could be struggling financially to make ends meet in Vancouver (Junior Associate, 2011).
This generational tension is so important because it calls into question the business model underlying legal practice. As the legal sector becomes more subject to competitive dynamics, firms seek cost-efficiencies. New types of niche and virtual law firms are emerging which attempt to overcome some of these tensions by dramatically reducing the amount of space being used (Laver, 2009). Many of the partners at this traditional corporate law firm were dismissive of this phenomenon (interview, 2011): “I kind of roll my eyes about the virtual law firm and rightsizing and bringing management philosophy into the legal sector. There’s only so long that you can meet clients in your home; there is a limit on how lean law firms can be.” Still, the problem regarding flexible work arrangements within corporate firms was articulated as one about client responsiveness and overhead costs. As one managing partner detailed:

Besides client relations, the one real issue is about overhead costs and I think all firms are now on a spectrum in which the underlying logic is clearly to reduce and contain costs as much as possible. But again, like with the billable hours model, it’s not clear to me how to restructure the office space needs of large, private law firms... This issue of overhead per lawyer that we deal with is closely connected to work practices and what we call dynamic tension. When someone wants to go flex time, our overhead per lawyer doesn’t change but our revenue per lawyer can change dramatically (Partner, 2011).

The frustration amongst senior lawyers, then, is that there are no easy business solutions to the work-life balance problem. For the partners that were interviewed, there was a keen interest in attracting junior associates that would ‘understand the culture’ of the firm; in other words, individuals willing to sacrifice for a corporate law career. Economists argue that all workers will have a utility function representing their personal career goals against their leisure preferences (Benjamin et al, 2002), but here the issue is that the labour supply preferences of young lawyers are simply not matching the labour demands of firms. As an HR Manager disclosed, “the question we are asked most often by prospective articling students and associates is about our policy on work-life balance…this is a major issue for this generation” (interview, 2011).
Another important ‘dynamic tension’ in the field revolves around the issue of gender. Amongst the articling students and junior associates that were interviewed, a majority (7 out of 12) were women. Many of these women spoke about a work culture that did not reflect their values or accommodate their needs on a variety of issues.

I wouldn’t say that our firm is a work hard, play hard kind of a place, but there is definitely still an element of that thinking or behaviour where people will go out for drinks after work and stuff. I personally don’t feel very comfortable in that environment. I hardly even drink let alone hard drinking. I see it as a kind of vestige of an era when law was male-dominated and that’s what lawyers did to blow off steam. It just feels out of touch today (Articling Student, Female, 2011).

The women in the firm look at female partners and many of them are divorced...they don’t want that. I’m 37 and I don’t have kids yet. My friends from law school are just now getting married or starting to have families. All of the pressures that are involved in legal work have a real impact on quality of life. I love Vancouver because there are so many nice ways to offset the demands of my job but I rarely have the time to enjoy the city. When I get together with my friends around town this is pretty much what everyone is talking about (Associate, Female, 2011).

Despite these issues that were raised by younger female lawyers, the firm loses about as many women as men according to an HR manager. This suggests, in the least, that gender issues alone are not the cause of problems of retention within the legal industry:

The way that successive generations have taken on work-life balance issues in the legal industry is very interesting. I’m in my early 50s and the whole work-life balance conflict when I started was women fighting for maternity leave. It was mostly that they wanted to take maternity leave and not have their career advancement derailed. If there were issues of pay at that time, they were pretty marginal. The next generation of people – those that are now in their 40s and probably are senior associates moving into the partner positions – took on the financial fight and argued that there should be top ups along with time off. Again, this was led by women, but I think an increasing number of men were involved and in fact this was the era when paternity leave became more common. So now that these fights have been waged and won, you’ve got mat leave, you got pat leave, everything is topped up…so I’m not really sure where the big push for change really comes from. Today the debate is pretty much gender neutral and I think it is more about quality of life. I think young people identify themselves much less by the work they do and more by their friends, their things, their activities, their facebook status and other things of that nature. I think it is fair to say that our generation was probably too concerned about our job status, but maybe the pendulum has swung too far away from taking work really seriously among younger people (Partner, Male, 2011).
The final dynamic tension in the legal industry has to do with the particular local context of work in Vancouver. Vancouver lawyers earn between 5-15% less on average than those in Toronto and Calgary but face significantly higher costs of living (ZSA, 2010):

It is well known that billable hours and pay scales are different between Vancouver and places like Toronto and New York. Our billable hours targets in Vancouver are around 1600 per year compared to probably 1800 in Toronto and 2000 in New York. At the same time, incomes in Toronto are much higher and people are billing out at higher rates. The easiest thing to compare is the income levels but I’m not sure if corporate lawyers in Vancouver are working that much less than those in Toronto. If they are working a lot more than me, that would be pretty crazy because I put in long hours on a regular basis. So in Vancouver, incomes are less than in other places while the cost of living is much higher than most other places. Once you realize that it is really hard to take advantage of the great things Vancouver has to offer, it doesn’t make much sense to practice here (Junior Associate, 2011).

In response to this issue of earnings and work conditions amongst younger lawyers, and the particular pressures of living in Vancouver, one female partner commented:

I know that our juniors and younger people in general think that Vancouver has become some totally different place in the last 5 years and that they are under pressures that no one has ever dealt with before. I’m not buying it. The pressures that these people face – young women especially – are identical to the pressures I faced. Listen, is real estate more expensive in Vancouver now than it was 20 years ago? Yes it is. But remember, when I was a first year call I was paid $30,000 compared to first year calls now that make upwards of 80k. When I was looking to buy a house, I couldn’t afford to live in Vancouver and I spent every last nickel I had buying a beat up house that I still live in in New West [referring to New Westminster, a suburb of Vancouver]. It’s not easy, I get it. But it never was easy (Partner, Female, 2011).

The younger generation of lawyers has a lot of pride in their work but they simply do not want to sacrifice other parts of their lives to progress through their careers:

I think the most important lesson that I learned while I was articling had almost nothing to do with the practice of law...it was more of a sociological issue. Balance in the legal profession means devoting most of your life to your career. There are other options in the legal industry besides corporate law where the work-load is less but I enjoy the complexity of the work and I have student loans I need to pay off. I would love to do environmental law but I need to pay down my debt first. From the first moment you enter law school the pull from corporate firms is huge. Everyone wants those positions but when you get them, what kind of life and career have you created? (Junior Associate, 2011).
Occupational and Geographical Profiles of Precariousness

What do these three sectoral case studies of employment trends and working conditions suggest about the nature of precarious employment in a 21st century urban economy such as Vancouver? While the shortcomings of case study research in terms of representativeness and generalizability must be acknowledged, the comparative approach to labour market research offers some very important insights into the emergence and experience of precarious employment. Perhaps most importantly, both in its conditions and consequences, precarious employment is not a blanket set of circumstances that can simply be read off from the contractual agreements, income levels or incidence of unionization which underpin a certain work activity. Instead, there are important gradients of distinction within and across certain occupations as well as from a geographical perspective. In the balance of this discussion section, two heuristics are developed in order to make sense of how precariousness is differentiated based on occupational and geographical profiles of work and employment.

The most important empirical finding from this research has to do with the first of the three questions which were posed at the end of the introductory section: what is the nature and extent of precarious employment across service, creative and knowledge sectors? Whether precariousness is defined by the four dimensions used in the academic research of precarious employment scholars or by the basic notion of employee dissatisfaction used by commentators on ‘precarite’, the only conclusion to be drawn is that precariousness is much more widespread throughout different occupational segments than might be expected. Where the differences emerge are in the particular expressions and consequences of precarious employment in various occupational sectors and this requires that some heuristic be developed in order to account for variegated ‘occupational profiles of precariousness’ (hereafter termed OPP).
The typical method of measuring the degree of precarious employment in an industry is through a statistical analysis of the contractual arrangements and income levels which characterize employment in those sectors. This, to be sure, is a useful initial exercise or starting point which provides a broad-brush picture of precariousness across different occupational and industrial clusters (see Fuller and Vosko, 2008 for a good example of this kind of research). Yet Vosko concedes that “as in all research using secondary data, we are limited by the indicators available to us in the dataset” (2006, 32). For these reasons, statistical efforts must be accompanied by more in-depth and discriminating research which examines the particular qualities of precarious employment according to different occupational classifications. More than anything, the use of a heuristic such as the OPP signals the fact that it ought to be assumed that there will be finely-grained differences in the nature of precarious employment rather than assuming that all part-time workers or all contract-based workers will have similar labour market experiences. So, given the three case studies outlined in this research, what is the nature of those differences which necessitate the OPP?

It is clear that the three different kinds of workers which were the focus of these comparative case studies faced diverse work and employment conditions. Food and beverage workers in the restaurant industry generally fit all four dimensions of precariousness utilized by precarious employment scholars. Their work was part-time, low-pay, low-control and with relatively few regulatory protections. For creative workers in the video game sector and knowledge workers in the legal sector, the issues were quite different. While income levels were relatively high and full-time work the dominant employment mode, it was issues surrounding the conditions of work which defined precariousness in these sectors. It is in this fundamental dynamic of work conditions that differentiated precariousness arises.
If the major challenges that restaurant workers faced surrounded underwork and balancing their current employment with their longer-term career goals (either in pursuing education or other jobs), the challenges facing higher-skill and higher-income lawyers and video game developers were issues of over-work, stress and the always-loomng demands of ‘crunch mode’. This is an issue which is at the heart of current precarious employment research. Empirically, the reliance on statistical measures to calculate precarious employment might obscure important instances of precariousness. Certain labour market statistics are cleaner and more forthcoming than others. Measuring part-time or temporary work as a proportion of total employment, or measuring income levels is quite straightforward. Less accurate are measures of work conditions such as hours, overtime or work-taken-home; the issues which tend to implicate higher-end knowledge and creative workers. In this sense, current research might be concealing the differentiated occupational profiles of precarious employment.

This helps to explain why, theoretically-speaking, there has been a bias in the precarious employment research towards workers that face key deficiencies and absences in their labour market experiences. Low-end service workers clearly partake in the most precarious employment and, as such, are very much deserving of the academic and mainstream concern over their work experiences. But this should not come at the expense of developing other methods to measure and understand precarious employment in different occupational settings. Perhaps this issue was best highlighted in the experiences of video game workers who are typically employed on a full-time basis but are subject to the uncertainties derived from the fact that the firms they work for are contract-oriented. Here it is the precarious firm instead of precarious employment per se which produces vulnerability amongst creative workers but this might not register as precariousness using statistical measures.
As has been argued, though precarious employment is present in the three case study occupational segments, there are fundamental differences across sectors which need to be accounted for in a nuanced manner. Yet what is fascinating about this research is that there are also very clear similarities in employment experiences that might not be expected given the differentiated OPP. If these issues are examined in greater depth, it becomes clear that the challenges which different kinds of workers share in common have everything to do with the local context within which work is performed. Exploring the similarities in job experiences of very different kinds of workers reveals much about the final two questions which were posed in the introductory section: how do localized factors at the city-regional scale influence the way in which workers experience precarious employment and how do the results of precarious employment impact people’s lives both within and beyond the workplace?

A complementary heuristic to the OPP which examined differences in precarious employment across occupational boundaries would be the ‘geographical profile of precariousness’ (hereafter GPP). The GPP accounts for the way in which a given urban, regional or national economy will produce distinctive challenges based on its economic specializations, cultural traditions and demographic trends. Workers across the three different occupations faced two distinctive challenges that are circumscribed by the local context of Vancouver’s contemporary development as a consumption-oriented global city: first, workers struggled to live in a city in which housing prices have outpaced incomes to such a large degree over the past quarter century; second, workers struggled to achieve the Vancouver lifestyle of healthy, balanced living because of the demands of their work. These two conditions represent Vancouver’s geographic profile of precariousness which, it can safely be assumed, will differ from other cities depending on the local context within which work is placed.
The most basic way of understanding the urban-scale GPP is to consider the sectors which dominate the local economy. As was argued in Chapter 4, Vancouver has emerged as an economy in which leading service sectors are founded on employment which is often seasonal and contract-based. Yet this accounting exercise is perhaps the most superficial way of thinking about the GPP because it falls into the trap of treating precarious employment as a problem that is isolated to the labour market. Instead, this research on food servers, video game developers and lawyers follows Kalleberg’s directive to study how precarious employment cascades into other aspects of life. As Kalleberg has argued, “[t]he centrality of work to peoples’ lives strongly suggests that insecurity at work will have pervasive consequences for workers’ health and well-being, for family-related decisions such as the timing of marriage and fertility, for decisions to invest in particular communities, and so on” (2012, 445). Each of these issues emerged in the research though unevenly across occupations and local context.

Concerns of this kind were described in most detail in the sections on video game developers and lawyers. Indeed, the frustration of these higher-income workers, in comparison to the somewhat surprising degree of satisfaction amongst food servers, has everything to do with the fact that these workers did not expect to have problems with affordability or lifestyle deficits. While it is true, as a female partnered lawyer claimed, that Vancouver has long been expensive relative to incomes, available evidence shows that house price-income ratios have jumped from approximately 2.5 in 1980 to nearly 6 in 2011 (Pastrick, 2013). This is suggestive, in the least, of a qualitative difference in the local cost of living for workers recently entering the workforce since Vancouver’s reorientation towards consumption in the 1980s. Scholars of precarious employment must be better attuned to the nuances of occupational and geographic differentiation in work and employment conditions.
Conclusion

Urban economies today are dominated by service-oriented employment. This research has used in-depth interviews with employers, employees and experts in three different kinds of service segments in order to compare the experiences of work and employment amongst food service workers, creative service workers and knowledge service workers. The findings of this comparative research approach raise foundational questions about the three theoretical lenses within which these case studies were initially framed.

The literature on precarious employment has become an important part of debates regarding the sociology of work and employment (Vosko, 2006). It is possible, though, that the almost exclusive focus within the literature on statistically measureable indicators such as the terms of employment or incomes are creating a limited perspective on the depth or extent of precariousness across various different occupational segments. Perhaps the single most important conclusion to be drawn from this research is that the employment relationship is only one dimension of how people experience their working lives. As has been demonstrated, workers in the food and beverage industry were clearly engaged in the most precarious employment given that they were almost all employed on a part-time basis with low wages and little control over their work. Yet if food and beverages servers are some of the most highly-precarious workers, why do they self-report similar levels of job satisfaction to less precarious workers in creative and knowledge occupations that are employed on a full-time basis while having higher job control and incomes? According to this research, the answer has to do with how their admittedly precarious work provides a thick social network and allows them to pursue other interests. These findings necessitate scholarly consideration of the differences between objective measures and subjective experiences of precarious employment.
The theoretical approach related to studies of *precarite* is perhaps most vindicated according to this research. Indeed, it is clear from these comparative case studies that there are high levels of frustration, stress, and discontent amongst workers in all three occupational sectors. In many instances, it is higher-end service workers in the creative and knowledge sectors that reported greater degrees of job dissatisfaction. There is reason to believe, then, that the necessary social conditions do exist to form cross-class alliances which could mobilize and develop a different conception of work and employment in the 21st century. But this theoretical expectation misses many of the barriers to such a phenomena coming to fruition. Most importantly, the precarite approach overlooks one of the key contributions that precarious employment scholars have made to this field of research. While it can be said that both migrant seasonal agricultural workers and lawyers experience precarious employment, they obviously do not experience it equally. The intensity and qualitative form of precariousness remains highly uneven across occupational sectors. It is for this very reason that many studies of precariousness have rightly focused on the legal environments out of which work is performed (Vosko, 2006).

Indeed, it has been argued that the recent Occupy Movement has been directed not by the most marginal and vulnerable workers in society, but rather by disgruntled ‘creatives’ that are increasingly disillusioned by their lacking job opportunities and debt burdens (Lacey, 2011). Yet what continues to differentiate the most precarious workers from those that are only slightly precarious is financial status, family background, social networks and skills. Lawyers and video game producers are protected by their specific skill sets and earning power. Perhaps the main reason that the Occupy Movement has not been leveraged into what Hardt and Negri termed ‘the multitude’ is that the increasingly social, ethnic and demographic dislocations which characterize unequal labour markets continue to divide people rather than unite them.
Above all, this research complicates the smooth picture of class relations and employment conditions in Richard Florida’s creative class theory. In the reading of 21st century urban development provided in this dissertation, there are many more similarities and overlaps than differences between the creative and service classes. Precarious employment pervades both class categories, though in distinctive ways. Most important with respect to creative class theory, is that there is a strong tension between the role of the creative class as producers and consumers. Instead of a picture of creative classes happily going to work and having time for leisure consumption which is the hallmark of their class status, this research presents a picture in which creative workers struggle to achieve their lifestyle desires because of the demands of their working lives. Indeed creative and service workers alike must confront the fact that their consumption aspirations and their productive opportunities are simply misaligned in consumption-oriented Vancouver. It is for this reason that many creative workers reported considering leaving Vancouver. In this sense, work-life balance and job dissatisfaction are key elements of the creative class experience and require further attention from scholars.

This research demonstrates that precarious employment is a feature of particular work conditions and employment relations, but it impacts workers both within and beyond the workplace. The most recurrent articulations of job dissatisfaction across all the occupational segments had less to do with the nature of the work or contractual forms, but rather dealt with how a job fit into a person’s family life, health and community interests. For social scientists, policy makers and activists interested in making labour markets more fair, just and productive, this research suggests that mobilizing different kinds of workers in different geographical contexts will only be possible when our conceptual frameworks better approximate the actual experiences and struggles of working people.
Chapter 6: Firm Performance and Strategy in a Superstar City

Introduction

The creative class thesis established by Richard Florida has very quickly emerged as an important theoretical and practical construct in the fields of urban studies and economic geography. Indeed it is difficult to research and debate issues of city-regional economic development without making reference to creative workers, creative industries, the creative class, creative cities, or other metrics that are associated with Florida’s (2002) work such as the ‘gay index’ or the ‘bohemian index’. To be sure, the foundational logic underlying creative class theory provides an elegant, if contentious, perspective on how urban economies grow. According to Florida, economic growth in the 21st century is driven by advancements that are produced by highly talented individuals in a variety of different fields ranging from law and finance to video game design and architecture. In an era in which people are ever more mobile and quality of life considerations have grown in importance, what differentiates leading cities from lagging cities is the degree to which they can attract these highly-talented creative class workers. Instead of chasing companies by offering various types of inducements, cities should attempt to create an urban environment which will attract creative and talented people. This approach echoes the famous line from the movie Field of Dreams: ‘if you build it, they will come’. In other words, if a city can attract creative people, the firms will naturally follow.

This logic has been met with a significant degree of skepticism and has been the catalyst for one of the most important recent debates in urban and economic geography. The basic question is whether people follow jobs, or whether jobs follow people. For Florida (2002), competitive firms are constantly in need of talented people and thus will locate in regions with a high and stable supply of these people. For others, most notably Storper and Scott (2009) and
Musterd and Murie (2010), what often initially brings mobile and talented people to a certain city-region are work considerations, so there is claimed to be a problem of causation in Florida’s approach. Recent research from both mainstream (Bures, 2012) and more academic (Moretti, 2011) sources is further calling Florida’s logic into question. Instead of focusing on the final resolution, this chapter is interested in taking this debate as the point of departure for a discussion of one particular link in the causal chain of creative class theory.

The past decade of creative class research has been focused predominately on two themes. First, there has been an interest in the individual characteristics and qualities of members of the creative class. This strand of the research has detailed the identity markers of the creative classes (age, sex, skills, sexual orientation etc.), their work habits and consumption preferences as well as the ways in which they communicate, network and socialize. The second theme has been an interest in the ways that cities and mega-regions are becoming the key nodes in an increasingly competitive global economy. This branch of the creative class research project has been about measuring the performance of urban economies using a wider range of metrics than had traditionally been the case. Many of the various indexes that Richard Florida has become famous for are geared to comparing and benchmarking the performance of city-regions against their peers. In the final analysis, then, the creative class research agenda has attempted to theorize the individual and the city at the dawn of a supposedly new economic era. What remains a largely unexamined feature of the creative class theoretic is the firm. Despite the explanatory power invested in the role of innovation in a creative economy, Florida has neither developed a theory of the creative firm nor have firms been central empirical variables in his research. Indeed, his only paper on the topic shows that creative cities produce more firms but says nothing about the size or sustainability of these firms (Lee, Florida and Acs, 2004).
Without an explicit treatment of the creative firm as it relates to the two other themes for which considerably more attention has been paid – the creative worker and the creative city – a number of very important questions with respect to the creative class theory are left open. Does the innovative and creative performance of an urban economy depend on catalyzing the formation of new firms in situ or do firms relocate in ways similar to mobile individuals? What is the distinction between large corporations in contrast with small-and-medium sized firms (SMEs) as it relates to the creative class theory? What special challenges do creative firms face in an increasingly globalized economy and what kinds of strategies are they using to overcome these barriers? How are creative firms connected to, or differentiated from, other types of firms in the resources sector, manufacturing sector or service sector? To answer any of these questions would require the firm to be the starting point for research rather than the individual or city.

It would be far beyond the scope of this chapter to attempt a full-scale resolution of this issue. Instead this chapter aims to set out some of the basic building blocks that would be necessary to answer these questions before entering into a comparative case study of law firms and video game firms in Vancouver, Canada. The balance of the chapter is organized into three sections. The first section surveys the literature on innovation and firm dynamics as it relates to creative class theory while introducing some of the basic business structure and organization trends in the Vancouver economy. The second and third sections present the case study material from the video game and legal sectors respectively emphasizing the particular challenges and ‘coping mechanisms’ which characterize the experiences of Vancouver firms. It is ultimately argued that firm dynamics are shaped both by local and extra-local factors both of which are imperative to understanding the nature of creative work and urban economies.
**Firm Dynamics and Creative Class Theory: A View from Vancouver, BC**

The firm would appear to be the central actor in any analysis of modern economics. Firms are responsible for developing and communicating brand identities such as Apple, Nike and Coca-Cola which increasingly dominate the corporate landscape. Firms have also been key drivers of recent globalization as they seek out lower-cost locations of production all the while attempting to catalyze the creation of new consumer markets. Firms have been featured in academic debates regarding the transition from Fordism to post-Fordism (Kalleberg, 2003) and in mainstream debates about outsourcing and deindustrialization (Hira and Hira, 2005). Yet despite the apparent centrality of the firm, this is a concept which remains largely undefined and under-theorized in economic geography. A number of recent interventions have provided very useful and important initial forays into this field of ‘the firm in economic geography’ and this review of the literature will not rehearse these well-conceived arguments (see Yeung, 2000; and Maskell, 2001). It is clear from the existing literature that there are many different conceptions of the firm – the black-box view of neoclassical economics, the transactions cost analysis approach of Coase and Williamson, the power and class relations arguments of Marxist scholarship, and more recently efforts to understand firms from relational (Boggs and Rantisi, 2003), institutional (Gertler, 2004) and evolutionary (Frenken and Boschma, 2007) perspectives. Still, because of how important the firm is to the functioning of the economy, it is reasonable to argue that this is an under-studied area of research in economic geography.

This firm-centric research comes to the broader debate within economic geography from a slightly different direction. Most notably, it follows the lead of Dicken and Malmberg (2001) in focusing on the firm-territory nexus. In other words, whereas many studies of the firm focus on the organizational form, the degree of hierarchy and centrality, or the product markets which
firms are serving, this research is about trying to understand the strategic decisions of firms in the context of a particular regional economy; in this case, Vancouver. The Vancouver economy is dominated by small and medium sized firms. Compared to the Canadian average of 55%, Vancouver has a disproportionate number of firms employing between 1-4 people at 59% (Barnes et al, 2011). With the exception of a few relatively large firms such as Telus Communications, EA Canada, MDA, Sierra Wireless and Lululemon, the most distinctive feature of Vancouver’s economic landscape is the absence of ‘anchor firms’. While many commentators have praised Vancouver as a highly entrepreneurial city, the lack of major firms has become a serious concern. As a result, it is increasingly the case that cities without major firms acting as anchors of innovation, creativity and business expertise are suffering from lower levels of economic performance (Wu, 2005; Edmiston, 2007). It is in this context that firm dynamics and business competitiveness strategies in Vancouver must be understood.

The single most important tension in Vancouver’s economy is that which derives from the competing visions of Vancouver as a production-oriented global city or a consumption-oriented global city. As has been argued previously, over the past quarter-century Vancouver has taken on many features of a consumption-oriented global city: it has seen an influx of ‘Millionaire Migrants’ who above all purchase goods and services (Ley, 2010), there has been overwhelming concentration of investment into real estate development (Moos and Skaburskis, 2010), and the importance of tourism and hospitality have been symbolized in the global events which have bookended the city’s remarkable transformation (Surborg et al, 2008). The overall impact of these trends has been a steep increase over time of the costs of living in Vancouver, despite the fact that the city has very favourable business tax conditions (KPMG, 2012).
This situation effectively sets the parameters for Vancouver’s overall economic competitiveness. As one long-time executive in the Vancouver tech sector remarked:

Companies need to think much more carefully and strategically about where they locate particular work processes. So this notion of a chain that became very popular in manufacturing where different locations would produce components for final assembly somewhere else is now becoming more common-place in the development of games and applications for sure. Generally in the tech sector, workers go the first five years and they might work themselves up to a team leader or something like that. But then if you’re at EA Canada or Microsoft Canada and your head office is down south, you are forced to make career decisions moving forward that involve a change in your personal address. And of course, these are very difficult decisions but this is the reality when you don’t have many of those anchor firms. And there is still the perception – which is somewhat true – that opportunities in other markets are more lucrative than those that exist here in Vancouver. I mean there are a lot of things going on here. People think that if they go to Silicon Valley or even Seattle they’ll have way more money in their pocket….which I think is only true for those higher-end positions. Basic developers might make a bit more in the U.S. markets compared to Vancouver, but a lot of that can be offset by health care costs and other costs. At the same time, there is a significant reverse trend of Americans coming up to Vancouver and absolutely loving it. Once you get them here, they realize that there is a lifestyle here that is pretty positive. But there is no question that the cost of living here is a detriment to the broader business environment. In every aspect except for real estate, I think Vancouver is completely reasonable and competitive with other major markets in North America. But to have real estate as your major exception in terms of having reasonable costs as a city is not a very good sign since this is pretty much the biggest and most important purchase in a person’s life. The real estate market here is a business killer. It makes it difficult to attract the kind of talent you need and it makes office and production space more expensive. This makes it difficult for companies to go from the start-up phase into a more mature business development phase. And I think, frankly, it has a part to play in small companies selling out to bigger mostly foreign players because they understand the challenges that exist in building up a company here in Vancouver (industry expert, 2012).

The production versus consumption tension, then, is the primary local factor which shapes the behaviour of firms, but it is certainly not the only challenge that Vancouver-based firms face. Instead, the above-average costs of doing business in Vancouver appear to act as an extra layer of difficulty on top of all sorts of more external or generalized dynamics of competition that are sector specific. The interplay between these local and industry-wide factors in firm locational strategizing will feature prominently in the analysis that follows.
This leads into the second feature of this research which is somewhat distinctive. Firms are shaped by, and themselves impact, the nature of the local clusters of which they are members. To account for the nature of firm dynamics in a particular place it is important to know the dominant industries or sectors. Vancouver has never had a major manufacturing presence, is not a capital city influenced by government activity and does not fit the mold of a prototypical global city based on finance, head-offices and business services. Rather, it is a diversified economy reflecting both old-economy advantages in transportation and resource industries with strengths in ‘creative’ sectors such as software and gaming, new media and education. Indeed, Vancouver was the primary beneficiary of British Columbia’s early adoption of government policy which attracted mobile creative industries such as film and television in the 1970s and 1980s (Barnes and Coe, 2011). Given some of the high-profile successes in the local technology sector ranging from video game development (think EA Canada) to green technologies (think Ballard Power) to communications software (think Sierra Wireless and MDA) and the fact that Vancouver remains one of Richard Florida’s highest ranked ‘creative cities’, this is an ideal location within which to assess the role and position of firms in various creative and knowledge industries.

More than anyone else the work of Richard Florida, and his colleagues, has become the nucleus of research and debate regarding the creative class and creative cities. At a time when creative class theory is becoming ever more popular amongst corporate clients, government policy-makers and individuals, perhaps the most significant shortcoming in this emergent body of knowledge is the absence of a well-defined theory of the firm. Florida has gone to great lengths to detail the creative class ethos, the work changes which mark the ‘rise of the creative class’, the management philosophies that might nurture creative class loyalty and finally the
views of creative class individuals regarding leisure, consumption and community. Likewise, he
and his colleagues have produced a vast amount of empirical research on which cities are
capturing the creative class. Yet that link between creative class individuals and creative cities is
mediated by the creative firm. Until now, there remains no single explication from Florida
regarding his views on the creative firm. Florida (2002: 216) has a number of cases he uses
repeatedly – such as the late-1990s relocation of Pittsburgh-based digital media company Lycos
to Boston – but given the significance of this component to creative class theory, it is rather
surprising that there have not been more systematic efforts to empirically track and ultimately
map the locational decisions of creative firms. Though a full-fledged theory of the firm is
absent, it quickly becomes clear that Florida is heavily influenced by particular individuals and
arguments which are germane to this discussion. By engaging with these thinkers, and
projecting their views on the firm, it is possible to, in the least, set out some questions for
understanding firm dynamics in the creative economy.

The first thinker that has clearly had an impact on Florida is the ‘great economist’ Joseph
Schumpeter who “called attention to the chilling effect of large organizations on creativity”
(Florida, 2002: 22). Indeed, Schumpeter believed that the large corporation, with its bureaucratic
and hierarchical structure, would squeeze out the entrepreneurial juices which nourish creative
destruction. Without these forces of innovation, economies would be become stagnant and
economic development would cease to progress. But this prediction has not come true and as
Florida (2002: 26) acknowledges, the dinosaurs are not doomed because large creative firms play
an important part in the ecosystem of innovation. One of the issues, then, that must be
considered is how firm size influences the innovation process, the locational decisions of
companies and the strategies for success utilized in competitive markets.
What is increasingly clear is that different sized firms have very different roles to play in a creative economy. Small and entrepreneurial tech firms might invent an innovative product or service, but it is the large anchor firms that have the capacity, experience and market-power to scale these innovations up in a way that makes innovation profitable. As will be seen, this issue of firm size is a key concern of business analysts in Vancouver since it is recognized that healthy tech ecosystems will have small players but also must have those larger firms that can capitalize on innovation and creativity.

Firm size is important from a business strategy viewpoint, but perhaps it is more important from a labour relations perspective since the size of firms shapes the way in which work is performed. It is this transformation in work, rather than the transformation of the firm, which is at the heart of Florida’s work in ‘Rise of the Creative Class’. Yet these are clearly related and Florida relies heavily on the writings of two mid-20th century authors that were researching this topic from different directions. Florida is fascinated by the work of sociologist William H. Whyte whose ‘classic book’ from 1956, ‘The Organization Man’, “documented the stifling effect of organization and bureaucracy on individuality and creativity” (Florida, 2002: 41). It is this work environment which Florida believes creative people and firms are attempting to overcome through new dress codes, schedules, contracting relationships, office designs and management techniques. Florida sees this as an expression of the thinking of his hero, urbanist and economic historian Jane Jacobs, who argued that diversity of urban forms and functions produced the necessary frictions which catalyzed innovation and growth. But how do these work cultures intersect with creative industries that are becoming what Richard D’Aveni (1994) terms ‘hyper-competitive’? Moving into the empirical analysis of firm dynamics in Vancouver, these issues will emerge as prominent features of the creative economy discussion.
Firm Dynamics in Vancouver’s Video Game Sector

The video game industry has traditionally been dominated by a small number of major publishing conglomerates such as Electronic Arts (EA), Ubisoft, Activision Blizzard, and THQ. These firms either produce their own titles or they buy titles from independent studios (Johns, 2006). One of the key features of this economic sector is that mergers and acquisitions play a prominent role in how the industry is organized and where particular firms are located. Over the past two decades, the video game industry has been geared towards console gaming with major entertainment systems such Sony Playstation, Microsoft X-Box and Nintendo Wii accounting for the vast majority of revenues (Johns, 2006). Producing major console games is a very serious undertaking which can take years to complete, employ hundreds of people and cost millions of dollars. There are specific production methodologies that game studios follow in order to ensure that all of the designers, software engineers, coders and IT specialists are on the same page as management. This type of game production created a particular set of working and employment conditions characterized by very long hours, high degrees of dependence on team members, and poor or non-existent overtime pay (Dyer-Whitford and de Peuter, 2006).

In the past five years, however, the video game production industry has been transformed. In the aftermath of the Great Recession, spending on expensive video game consoles and games declined significantly (Graziano, 2012). At the same time, and catalyzed by changing technology, the rise of ‘social gaming’ such as Farmville on the Facebook platform and ‘mobile gaming’ such Angry Birds, created new platforms for gaming production and consumption. In this reconfigured video game industry, there is intense competition both between smaller firms to produce lucrative games and amongst jurisdictions to attract the major corporate firms which remain important industry players and large employers.
The clearest trend with respect to the Canadian video game industry is that Quebec, and in particular Montreal, is winning the jurisdictional competition for attracting the medium and large ‘anchor firms’. In 2011, 55% of Quebec’s 87 total video game companies were medium (51-150 employees) or large (151+), compared to 32% of 83 companies in BC and just 17% of 96 companies in Ontario. Quebec, therefore, is winning the battle over the big players, Vancouver is diversifying into a more mixed cluster dominated by small (6-50) and medium sized studios, while Toronto has the greatest total number of firms but is distinguished by the large number of micro-studios (1-5) (ESAC, 2011). The basic economic geography of the Canadian video game industry, then, is very much connected to the types of production being carried out at these different-sized studios. The other set of indicators which very much shape the video game industry are those related to the demographic characteristics of video game producers and consumers. Game production is dominated by males (at approximately 90%) and younger age cohorts, despite the fact that women and individuals over the age of 35 are playing ever-more games (IGDA, 2005). This provides an important reminder that while creative class members might value diversity in their personal locational decisions, the creative workplace is not always reflective of such ‘tolerance’ (Prescott and Bogg, 2011).

The mechanics of firm formation in the Vancouver video game industry has created a family tree of studios many of which have been established by former EA Canada employees. This process of new firm formation has been beneficial for the local video game cluster (Barnes and Coe, 2011). As the large console-development firms in Vancouver have recently been prone to layoffs and closures, there has been a new wave of entrepreneurial activity geared towards the latest growth sectors in the industry: social, mobile and casual gaming. It is this local transition to a more artisanal video game sector dominated by small firms which will be detailed below.
There is one very long-standing tension that exists in the video game industry (and likely many other creative industries as well). The work of producing a video game is an artistic and creative endeavour that usually starts with a passion for the art-form or craft rather than an interest in profitability. The tension between the artistic-creative and business sides of video game production – or what is known as the ‘suits vs. developers’ conflict by most game producers – pervades deep into the pores of this industry. Amongst video game developers, there is a profound mistrust of corporate cultures, corporate work practices and corporate financial rationality. Instead, the technical and artistic developers that actually produce games are connected through an ethos of creativity, pushing boundaries and having fun. Located on a sprawling campus in the Vancouver suburb of Burnaby, EA Canada attempts to re-create this fun-loving work atmosphere in a corporate setting by having game consoles around for people to play as well as sports facilities that workers can use whenever they need inspiration. Yet instances such as the EA spouse controversy or the constant pressure to meet deadlines provides a reminder that this is still a corporation, like all others, aimed at profit-making.

The formation of new firms in Vancouver has followed a steady trajectory according to the owner and business manager at Free for All Games:

EA had a very unsuccessful acquisition model which, astonishingly, from a business perspective, they used repetitively. What basically happened is that once the founders [of the acquired companies] passed a certain contractual threshold – usually between 2 and 4 years – their shares were vested and they bailed. So 4 years after acquisition everybody leaves EA and starts their own company. A lot of the start-up gaming companies that you see in Vancouver are the result of that model. EA plays an important role as a breeding ground and anchor in the local industry but there are a lot of other issues. The work ethic at EA is very demanding. A lot of people will work there until they have kids and then move on. Some people go to EA to have their moving expenses paid and then leave shortly thereafter. The last issue is one that I think all new media companies face and that is how workers in this sector deal with corporate culture and authority. Developers and engineers in this industry have a very strong sense of independence and a hard time taking orders of any kind. I think there is a natural entrepreneurial culture amongst tech people in the gaming sector (Owner, FfA Games, 2012).
Interestingly, then, larger firms such as EA Canada play an important but contentious role in this industry. These are the firms that act as magnets for attracting talent and investment into Vancouver while giving people industry experience, but the corporate culture is viewed with disdain. As one former EA Canada executive and current venture capitalist stated:

There is definitely an entrepreneurial spirit in Vancouver that is somewhat different than in other places. This isn’t a big corporate center, it’s a place dominated by small and medium sized firms and that is especially true in the creative and tech sectors. To some extent, that means Vancouver should be well-suited to a change in the industry away from major projects dominated by big publishers towards smaller-scale projects that require more flexibility and agility from developers. And that is a cause for optimism. But being entrepreneurial alone won’t do it. Here again, EA is important to the story because you need to be able start and finish a project. EA is masterful at delivering projects. Of course you’re going to do another FIFA. Of course you’re going to do another NHL. So when there is certainty that projects have to be completed, they generally get done and EA has trained people very well in terms of how to deliver a project. Those skills are maybe even more important now when you’re working on a greater number of smaller projects, and hopefully the skills that EA people are gaining will transfer well into the social and mobile space (industry expert, 2012).

The notion that ‘delivery’ was an imperative for gaming firms was echoed by many of the managers and business development experts during interviews. In many ways, the qualities that allow video game workers and firms to ‘deliver’ – discipline, hard work and long hours, structure and authority etc. – are the same factors which lead people to leave the big anchor firms for smaller, more do-it-yourself projects. As the owner of Move It Games commented, “[c]ompanies in new media are always trying to create those free and fun working environments but the tensions and pressures to deliver are constantly there and the big studios like EA certainly haven’t escaped them” (Owner, MI Games, 2012) The way in which these tensions between the suits and developers are managed in an industry increasingly oriented to small and flexible firms will shape the future of this cluster in Vancouver. As will be detailed, there are four major challenges facing new firm entrants in the mobile and social game space as well as a number of innovative ways that firms are trying to overcome these obstacles.
Industry Challenges

When looking at how an industry is organized and the kinds of challenges firms face, it is important to distinguish non-local or industry-wide dynamics from local factors that are specific to one location. The production of most goods or services for export can be likened to the process of drilling for oil (see Appendix G). Whenever a company attempts to drill for oil that is embedded deep in the ground, there are going to be costs involved in terms of technical equipment, different arrangements of labour and issues of financing. These can be thought of as the non-local factors which are effectively industry-wide in the sense that they impact all oil drilling projects to a similar degree. Yet we know that oil can be drilled in many different kinds of environments. In some places, oil is easily accessible and so the costs of drilling oil from that source will be relatively low. Alternatively, the costs of oil production can be much higher if the drilling location is in the middle of the ocean, or if there are many different levels of rock formation that impede access to the oil source, or if political circumstances are unstable. These might be considered the local factors which add costs and challenges to the production process.

The same kinds of dynamics are at play in other kinds of industries such as video game production. There are challenges that all video game studios attempting to successfully transition into the mobile and social sphere will face and then there are some local factors which will be unique to specific geographies of production. In the video game sector, the non-local factors that stand as challenges for firms include: i) the competitive dynamics of an industry in which the barriers to entry are declining considerably; ii) the differing cultures and attitudes of various kinds of workers that are now needed to be successful in web-oriented video game development; and iii) the issue of business development competency within gaming firms. The local challenge, as might be expected, is the higher cost of doing business in Vancouver.
I) Competition and Crowding

There are a number of reasons why the mobile and social gaming sphere of the video game industry is growing so rapidly, but two are especially important. First and foremost, there is a huge potential market for these types of games as people become ever-more closely attached to their smart phones, tablets and social networking sites. As one engineer stated matter of factly, “everyone now has a gaming device in their pocket with thousands of friends that they can play with” (software engineer, MI Games, 2012). This market means that there is likely a lot of demand for games that can be created and fulfilled. At the same time, as many people have been dislocated from jobs in a restructuring console-development market, the social and mobile space is attractive because of the size and scope of projects. Whereas the average cost to develop a console game can range from $150,000 to $30 million and take 380 days to complete, the average mobile game costs between $2,000 and $3.2 million and takes 96 days (ESAC, 2011). It is much more viable to start a video game company in the mobile space because there are far fewer barriers to entry. This very fact, however, creates by far the biggest challenge that small firms face in this creative industry:

For gaming companies, the process of actually creating a game has shifted a lot as these new platforms have emerged. The projects are getting smaller and the time frames to complete a project are getting shorter. Timing is important to capturing a piece of the market because there are just so many competitors that can be working on almost the same thing. This is an interesting but also challenging trend that this new app market model presents. There are definitely opportunities for individuals or small companies to monetize a game or application with very low barriers to entry. When you think about it, there aren’t that many other examples in modern business history of such an open and accessible product market being created. Basically the big companies such as Apple, Microsoft and Google are setting out the conditions for business and then allowing the smaller companies to do the leg work of actually creating the software. So there are huge opportunities. But as we know from the most basic economics, an industry with very few barriers to entry will have a ton of competition. And that competition tends to bring down the profit rates that companies can earn. For every Farmville or Angry Birds there are literally thousands of entrepreneurial firms competing to create the next big splash. So it is an absolutely cut throat market as well (Owner, MI Games, 2011).
Clearly, the issue of competition in the industry is at the heart of new gaming activities because it relates to the two most important issues in game development – labour strategies and game monetization strategies. Labour strategies, in this case, refer to the way in which the work of producing games is organized and structured so as to produce the game in the fastest and most cost-efficient way. Perhaps more importantly, the increasing amount of online gaming has necessitated the establishment of new economic models to monetize the product. Instead of people going to bricks-and-mortar stores to buy a $60 game, people are buying games directly through the Apple App Store or the Android Market. The two most frequently discussed models are free-to-play (F2P) in which the game is free but players can purchase items within the game (think Farmville) or pay-to-play (P2P) where consumers buy the game outright and have it installed directly onto their device. For executives at FfA Games, these issues are central to whether the firm can survive the competitive nature of this industry:

I’m bootstrapping my company right now – we don’t have any funding. We’re gonna run out of money pretty soon and basically I’m carrying my team of 9 people. We’re starting to see incomes from the two games that have come to market so far, but it takes time to build up enough product in these new markets to cover the costs of even a small studio. In a small business like this, my biggest overhead costs are my employees so you would think that would be the place to cut if need be. But on the other hand, I don’t think I can get the quality employees I need – particularly engineers and designers – unless they are employed full-time. So I can hire artists on contract because it’s mostly 2D art and it’s not that demanding. And I do that. But I just don’t know if you can hire quality coders on a casual basis. My experience is that you can’t. So it’s difficult because I’m probably carrying more than I need to carry but I also need quality people to produce a great product. It’s a big risk. It’s a really big risk. Even though the scale of game budgets and operations in this mobile space is much smaller, it takes a lot of 99 cent game sales to make a profit. This is particularly the case when most people – ourselves included – are working on a P2P model. The research suggests that it is the best route in terms of how to monetize the product, but what is difficult is that you have to have so many games sold-through before you actually make a sale. Our conversion rate is 15% percent which is actually very high relative to industry standards. Companies are often converting at 3-5%. So you can have 500,000 people playing your game but not have enough money to pay the rent and wages. It’s a difficult model to succeed in. It’s very tough out there. There’s just a lot of people out there building for iOS, Android, and Facebook…lots and lots of Facebook (Owner, FfA Games, 2012).
II) Web Developers + Game Developers = Trouble

A second challenge that many small video game firms face is that they must integrate different types of technical people into one very close-knit team. This might seem straightforward but in fact it can be a very difficult balance to achieve. The main reason is that in bigger creative and innovative companies, different kinds of tech people are often organized into different divisions in which they interact with other tech people more on a temporary rather than permanent basis. In the small firm environment, these different types of tech people are constantly working with each other and this can create tensions in terms of work culture. As one infrastructure engineer stated:

People think that the tech sector is this singular entity where most people have the same basic skills, but in fact nothing could be further from the truth. So you’ve got cloud and server people that are being deployed with Ruby, and then you need NoSQL databases to pick up your data analytics on the back end, and you have all your server infrastructure as well. But you still have your game coders and graphics and sound and anytime you start integrating different kinds of tech people into a single project or company, there are going to be tensions. All of these different types of people are used to working in their own way, at their own speed and using their own standards. When you’re working all together in a small team environment, it means that everyone has to co-exist in a way that is much different than in a bigger studio (Engineer, MI Games, 2012).

The owner and business development manager at FfA Games extended this point, but was optimistic about the potential for different types of tech people to be integrated into a small firm environment:

There are two major groups that make up the social and casual gaming industry in Vancouver. The first group have a background in video games often in the core console setting while the other group coming into the gaming sphere are the web 2.0 guys. They are totally different in terms of their career backgrounds and the work cultures they’re used to. I don’t know of one studio that has successfully blended both groups yet. I know some that are trying but it is very difficult. The biggest issue is that there is a kind of techie animosity between the two groups. Being the biz dev [business development] person in our firm, I get scorn from everybody [laughs] but I have a somewhat more objective view of this dynamic. So coming from a gaming background where I’ve worked with many people from core console firms, I’d often hear things like, ‘well web guys are not real developers…they work with Flash….Flash isn’t even a real
program...these guys couldn’t code their way out of a paper bag’. Now this sentiment isn’t without some truth as is the case with most stereotypes. To be a really good console developer in the video game world you have to be absolutely extraordinary at coding. I’ve worked with guys that were offered positions at NASA but decided to work for EA instead. So it’s not entirely an exaggeration that there are different levels of sophistication in different kinds of software development. But does that mean that everyone that works in the 2.0 world is dumb? Of course not. There are very bright people working in web applications and development. Also, I’ve found that people coming from the web 2.0 scene are very entrepreneurial, they’re very quick and dynamic thinkers. My game guys can’t move quickly. They’re used to 2 year cycles. They’re used to having every piece of equipment right on hand. Often they’re used to being rockstar personalities in their studios with a sense of entitlement. The 2.0 guys are just like, ‘ya let’s get it done and if we need that wire let’s get it from over there’. They’re just get-it-done kind of guys and that works really well in this new model which is much more fast-paced and dynamic. It’s interesting, I’ve seen really good video game guys struggle and I’ve seen really good web guys do well. It’s not just about talent anymore, it’s as much about being able to work in a different kind of environment that is more DIY and entrepreneurial. I think what is happening as this fluid mobile space grows, though, is that guys with gaming backgrounds mostly in C [the software used to build most video games] are coming to understand the need to be more nimble and flexible and guys with a web 2.0 background are realizing that they need to brush up on their skills to make sure they are at par with the technical capabilities of the gaming guys. Slowly but surely they’re learning from each other (Owner, FfA Games, 2012).

One of the important determinants of success in this rapidly growing industry will be the ability of small firms to capitalize on, and leverage, the various skill sets of different types of creative workers. Without such integration it will be difficult for small firms to survive.

III) The Suits vs. Developers Dilemma

As has already been argued, the tension between the business mindset and the artistic mindset is central to understanding the nature of the video game industry. The rise of the small, organic, do-it-yourself video game studio developing games for the Apple or Android app markets might appear as an environment in which that fundamental tension could be rather easily resolved. These are typically non-corporate environments in which designers and engineers have a greater degree of control over their work and the basic decision making around game-play. Whether by choice or by circumstance, tech people try to escape the corporate world of big publishers such as EA Canada in order to regain a measure of artistic licence and freedom. Yet
as long as these games are being produced for a market and not solely for the pleasures of gaming, there will be business imperatives that need to be met. Indeed, it can be argued that business development skills are more important today than ever before in the gaming industry especially for the small studios that must be nimble, efficient and well-branded. As the owner and business development manager at FfA Games remarked:

My view is that the importance of business knowledge is really underestimated by people with a technical background. There is a very strong distrust of people in suits. And so tech people often don’t want to spend money on business expertise that they actually desperately need and won’t acknowledge they need. These shouldn’t be difficult positions to fill but we are just so tech focused here in Vancouver – sometimes to our own detriment. Even at the medium-sized gaming company I started with before opening FfA, I have an extensive business background where I made great money and these guys originally asked me if I’d be the office manager. Like they didn’t understand what they needed. So I said, ‘well do you have a business plan, do you have an HR strategy, have you done any market analysis”? And they said no. They thought they needed someone to make sure that bills got paid. At the end of the day there is a big disconnect between these techie guys that just think the technology will automatically hit the market and very basic business practices (Owner, FfA Games, 2012).

According to a Vancouver tech sector venture capitalist, the need for business development expertise in this newly forming industry cluster is clear:

It is definitely the case that the smaller companies often do not have the resources at hand to hire competent business development people. And this is why the relationship between the small studios and the big companies is so important. Often it is the major publishers that have business guys that are exploring the monetization and conversion part. This stream of information can be very important to the small studios especially because in the mobile and social space, the game can pretty easily be tweaked based on info that you’ve gathered from users. That is a major difference between console and these new online platforms. In the console field, you ship a game and then you watch the sale figures while you’re moving on to your next title. There isn’t a whole lot of feedback and tweaking once the game is delivered. But now, there is constant feedback that can even be overwhelming. To make conversions and everything as efficient as possible, you need quant guys that can do the analytics, know how much data you’re supposed to be gathering and how best to analyze it. These are not traditional skills even in the business development stream of gaming, so studios and companies are often looking to people with more experience in web properties. Someone who has worked for an E-commerce site knows all about conversions and tracking the customer. That mesh between gaming, more traditional web development and new business practices is going to be an important feature of the industry moving forward (industry expert, 2012).
**IV) Local Challenges: The Vancouver Wage Paradox**

The above three challenges were categorized as non-local or industry-wide factors because they are issues that all firms trying to achieve profitability in the mobile and social gaming segments, regardless of their geographical location, must navigate successfully. There are, however, local factors that can play an important part in catalyzing or impeding growth in creative sectors such as video game development. It has already been explained that one of the central difficulties in the Vancouver economy is that which emerges because of the high cost of living in the city. Indeed, many local commentators have argued that the high cost of living in Vancouver is bad for business since it necessitates paying higher incomes and it increases the cost of production space. But is the cost of doing business high in Vancouver or not? This is an absolutely fundamental question if we want to know the impact of local geographical context on the video game development industry in Vancouver.

The case to be made regarding Vancouver as a high ‘cost of doing business’ location is often founded on a very basic logic. The average cost of housing in Vancouver is 10.6 times the average income in the city – only Hong Kong is more unaffordable based on this measure (Cox and Pavletich, 2012). It is thus argued that incomes will have to be significantly higher relative to other places in order for people to afford housing and this makes Vancouver uncompetitive from a business standpoint. We would expect, then, to see wages which are correspondingly high to meet the costs of housing. But the statistical data simply do not confirm this argument. The GVRD recently conceded, “Metro Vancouver has Canada’s highest housing costs and lowest median income among the largest regions” (Metro Vancouver, 2012). Moreover, following changes to the business tax standards in 2010, Vancouver has one of the most business-friendly tax regimes of any major North American city (KPMG, 2012).
How can we reconcile the fact that Vancouver is seemingly both a low cost of business location and a high cost of business location? This is where the issue of Vancouver exceptionalism comes to the fore. For a relatively large, globally-oriented city, Vancouver has developed along a growth trajectory that is quite unique. The discrepancy between housing costs and incomes has emerged because there has been a significant amount of external, international investment into Vancouver that has typically pooled in the housing market (Moos and Skaburskis, 2010). This has been a key part of Vancouver becoming more oriented towards consumption. At the same time, however, Vancouver has and continues to attract a lot of talented people both because of the tech cluster that exists but perhaps more importantly because of the cultural attributes of the city as a cool, laid-back place that offers a high quality of life.

Vancouver, in this light, is a textbook example of Richard Florida’s creative city with amenities that fit the lifestyle demands of the creative class (see Florida, 2008).

In conducting this research, two main viewpoints have been expressed to explain why incomes in Vancouver are below average in the tech sector. The first view sees an oversupply of creative and technical people that are choosing, and indeed making financial sacrifices, to live in Vancouver. As one long-time tech sector analyst stated:

I think that there will always be gaming and tech companies starting up in Vancouver and I still see it all the time. One of the reasons is that there is a lot of talent here. You want to hire-up 50 people? You’ll find them! And this isn’t 50 recent grads, this 50 people that have shipped product and gone through the cycles. Now, when you have so many people that are qualified for jobs it means that they will compete with each other and the incomes will go down. I think under normal circumstances, people would get fed up with making below average salaries and leave for greener pastures elsewhere which would ultimately have the effect of raising incomes. But in my 11 years living in Vancouver, and seeing many Americans like myself move to Vancouver, I know that this is not a normal place. People come here and they don’t leave. They can’t leave. I don’t think I’ve ever seen another city like it in that respect where people are creating a deep bond with the place. And so as a result I think people in the tech sector make some sacrifices to stay in Vancouver despite the lower incomes, but they seem happy to sacrifice from what I can tell (industry expert, 2012).
This perspective was contrasted with another view which saw the general structure of the
economy and labour market as the determining factor rather than an oversupply of technical
labour. For one executive at a government-funded technology incubator and accelerator located
in Vancouver:

It’s funny because I don’t think that the salaries are low because of excess supply or
ability to attract. That’s the weird thing. A big part of the difference is that the baseline
salary is set against traditional industries as opposed to there being this huge tech sector
like in Silicon Valley or Boston where everyone is competing against each other and
you’ve got some of the biggest tech firms in the world. Because Vancouver has a
disproportionate number of small and medium sized firms, they can never compete with
the big firms at the top end of the salary spectrum. So I think salaries are kept lower in
Vancouver because the general economic environment here includes many more lower
wage positions and so relative to those, you don’t have to pay as much in the tech sector
here. Where I worked previously, we paid very high salaries relative to the rest of the
tech sector in Vancouver so we had no problem attracting good talent. But compared to
other tech markets, those salary levels were considerably lower (industry expert, 2012).

Determining which one of these perspectives is more accurate remains an open question
that is worthy of further investigation. Yet both of these views apparently extend the argument
that Vancouver should not be a high cost of business location and this would suggest that real
estate is perhaps not the ‘business killer’ that some have claimed it to be. In isolation, then, it
may appear as though the Vancouver economy does not face local challenges on top of the
industry-wide challenges that have been detailed already. However, the relative costs of doing
business in a particular place are not set out in isolation but rather the local and non-local factors
cumulatively represent the local context. When these factors are combined for Vancouver, two
unique challenges emerge. Many people in the Vancouver tech sector argue that what is really
missing is the presence of strong, large anchor firms. The only ways to establish these kinds of
firms locally are for major companies from abroad to invest in Vancouver or for local companies
to grow into anchor firms while staying rooted in Vancouver. Both of these options are difficult
because of the local context for firm development and business dynamics in the city.
With respect to inward investment, Vancouver has certainly attracted a number of high-profile companies over the past decade but none that could be said to represent a new anchor for the local tech sector. According to one industry expert, part of the reason for this failure is the difficulty of attracting specialized business people to Vancouver:

While it’s great to have all that energy and enthusiasm that an entrepreneurial cluster creates, you need to have some of those anchor companies that function as the University of IBM or Microsoft or whatever. A lot of people learn a lot of the skills they have to do international business from working in a company that has that capability as opposed to trying to grow the business from the ground up time after time after time. That is the shortage we have in Vancouver. We have absolutely no shortage of talented technical resources as far as I can tell. One of the major reasons that we have trouble attracting these business people is because they command very high salaries and they have certain lifestyle expectations about where they’d like to live, what kind of house they’d like etc. Well, we simply don’t have the anchor firms to offer those salaries and the cost of housing often means people have to make lifestyle sacrifices which they are unwilling to make. So all of these issues are kind of wrapped up together (industry expert, 2012).

If attracting inward investment as well as the people necessary to build anchor firms is a challenge in Vancouver, it is equally difficult for Vancouver firms to transition from an SME to a major corporate presence. Part of this has to do with the problem of attracting high-priced talent as mentioned above, but perhaps more important is the cultural foundations of the city based more on leisure and lifestyle rather than corporate success. There are many examples over the past decade of promising Vancouver-based tech companies that have been sold to larger firms including: the acquisition of Burnaby-based Creo by Eastman Kodak or the acquisition of Flickr by Yahoo! in 2005 (Platt, 2012). As one executive from BC’s tech sector industry group DigiBC remarked, “people here in Vancouver are often in it for the lifestyle, so they’ll sell their companies if they have a chance and they’re probably trading off leisure time for work time more often than business people in other places.” The firm and business dynamics in Vancouver’s tech sector fundamentally reflect the economic and cultural tensions inherent to the city’s contemporary development trajectory.
**Firm Competitiveness Strategies**

Given the sizable challenges that Vancouver video-game companies are facing, especially those smaller studios focused on casual and mobile gaming, a number of strategies or coping mechanisms have been developed to improve productivity and profitability. These are not mutually exclusive nor are they being employed evenly across the industry. The first, and perhaps most important, strategy that small game companies are using is to produce better, higher-quality games which serve to differentiate their products from more basic games that are relatively easy to develop. According to one Vancouver-based venture capitalist:

> As time goes on, the barriers to entry in doing mobile or social gaming are going to increase. If you look at the direction that Facebook or iOS or Android games are moving, the production values are moving up really quickly. I’ve seen guys working on full, 3-D, real-time strategy Facebook games that can be played on a browser. In the mobile space you have big hit games like Infinity Blade that has huge production values and great graphics that complement the new technologies of mobile devices with dual core processors. So if you look at the Flash Developer that was making basic games, I think there will always be some of that Angry Birds stuff around but that area is becoming so intensely competitive that it’s hard for anyone to make money there. The growth sectors are in games that are really drawing people in to a great experience and to do that you need great artists, you need great designers, you need really great coders, and you need people that can do both traditional game design coding and web stuff. All of those things come at a cost and that drives up the barriers to entry. You look at a game like Farmville and it isn’t really aging well, so there is a lot of change and it is happening very quickly (industry expert, 2012).

The second strategy that firms are employing in order to improve competitiveness is to think very closely about brand, community and experience in order to create a degree of exclusivity in their games. This echoes many of the strategies being used by creative producers in other sectors including the music industry (Hracs, 2012). As one industry expert commented:

> Branding is how families of games are going to stand out and Farmville is a perfect example. That franchise has been unbelievably successful even though it’s not a great game. On top of that, online gaming sites are getting into social networking themselves and I think this is another trend that we are going to see moving forward. Basically, you have to get out of trying to sell a million 99-cent games and start creating a community of people drawn in by a great gaming and social experience (industry expert, 2012).
The final strategy that nimble video game firms are adopting is to attempt to improve the efficiency of their operations through the use of established game production methodologies. Over the past two decades a number of work process frameworks have been developed such as Scrum, Agile and Waterfall (Keith, 2010). These are basically ways of organizing work, communicating progress reports and making sure that team members are working efficiently together. Generally consisting of a detailed production agenda for the entire game and daily team meetings led by a production manager (or Scrum Master in the case of the Scrum framework) to ensure that the team is on-track, established methods have not been used very often in the small firm setting. But this is changing (Manager, FfA Games, 2011):

One of the most important things that the corporate studios got right, in my estimation, was the use of production methodologies to track work progress. In our small gaming studio, we use Scrum because it is a great tool for organizing work tasks. But in general, these production systems which I consider best practices have not translated or trickled-down yet to the smaller firms. If you are trying to produce a game, no matter if its 10 people or 100 people on the project, you need to have some production methods in place. You can’t just get together every morning and say ‘so what are you working on and what are you working on’. You need to use these recognized methodologies to define roles and most importantly to ensure accountability. The biggest part about building a game no matter the size of the development team is the interdependency that everyone has on each other. So if you don’t track people’s work, measure their indictors and then predict time frames for certain parts of the game to be completed and passed on to the next person and hold people accountable, you can easily double your timelines. It’s pretty easy to be organizationally sloppy when you’re building a game. It’s like, ‘oh ya we have 4 months to build this’. Well could you build it in 3 months? Or 2 months? Or do you really need everyone on your team? With our experience across the board, I know that our studio runs very efficiently.

In all of these ways, game studios are attempting to overcome the challenges borne of an increasingly competitive market for video games. Creating exclusivity through improved technical game play, branding, and community-building reduces competition while efforts at adapting corporate-conceived methodologies to small firm settings reflect the need to contain costs. Without such strategies, firms will struggle to survive in a dynamic, cut-throat market.
Firm Dynamics in Vancouver’s Legal Sector

The legal sector is a service business that, at its heart, is about the relationship between client and counsel. In this sense, it is not unlike other service industries such as retail. When someone needs to buy a shirt or a car, they will likely do some research online but they usually go to a local store to get advice, take a ‘test-drive’ and make a purchase. The same basic features apply to legal services with even greater importance placed on trust and social relationships that lawyers must develop with their clients. As a result, the legal sector is localized in a way that is not the case in more export-oriented sectors such as manufacturing or creative industries where products and services can be produced and consumed in many different places. Though there have recently been efforts to routinize and outsource legal services, and thus delocalize the activity to a certain extent (Timmons, 2010), the vast majority of legal business is conducted between clients and firms in situ. The best evidence to support this claim has come from geographers that have mapped the movements of increasingly transnational law firms that are locating in various global locations to capture legal services opportunities (Beaverstock et al., 1999). For these reasons, the legal services industry that exists in a given place often provides an interesting reflection of the local economy. Fast-paced finance cities such New York and London are stocked with high-priced lawyers and massive corporate law firms that service these industries while suburban communities are often home to small scale family law practices or notaries public. In short, there is an enormous amount of variation in the types of legal work that is performed and the geographical settings within which this work is situated.

In the case of the legal sector, the question is not whether a legal industry exists in a given place – since, like clothing stores, legal professionals are required to interpret the law wherever people live – but rather what kind of legal sector emerges given the local economic and
cultural foundations. The general pattern with respect to how the legal industry is structured is that like actors convene with like actors both in terms of size and geography. It is not a coincidence that high-powered corporate law firms are often located in downtown skyscrapers next to the captains of industry. Indeed, big law firms usually service big business. Likewise, when individuals or small companies are faced with an issue that requires legal expertise, such as conveyancing for the transfer and sale of residential or commercial property for example, they will usually hire the services of smaller law firms or sole practitioners. In Vancouver, the legal sector is highly varied and this is in line with the city’s heavily diversified economy.

According to the Law Society of BC, there are 7,257 registered lawyers in Vancouver of which 6,484 are practicing (LSBC, 2012). The gender breakdown reflects an industry that is male-dominated – 68.5 of percent of BC lawyers are men compared to 31.5% women – but rapidly changing. Whereas 93% of BC lawyers over the age of 65 are men that number declines consistently in younger cohorts: 77% for lawyers aged 55-64, 61% for lawyers 40-54, and, remarkably, 44% for lawyers aged 20-39. The BC law firm landscape is dominated by sole practitioners and micro-sized firms of less than 5 lawyers which constitute 70% and 22.7% of all firms respectively. There are 17 firms in British Columbia (0.5% of the total) that have over 50 lawyers all of which are located in downtown Vancouver. In terms of the areas of practice which lead the BC legal sector, civil litigation activity in corporate, commercial and personal injury constitutes 30% followed by corporate law which makes up 23% of all legal work. After that, family, administrative, real estate, criminal, wills and estates, and intellectual property each have 10% or less (LSBC, 2012). Salaries in the Vancouver legal sector are generally 10-15% lower than those in Toronto, on par with those in Calgary and above those in Montreal (ZSA, 2012).
Industry Challenges

This research focuses on medium sized law firms of between 50-200 lawyers through a case study of one such firm located in downtown Vancouver. It might appear as though, in times of uncertainty, these sizable firms would be some of the safest and most stable in the industry but in fact the opposite is the case. Because medium and large firms (those over 200 lawyers) that serve corporate clients have traditionally been the most profitable segments of the industry, and because the barriers to entry in the legal sector are on the decline, there is an increasing amount of competition in this segment. Indeed, as will be demonstrated, that competition is coming both from above and below.

The legal industry has been characterized as highly conservative and slow to react to changes in the economy (Galbenski, 2009). Over the past decade, however, many of the practices which have sustained law firms for nearly a century since the first law firms were established in the United States have been called into question. In terms of the size and shape of firms, the mechanisms of interaction between client and lawyer, and the models of payment utilized by firms, each of these pillars of the industry have been stressed to a great extent. Many commentators have argued that the financial crisis has been an important catalyst for these processes (Gray, 2011), but it is perhaps more accurate to say that recent economic woes have accelerated processes that have been set in motion for at least a decade if not more. Some of the initial catalysts for changes in the industry have been the globalization of law firms, the shifting work and lifestyle demands of legal professionals, and the rise of finance and associated business services in global cities which have given the legal sector a greater degree of visibility in the public eye. As will be detailed, there are two major challenges which are placing immense pressure on firms to change their basic business models.
I) The Client Side: Cost-Containment

In order to understand the cost pressures that are now facing law firms, it is essential to detail the fee structures that have traditionally been used by lawyers and the basic business models underlying the legal industry. The modern professionalization of legal services began in earnest in Britain in the 18th century though the first lawyers can be traced back to the Greek and Roman empires (Brundage, 1994). It should also be noted, of course, that different countries have different legal traditions, institutions and work practices embedded in their legal frameworks (Hazard and Dondi, 2004). As European states developed legislative and juridical capacities to set laws and regulations, the need arose for highly-skilled individuals to establish, interpret and judge legal matters. Early legal professionals generally worked independently either as barristers or solicitors: barristers being those that advocate and represent the client in court and solicitors being those that have a more direct and transactional relationship with the client. In the United States, these roles were ‘fused’ and lawyers began to develop special practice areas in which they had expertise. The first law firms consisting of more than one lawyer and being organized as a business emerged in the United States in the 1860s (Hazard and Dondi, 2004). The initial rationale for this firm-based approach was that certain individuals could focus on attracting and retaining clients through relationship-building while others could focus more on legal matters.

As the legal industry has matured over the past two centuries, many basic features of the practice have remained the same with one major exception. The fee structures utilized by law firms and lawyers have changed in dramatic ways, especially over the 20th century. Throughout the 1800s, in the United States, legal fees were capped by state laws. In 1908, the American Bar Association (ABA) ruled that contingency fees – systems whereby legal professionals are paid
for winning a case – were ethical. This created a capped system in which successful lawyers could earn bonuses from clients. By the 1940s, however, the complexity of the legal system and the degree of specialization in various practice areas had reached the point where capped fees no longer reflected the cost of legal work. As a result, state bar associations began to set base wage floors under which it was deemed that lawyers would be ‘undervaluing services’ and creating unfair competition. Even without a cap on fees, lawyers began arguing in the 1950s and 1960s that they were underpaid relative to other professionals such as dentists and doctors. Interestingly, it was a landmark case from the United States Supreme Court in 1975 which opened up the industry’s fee structures when it was determined that both the capped fee systems of the 1800s and the base fee structure of the 1940s were a breach of anti-trust laws since prices for a service were being fixed. In response to this decision and the economic circumstances that faced lawyers relative to other professions, in the 1970s law firms began to institute hourly billing models which could be differentiated based on the types of services being offered.

The consolidation of billable hours in the 1970s and 1980s as the dominant fee structure utilized by law firms corresponded with the rise of an increasingly competitive and market-oriented global economy. Law firms – as well as insurance, accounting and consulting firms to be sure – have been important constituents in the rise of knowledge-based, finance-dominated economies which are tethered to a set of global cities (Beaverstock et al., 1999). They are key players in the mergers and acquisitions that have enabled transnational corporations to become conglomerates, they are an important part of the structured financial dealings which have produced deep capital markets and perhaps most importantly, lawyers are absolutely fundamental to protecting the intellectual property and patents which have become the most important assets of corporations in a global knowledge-based economy.
As their importance to the functioning of the economy has increased, so too have the hourly rates at which law firms are able to bill their clients. In just the past seven years, a period which covers one of the most devastating economic crises of the past century, average national hourly fees charged by lawyers in Canada have increased by approximately 75% with some variation between regions and practice areas (Lunau, 2009; Todd, 2011b). Yet this is by no means a process that has gone unimpeded. Indeed, over the past few years, as clients have been facing ever tougher economic circumstances, there have been pressures to reduce hourly fees within the legal industry. As Montreal-based legal expert Carol Fitzwilliam, President of Fitzwilliam Legal Recruitment Inc., stated, “[l]aw firms are under pressure from their clients over the huge increases in the hourly rates that have recurred for the last several years…Clients don’t understand why and they’re challenging it” (in Benetton, 2008, Online).

The shift from a billable hours model to alternative fee structures is not simply about containing costs in order to attract clients, it has also become an ethical issue with some experts arguing that the billable hours obsession incentivizes inefficient and unhealthy practices in the law firm setting (Turow, 2007). This same concern was raised by one managing partner:

I think the legal industry is definitely on the cusp of a transformation in billing models and our firm has already introduced a lot of these more alternative schemas. I still primarily bill on an hourly rate basis but I have developed a roster of clients with whom I’ve built up a relationship and this is just the easy way we’ve always done it. On other matters in the office we have a flat fee for task. Some of our longer-term institutional clients – often government organizations or public companies – we will have on retainer for their usual tasks and then they might pay extra if something else comes up. I think the billable hour will continue to be used alongside a growing number of other models that reflect the kinds of relationships that firms are able to forge with clients. At the end of the day, law firms are going to have present a new and better value proposition to clients. The billable hour was bad for clients, it was bad for many lawyers and it is wasteful. If you measure people by their hours, they’ll put in lots of hours. But is that really what firms and clients should be interested in? (Partner, 2011)
II) The Firm Side: New Firm Formation

The increasing pressure from clients to reduce legal costs constitutes the external factor that is transforming the legal sector. Alongside these pressures, there are internal dynamics which are having an equally dramatic impact on the shape and structure of the industry. As the legal sector foundations continue to shift, there has been a raft of industry-wide restructuring which is creating new kinds of law firms. There are two restructuring processes that will be detailed in this section, both of which are receiving significant attention from mainstream media sources as well as legal sector reviews and magazines. On the one hand, a ‘top-down approach’ has seen an increasing number of mergers and strategic partnerships amongst law firms in order to establish major practices that can diversify into different legal specializations and geographical contexts. On the opposite end of the spectrum has been a ‘bottom-up’ rise in boutique law firms which are much smaller in size, usually focus on one particular practice area and geographical context, while differentiating themselves through the establishment of trust and relationships with clients. Both of these processes are key to understanding changes in the legal services sector and the role of firm strategy in producing competitive businesses.

Over the past quarter-century there has been a sea change in attitudes towards consolidation in the Canadian legal industry. Until the mid-1980s, all law firms were regional in scale and were thus bounded by the growth opportunities that existed in their jurisdictions (Moore, 2012). That changed in the late 1980s when Toronto-based law firm McCarthy Tetrault LLP attempted to establish offices in Alberta which would have been staffed by Toronto-based partners that were members of the Alberta Bar Association. The Province of Alberta then amended the Alberta Law Society Act to require that members of the Alberta bar be residents of the province and practice in a single law firm. In response to this legislative change, the lawyers
at McCarthy challenged the provincial amendments in a case that reached the Supreme Court of Canada. In Black v. Law Society of Alberta [1989], the Supreme Court struck down the provincial amendments on the grounds that they violated the lawyers’ freedom of mobility and freedom of association guaranteed under the Canadian Charter of Rights and Freedoms (Moore, 2010). This ruling enabled McCarthys to become a leading national law firm in Canada while providing a model for many other major regional law firms to establish a national presence. Indeed, the 1990s saw an unprecedented number of mergers and expansions amongst major regional law firms which created a new legal industry landscape.

The emergence of national firms in Canada during the 1990s provided a new way for firms to capture more business. Previously, regional firms had worked under ‘best friends’ agreements in which independent regional firms would pass work to preferred firms in other regions. Yet as ever-more business became interregional in scope during the era of free trade agreements and globalization, law firms needed to restructure. This logic has intensified greatly over the past two decades. Not only are the number of mergers and acquisitions of law firms up considerably, but the nature of these mergers has changed to reflect the qualities of a truly globalized economy (Bower, 2005). In Canada, 2011 was a landmark year for mergers in the legal industry. Most notably, Montreal-based Ogilvy Renault LLP merged with one of the world’s largest law firms, UK-based Norton Rose, to become Norton Rose OR. This is the first time that an international law firm has acquired a major Canadian law firm and could signal a trend of increasing transnational consolidation (Todd, 2011a). As Robert Cranston of newly merged MacMillan LLP explained, “If you want to compete at a certain level, it’s really difficult to develop the specialized expertise, depth of resources, and the organizational competencies, if you don’t achieve a certain critical mass” (in Todd, 2011a).
Many legal industry commentators expect to see this ‘top-down’ trend of law firm mergers and consolidation in the industry continue especially as the competitive cost and performance pressures increase (Moore, 2012). In fact, in comparing the legal sector to other professional service industries such as accounting and consultancy, these commentators argue that there are significant market advantages to be gained by consolidating the industry around major firms which offer more standardized and efficient service provision (Gray, 2011). The arguments against these trends are that legal work is highly specialized and perhaps more importantly, that conflicts of interest will surely arise if there are a limited number of massive firms doing much of the legal work for corporate clients. The most important expression of this counter-argument has been the recent resurgence of specialized boutique law firms which approximate the shape and structure of law firms from nearly a century ago.

Smaller, ‘bottom-up’ firms attempt to create competitive advantages by cutting down physical costs such as office space and law libraries while focusing on specialized areas of practice expertise. Much attention has been given to one variant of this model – the virtual law firm (Laver, 2009; LSBC, 2010) – but there has been a broader increase in the viability of boutique firms over the past decade (Marlin, 2006a). There has always been space for these types of firms to take conflict referrals from larger firms, but today they are increasingly competing with these larger firms by attracting talented lawyers into a non-corporatized legal environment in which work-life balance challenges are often taken more seriously. As well, boutique law firms are succeeding in practice areas for which lawyers can find work that represents an important cause such as environmental law or labour law. These trends suggest that the restructuring of the legal industry is one in which old structures such as small, medium and large firms give way to an increasingly complex legal-industry landscape.
Firm Competitiveness Strategies

There have been a number of basic strategies that firms have used in order to improve their competitiveness. All of these strategies have at their core, an interest in reducing costs in order to pass on savings to clients. Again, these approaches are not mutually exclusive and different firms will use a different matrix of strategies to best optimize their competitive capacity. Perhaps the most important tactic has involved a change in thinking from partners and firm managers with respect to how they envision their business. As Carol Fitzwilliam has argued, “[a] decade ago, major Canadian law firms offered their services to a wide range of clients, from relatively small right up to the most significant institutional clients. Today, almost all major law firms identify preferred clients in a much narrower band at the upper end of Canadian corporations” (in Benetton, 2008, Online). During one of the interviews, a partner drew a graph explaining how the firm views its position and comparative advantage in the broader Vancouver legal services landscape (see Appendix H):

When we look at the competition amongst law firms, there are really two variables that identify the core objectives of firms: volume and complexity. The high-volume firms are your notaries, suburban law firms and such that generally take on low complexity issues and compete on cost. Where we see ourselves is on the other side of the curve with a low-volume of high-complexity matters for which we compete based on our unique expertise. We’ve had many discussions about this around the board room table and while it might mean turning down work in some instances, our mission is be the best provider of high-value legal services and to nurture great relationships with major clients. There is space for all these different kinds of firms and their activities will obviously be very different, but these days you have to know who you are (Partner, 2011).

The second approach has been to use alternative fee structures in an attempt to reduce the costs of legal services. In this respect, the flat fee for service is emerging as an important corrective to the billable hour if only because it provides more certainty to clients regarding the final costs of the services they are obtaining. As one lawyer commented in a national survey of fees conducted by the Canadian Lawyer Magazine (Todd, 2011b):
We provide a fixed fee for almost all the work we do and clients love it as it provides them with 100-per-cent certainty as to total costs. Our fixed fee quote, however, may be priced over some other firms who provide a low estimated price but know full well the actual price will far exceed that number. Sophisticated clients know better and see our fixed fee as more than competitive taking everything into account. Still, we must increasingly recognize that the provision of legal services is just a commodity. Most clients, even long-standing ones, focus on costs and will shop around to find the least cost, without consideration for the difference in services that can be provided from firm to firm. We are finding that there is less and less loyalty from clients. They are more and more inclined to leave to use another lawyer if the price quoted at the other firm is even slightly lower.

Thus, even while firms are attempting to offer more competitive rates through the setting of flat fees, clients that have less experience or corporate procurement departments that are resources-strapped can settle on lawyers that claim to be low-cost based on unrealistic billable hours projections. This dynamic will take time to change as clients become more sophisticated and firms become better at communicating their particular strengths in the marketplace.

The last two approaches have to do with fixed costs and variable costs respectively. The third method that law firms are using to become more competitive is to think much more seriously about their fixed cost outlays. In the legal environment, which as an industry has relatively low capital intensity, by far the most important fixed costs are those related to office space. This is especially significant in Vancouver where the cost of commercial space has risen dramatically over the past two decades (Sorensen, 2008) and the supply of office space has been limited due to the dominance of residential condominium building and conversions in the downtown core. In a survey conducted by leading legal industry research group Altman Weil (2003), the overhead expenses per lawyer amongst U.S. law firms between 1985-2002 increased by 122% compared to the consumer price index (a measure of inflation) which increased by 67% over the same period. Indeed, according to the partners who were interviewed in this case, the issue of overhead costs is central to the profitability of the firm:
Another thing which is having an impact – which is related to the flex time and work-life balance issues more generally – is the amount of rug we have. In our firm and others as well, there has been an interesting progression in thinking on the physical costs of business. When I came to the firm in 1987 we had four floors in this building. A few years later, and with the same basic number of lawyers and staff, we expanded to six floors. We had a receptionist on every single floor, boardrooms on every floor, partners’ offices were the size of a typical downtown Vancouver condo – all that kind of stuff. About 12 years ago we went back to the four floors and did a major renovation of our space. So we have a front-of-house floor, that we are now on, which is very nice and has the receptionist and board rooms and then the back-of-house floors now have much smaller offices, the corners have been cut in half, and we’ve established some cost-containment measures. Our lease here is coming up and we will have the opportunity to negotiate a new agreement and potentially do something interesting. If we stay in this building we are inhibited by the floor plate because enclosed offices can only be reduced in size to a limited extent. So these overhead issues are ones that we take very seriously, but interestingly the niche and virtual law firms are dealing with same issues just on a different scale. This issue of overhead per lawyer that we deal with is closely connected to work practices and dynamic tension. When someone wants to go flex time, our overhead per lawyer doesn’t change but our revenue per lawyer can change dramatically (Partner, 2011).

The issue of overhead per lawyer, then, is not simply about the costs of running a legal practice, it is very much tied up with how legal work and employment are organized and structured in the context of the law firm. This leads to the final strategic approach to gaining a comparative advantage in the increasingly competitive legal industry.

As in many other creative and knowledge sectors, variable costs – most notably the cost of lawyers, paralegals, managers and administrative staff – constitute the single largest cost outlay to the firm. This makes intuitive sense given that it is the expertise of these individuals that creates value for the client and profits for the firm, but it also means that these variable costs are subject to intense scrutiny from managers that are trying to contain costs. As has been stated, the legal industry has been quite conservative in its approaches to work arrangements and task restructuring especially when compared to other similar business service sectors such as accounting and management consulting. Major firms in accountancy and consultancy were some of the first to outsource and right-size parts of their operations – lessons which are now being
taken up with some vigour in the legal sector. There are a number of key dynamics that are at the heart of this transformation in the industry. The first, and most important, is that as mergers and acquisitions have consolidated the corporate legal sector around branded Big Law firms that have satellite operations around the world, there has been a steadily increasing influence of management thinking and philosophy entering into the legal industry. In other words, the corporatization of law firms has involved the introduction of management principles into the business of legal services to an extent that is unprecedented (Galbenski, 2009). As a result, there have been two key work process changes that have been undertaken by law firms which heavily bear the stamp of management thinking.

The more modest work restructuring process has been to flatten out the organizational hierarchy by reducing the amount of staff per lawyer and increasing the capital intensity of the industry through investments in new technologies. These trends are being taken up unevenly throughout the industry with bigger law firms focusing more on investments in technology such as new software which can vastly speed up document review and patent searches (Markoff, 2011). Importantly, changes in technology are intimately related to employment changes since these shifts enable technicians and paralegals – significantly cheaper relative to lawyers – to take on more important roles in the firm. On the other hand, many firms are reducing administrative staffing levels especially as younger lawyers come into the field with higher competency in computing, email and the like. Still, this strategy of leanness is most important to smaller boutique firms. One managing partner at the firm was especially unreceptive to this approach:

In another case I know of, the niche firm doesn’t have any support staff. Well I can’t apply my legal skills to my best ability while I’m writing bank deposits, reconciling bank accounts, answering phones, and filing. That is an inefficient use of my time. The way that I prove my worth is by the fact that my expertise is very rare so I can confidently demonstrate the value that I bring to a file (Partner, 2011).
These attempts to reduce variable costs are considered more modest changes because they generally leave the industry as it is and make changes in situ. The more transformative changes driving competitive imperatives in the legal industry are those that are calling into question the nature of the law firm and the geographies within which legal work is embedded. The legal industry has been very late to take up core competency thinking and its attendant push for outsourcing, but in the past decade there has been a remarkable rise of interest and business in legal process outsourcing (LPO) (Timmons, 2010). According to legal industry expert David Wilkins, the rise of offshore LPO “is not a blip, this is a big historical movement” while for Mark Ford of Clifford Chance, director of the transnational law firm’s recently launched ‘Knowledge Center’ on the outskirts of New Delhi, “the toothpaste is out of the tube” (in Timmons, 2010).

Much of the recent commentary on LPO, especially from mainstream media sources, has been focused on offshore outsourcing of legal services to countries such India and the Philippines (Barlyn, 2008). This is clearly an important precedent which is being catalyzed by the increasing routinization of legal work tasks in line with the studies of outsourcing undertaken by labour economists such as Alan Blinder. Yet there is also a segmentation of the domestic legal labour force taking place as large law firms relocate some ‘back-office functions’ to lower-cost locations in suburban municipalities or second tier cities such as Wheeling, West Virginia and Dayton, Ohio (Rampell, 2011). When viewed in the context of a more competitive industry in which firms are trying to present the best value proposition to increasingly cost-conscious clients, each of these strategies can be viewed as a different dimension of the battle to remain market-relevant. Law firms must now focus both on their legal responsibilities as well as these new business imperatives.
**Discussion and Conclusion**

What is to be gained by examining in detail the behaviour of firms in creative and knowledge industries? In short, this research, circumscribed as it is by the inherent limits of case-study methods, offers important insights into one of the missing links in the creative class agenda. The intellectual and theoretical edifice upon which Richard Florida and his colleagues have built the entire creative class thesis rests on the claim that those cities which are best able to attract highly-skilled people will naturally entice firms to locate themselves accordingly in order to take advantage of these deep knowledge and creativity pools. This logic provides the urban planning and economic development rationales for building dense, amenity-driven cities which apparently cater to the consumption demands of creative class workers. Yet if this pattern of firms following skilled people is not the key mechanism which Florida claims it to be, then many of the associated creative class economic development strategies which have proven so popular might not be the best investments for cities looking to strengthen their economies.

There are three main issues that emerge out of this comparative case study of video game and law firms in Vancouver. The first issue has to do with the major question of how firms make their internal decisions about location. The second issue regards the specific challenges that firms face and the coping mechanisms that firms have developed to overcome some of these barriers. In the final analysis, it is the competitive dynamics of specific product and services markets which firms must understand and often being successful means finding a niche which can be monopolized. The last issue has to do with Vancouver and the particular dynamics that face firms that are located in this city. Vancouver firms face special challenges having to do with the tensions between production and consumption elements in the city and this suggests that overly successful creative-class strategies can be a deterrent to business development.
With respect to the locational decisions of firms, it is clear from this research that the mechanism underlying urban economic achievement is much more complicated than firms simply following people. The presence of the creative class is a very low threshold above which there are a lot of other dynamics at play which contribute to urban economic success. In fact, examining Florida’s numbers on the proportion and overall employment levels of creative class workers in US metros is telling. Durham, NC leads the ranks with 128,900 creative class workers making-up 48.4% of total employment in the region while, in 138th place, the poorest performing metro region with total employment of over 1 million is Miami-Fort Lauderdale-Miami Beach, FL. That metro has 651,990 creative class workers for 30.4% of total regional employment (Florida, 2012b). Taking creative class strategies at face value, one would think that the Miami region should be attracting high-tech firms. After all, Miami has 500,000 more creative class workers than Durham, it has a lifestyle and amenity package that should be appealing to the creative classes and it is a cultural landmark of diversity for America’s Latin American and Caribbean communities. In reality, most major cities in the Western economies of the 21st century have fairly similar distributions of creative class, working class and service class employment. This factor alone cannot explain why firms locate where they do.

Instead, what it is needed is deep historical and geographical analysis of the decisions that firms have made regarding their locational choices. In this light, the firm would be placed at the center of the equation rather than the creative people. What this research suggests is that firms make locational decisions based on a wide variety of different factors. The pool of skilled and qualified talent is no doubt an important factor, but so too are tax subsidies of varying sorts, the distance to major markets as well as the place of the firm and founders in the community. Perhaps most importantly, and one of the main themes from this comparative research, there is a
significant discrepancy between the behaviour of export-oriented creative firms such as those in video game production and service-oriented knowledge firms such as those in the legal sector. In terms of explaining the locational decisions of firms in the video game industry, Vancouver’s ascent as a gaming hub started two decades ago with the establishment of EA Canada as an anchor of the local cluster. Many firms have been spun-off by ex-EA employees and this has created a more diversified local gaming scene which has major corporate entities, medium-sized studios and independent firms now working in the growing mobile and social gaming space. Vancouver’s resilience as a gaming hub, despite declines in production and employment over the past five years, is attributable both to the continued presence of major firms and the attractiveness of the city to creative types. Yet despite the advantages that should accrue to a city that has deep, qualified and very reasonably priced talent pools, Vancouver has not been successful in attracting inward investment during this period of industry-wide transition. Much of this, as will be discussed in the next chapter, has to do with provincial tax subsidies policy and very little do with the presence or absence of creative class members.

In the case of the legal sector, it is much less the case that firms follow the locational decisions of talented and mobile people. Instead, firms follow a stream of business that is rooted in a particular local and regional economy. The rapid growth of legal services in Alberta over the past decade, and indeed the rest of Western Canada, has everything to do with the booming economic fortunes of these resource-rich provinces (Marlin, 2006b). Many major law firms are attempting to capture this emerging market while lawyers consider moving to Calgary and Saskatoon not from a lifestyle perspective but rather because there are more meaningful financial and career opportunities. Firms are driving this trend, not the other way around. This suggests, in the least, that scholars must be more discriminating when discussing firm locational strategies.
Despite the differences that video game companies and law firms display in terms of the nature of their locational decisions, one dynamic which they share in common is that each industry is experiencing intensifying competition. In the video game industry, the higher-end console development activity is becoming ever-more dominated by multinational corporations which can pick and choose their branch-plant locations according to a wide set of factors. At the other end of the spectrum, where the firms which were studied in this case are positioned, the rapid growth of gaming on different online and mobile platforms has created opportunities for more niche, specialized and lower-cost game production. Yet it is this very reduction in the barriers to entry which has created a frenzied degree of competition amongst small, often independent studios to create that next big hit. These imperatives of hyper-competition create challenges in marketing, financing and labour relations which firms are attempting to overcome through the use of branding, community and high-quality gaming experiences – anything to reassert some degree of monopoly over a market that is flooded with games.

The legal sector has likewise been experiencing a period of industry-wide restructuring. Instead of new technology and markets creating opportunities for video game firms to create relatively cheap, high-quality games, changes in the legal sector have been driven by the demands of clients. As corporate clients seek new legal relationships that are cost-contained, law firms are being forced to become more strategic regarding their service delivery. Many firms have merged or expanded their operations geographically while others have gone the opposite direction of creating boutique firms which specialize and cut fixed costs. The medium-sized firm that was the focus of this case study was clearly sharpening its strategic outlook by differentiating itself as a firm with a deep understanding in its home market of British Columbia. With its competitors focused outward, this firm saw an advantage in looking inward.
One of the major instabilities of 21st century business is that firms are expected to be increasingly certain of their strategy, position and status during an era of immense, indeed almost constant, change. These stresses and pressures are not evenly distributed across space with all firms facing the same challenges. Instead, certain places are home to business conditions and economic development trajectories which sometimes add the very winds against which local firms must sail to achieve success. Vancouver is one of these places. All of the factors which make Vancouver an internationally successful city have raised the basic cost of living and doing business. As has been argued, Vancouver’s high-cost of living and relatively low wages are less a paradox and more a simple reflection of the fact that people are making economic and other sacrifices in order attain the lifestyle for which the city has become famous. How long people will continue to make these compromises is perhaps the most important question for the city’s future especially since younger professionals are those feeling the biggest squeeze. According to Vancouver journalist Tyee Bridge (2011), these people make up ‘Generation Fucked’ since they bear the disproportionate brunt of a poor labour market and an over-heated housing market.

In both of the cases explored here, but especially in the video game sector, the research has demonstrated how the very conditions that have attracted the creative classes to Vancouver have also priced the city out of some very important investments. First, the constant pressure from real-estate developers to rezone new areas for residential development has limited the land available for other productive uses in a city that is already constrained by the natural geography of the place. Second, as the Vancouver real-estate market has become a more attractive investment opportunity, the cost of living has increased greatly which makes it difficult to attract the specialized talent that firms need to transition from upstart tech company to industry leader. In this sense, Vancouver has become a victim of the ‘Vancouver Achievement’.
If nothing else, this is an expression of the fundamental tension between Vancouver as a consumption-oriented global city which attracts investment into residential development and Vancouver as a production-oriented global city which can create and attract internationally competitive firms. The city has a strong record of R&D successes as well as entrepreneurial accomplishments, but that has not translated into the creation of globally-competitive anchor firms. Indeed, this lack of anchor firms has become somewhat of an obsession amongst business minds in Vancouver who attribute this failure to various factors including the high-costs of living and office space, the complacency of local firms and a local culture which is geared more towards lifestyle achievement than business success (Hellman, in Platt, 2012).

In many ways, cities have always been defined by the firms which they have spawned or are home to. Today, Toronto is the financial heart of Canada with the major banks being located there along with all the business services that accommodate those banks. Montreal has Cirque de Soleil and other French-oriented firms that mark it as a global cultural hub. Vancouver has a smattering of resource, technology and cultural firms but these are mostly unrecognizable to anyone but industry insiders. If any firm represented the appeal of Vancouver it would surely be Lululemon Athletica, the clothing company that has made yoga-chic fashion into a billion dollar international business. Yet there are signs of life amongst the broader Vancouver business community which are showing much potential in spite of the extra layers of difficulty that firms face when doing business in the city-region. In recent months, local technology company MDA acquired a major US firm making it one of the biggest in the world in its sub-sector of communications and defence. More promising still has been the rise of local tech start-up Hoot Suite which is riding the social media wave, has a strong leadership team and is adamant that it wants to stay home to build up the Vancouver tech sector (Platt, 2012).
Firms have been an important part of debates regarding the creative class but they have rarely been placed at the center of these debates. As has been demonstrated, there are so many different factors at play in discussions of firm dynamics. Firms are not the ‘black-box’ utility maximizing agents of neoclassical economics nor are they simply the expression of exploitative class relations as Marxist scholarship would have it. Instead, firms are the central institutional form in which people relate with markets as producers and consumers. Because the markets for various goods and services are subject to different geographies, degrees of competition and relations to non-market actors and regulation, there are a wide variety of different kinds of firms that will behave fundamentally differently. This is surely the case with respect to firms and their decisions on where business functions should be located.

The issue of the firm-territory nexus remains one of the most important open questions in economic theory as technological and social innovations continue to enable new types of relationships and networks. Ironically, Richard Florida who has done so much to publicize the long-standing arguments of geographers that space differentiations matter, has produced a very homogenizing view of how places can be successful in an increasingly competitive world. If all places follow the 3Ts, so the argument goes, they should be able to successfully attract creative people which naturally catalyzes both the establishment of home-grown creative firms and the inward investment of non-local creative firms. This is a major claim that requires significantly higher standards of evidence before it can be taken seriously from an academic or policy perspective.
Chapter 7: Place Competition and Tax Subsidies in the Vancouver Gaming Sector

Introduction

The Vancouver video game industry has recently been hit by a wave of corporate restructurings that are calling the future of the local cluster into question. In 2012, four major firms in the Vancouver video game ecosystem – Microsoft Studios, Ubisoft Vancouver, Rockstar Vancouver and Activision Blizzard-owned Radical Entertainment – announced that they would be closing or downsizing their operations. This comes after Disney-owned Propaganda Games closed its studio in 2011 and Burnaby-based EA Canada announced that it would be downsizing its Vancouver operations (Crawford and Sherlock, 2012). Not long ago, in 2005, Vancouver was the undisputed center of the Canadian video game industry boasting fully over 50% of all employment. Today, Vancouver represents less than 25% of the total industry employment with other cities – especially Montreal and Toronto – aggressively courting video game studios with tax inducements and infrastructural support (ESAC, 2007, 2011).

Geographers over the past decade have increasingly recognized the importance of urban rankings (McCann, 2004). It is well known that Vancouver has been celebrated as the world’s most livable city for nearly a decade (Shore, 2011), yet it has quietly been moving up the ranks in a number of other indices which suggest the city might be emerging as more than just a nice place to live. In the most recent update of Richard Florida’s creative class index for Canadian city-regions, Vancouver tied for second place with provincial sister-city Victoria (Florida, 2012a). This index measures the amount of innovation, the number of highly-skilled and creative people, and the degree of tolerance in a place all of which purportedly contribute to a strong economy. Perhaps most surprisingly, Vancouver has become one of the most competitive corporate tax jurisdictions in the world. In a 2010 ranking of 41 major international cities,
Vancouver was ranked first overall according to KPMG’s ‘total tax index’ (KPMG, 2010). In a more recent KPMG study of business costs in North American cities, Vancouver was ranked 7th, well ahead of other rival West coast cities such as Seattle (28th), Portland (27th), and San Francisco (30th) (KPMG, 2012). Interestingly, these studies reported that Vancouver’s tax regime was especially beneficial to “corporate and IT services industries…including software and video game development” (KPMG, 2010: online).

But rankings do not always come out in a city’s favour. According to the Brookings Institute Global Metro’s Monitor, Vancouver ranked 100th in terms of income levels placing it below such economically-distressed cities as Detroit and Buffalo (Istrate et al, 2011). Moreover, Vancouver has recently been ranked as one of the most unaffordable cities in the world and this has been related to the relatively higher costs of doing business in the city (Cox and Pavletich, 2012; KPMG, 2012). One major question, then, animates this chapter. How is it possible for the most business tax competitive city in the world, which also happens to be one of the most ‘creative’ cities in the world, to be losing so much investment and employment in a prototypical creative industry? This chapter traces the declining position of Vancouver and compares the governmental approaches taken in Quebec and Ontario relative to British Columbia. The main argument here is that the Vancouver video game cluster has been destabilized by dramatic changes in the industry for which local and provincial economic development bodies have proven to be largely unresponsive. After discussing the role of government and tax inducements in economic development, the chapter diagnoses the challenges facing the Vancouver video game cluster and details the anatomy of firm locational decisions in creative industries. One thing seems to be certain: without a stronger understanding of these trends as they implicate British Columbia, it could indeed be game over for the Vancouver video game sector.
The Role of Government in City-Regional Economic Development

The role of government in the sphere of economic development has long been a contentious issue amongst scholars and practitioners (Mason, 1960; Luger, 2007). Today, in the context of widespread economic malaise, there has been renewed debate on this topic and indeed a revival of sorts for Keynesian economics (Reddy, 2009). Yet this long-standing contest between neoliberal and more interventionist forms of government policy-making in the economic sphere is just one manifestation of a broader set of questions about the state and capitalism. In the current era of hyper-competitive and global systems of market relations, new expressions of this classic problem are emerging and perhaps none is more pressing than the issue surrounding the role of government at the sub-national scale (Luger, 2007). As cities become more important sites of economic activity, ensuring that urban economies establish attractive business conditions has become an increasing obsession of local, regional and provincial governments across the world. The growing relevance of economic development agencies at the sub-national level is evidence of this trend (Blair and Carroll, 2009).

There have been two major approaches to the governance of urban economies that have developed over the past century. The first perspective, here termed the market fundamentals approach, sees the role of government as a minimalist project to set out sound basic conditions for business growth. The government’s job according to this approach is to lower corporate tax rates, build the physical infrastructure necessary to support production and trade, establish a legal and regulatory environment with respect to issues such as intellectual property and employment relations which benefit companies and perhaps finally, to nurture a strong educational system that will create a ready supply of skilled workers. From this perspective, it is sound market fundamentals which enable economic success at the urban and regional scale.
The alternative, here termed the inducement approach, views the role of government as a more aggressive and interventionist actor which offers various forms of inducement to attract companies to a particular jurisdiction. This approach has quite a long history and has been used in many different geographical contexts. In perhaps the first known instance of such an inducement strategy, during the Great Depression of the 1930s the state of Mississippi established Industrial Development Bonds which financed the creation of facilities which would house companies that chose to migrate from Northern states. One of the highest-profile companies that made use of these subsidies was Real Silk Hosiery, which moved into a newly constructed factory in Durant, Mississippi (Bartlett and Steele, 1998). Yet, in a turn of events that would no doubt foreshadow the critical debates regarding the use of such inducements, Real Silk closed its Durant manufacturing operations shortly before the final payoff of the initial bond and became an investment company. This left the state with huge deficits but it did not slow the uptake of such strategies; instead, all the players involved simply became more realistic and sophisticated in terms of how these deals were structured (Bartlett and Steele, 1998).

Over the course of the 20th century, the use of inducement strategies would only grow in importance. Peter Fisher (2007) has identified three broad categories of incentives – discretionary, entitlement and tax cuts – that are typically used by state governments either to attract out-of-state firms or to retain in-state-firms. But this analysis is complicated by the fact that inducements can be targeted to specific industries, locations, corporate functions and developed through different public agencies. In short, there are a dizzying assortment of inducement arrangements all of which makes capturing the amount and impact of this spending hard to quantify. One American study ‘conservatively’ pegged the local incentive spending across the country at $50 billion per year (Thomas, 2000).
In the 1980s and 1990s, the inducement strategy went international with many governments in the ‘developing-world’ utilizing ‘special economic zones’ to attract inward foreign direct investment by offering companies low tax regimes, lax labour and environmental standards, and friendly corporate financial accounting arrangements (Amirahmadi and Wu, 1995). In the Global North, this practice of local state bodies attempting to attract or poach businesses from other jurisdictions has derisively been termed ‘smokestack chasing’ and usually refers to the practice of offering companies special tax subsidies, infrastructure investments or favourable credit terms (McGahey, 2008). To be sure, these are not necessarily mutually exclusive approaches but rather they represent differing orientations to a complex problem in economic theory and practice. While the debate rages regarding the merits of these approaches, many economic development experts expect that the inducement approach will only become more popular as cities around the world increasingly vie for limited investment and jobs.

In this sense, the economic fortunes of cities in the 21st century are beginning to resemble the classic cartel problem that economists and game theorists have long discussed (Telser, 1972). As cities become increasingly specialized and geared towards specific industry clusters, they take the form of oligopolies where there are a handful of places within which certain business activities can be located. All of these cities have an interest in keeping a level playing field where they are not offering special inducements (since these cost money either in the form of government spending or reduced tax incomes). Yet, at the same time, each city has a great incentive to cheat by offering the inducement that ultimately lands a major corporate investment. Interestingly, this cartelization of urban governance was, in some ways, recognized by scholars and commentators studying these issues more than a half-century ago. Indeed, there has been a constant stream of critical debate regarding the use of inducement strategies.
The single most relevant feature of the critical debate regarding inducement strategies is that both conservatives and liberals have developed strong critiques of subsidies, though for slightly different reasons. The classic critique which essentially opened this debate comes from the work of economist Charles Tiebout (see Peck, 2011). In his famous article ‘A Pure Theory of Local Expenditure’, Tiebout (1956) argues that there is a distinction to be made between public and private goods. Tiebout was an early proponent of the market fundamentals approach arguing that government should not use “taxes or spending to compete for individual businesses” (McGahey, 2008: 5). By using scarce public resources to attract businesses, Tiebout believed that less money would be available to finance the physical, social and educational public goods which actually make a locality more competitive. Moreover, the offering of inducements means that private firms will reap an undeserved windfall benefit from the locational decision of an investment that would have been made anyways. For both of these reasons, the use of tax inducements has been seen by many economists as an inefficient use of resources.

The same basic logic has been put forward by more liberal and radical commentators. The offering of corporate welfare, as it is often called, provides totally unearned revenues for massive corporations while limiting the abilities of governments to spend on the public goods which are their actual duty. Where the major difference of opinion emerges is on how governments should spend public resources. For various stripes of conservative economists, governments should spend minimally on public goods and focus on reducing personal tax rates so that individuals can decide how to spend their own money. For liberals and radicals, government should play a more prominent role by spending tax dollars on public programs such health care, education, and social security schemes. Despite these strong arguments, inducement strategies have only become more popular over time.
It is in this context of rampant adoption and inflation of tax inducements that the recent rise of a third approach to the state-capital dynamic becomes all the more remarkable. Over the past decade, Richard Florida and his colleagues have developed an altogether different approach to how governments support economic growth. Florida argues that jurisdictions must have competitive market fundamentals in terms of tax regimes, educational systems, infrastructure, labour market structures and demographics. Once these dynamics are accounted for, however, creative cities and their economic development agencies should focus less on courting businesses and much more on courting smart, creative and mobile individuals by developing urban lifestyle amenities that cater to these types of people. According to the Floridian economic development equation, innovative firms in the 21st century follow creative people to their chosen geographical destination. During an era when jurisdictions continue to offer massive inducements to attract corporations, one of the most influential and popular public figures in the field of economic development is heavily opposed to smokestack chasing.

For Richard Florida, the inducement approach harkens back to an economic era in which cost considerations and scale efficiencies were the most important factors for economic growth. Today, the only important factor in regional development is apparently creativity:

Generally speaking, the conventional wisdom about regional development for the past two decades has been that companies, firms, and industries drive regional innovation and growth, and thus there is an almost exclusive focus in the literature on the location, and more recently the clustering, of firms and industries. From a policy perspective, this basic conceptual approach has undergirded policies which seek to spur growth by offering firms financial inducements, incentives, and the like… The Creative Centers are not thriving for such traditional economic reasons as access to natural resources or transportation routes. Nor are they thriving because their local governments have gone bankrupt giving tax breaks and other incentives to lure business. They are succeeding largely because creative people want to live there. The companies follow the people—or, in many cases, are started by them. Creative Centers provide the integrated ecosystem or habitat where all forms of creativity—artistic and cultural, technological and economic—can take root and flourish (Florida, 2005: 27-28, 35).
With conservative economists and more liberal social commentators agreeing that offering tax subsidies is counter-productive, and with one of the most popular and sought-after economic development experts in the world heavily against the inducement approach, how is it possible that local, regional and state governments are still offering billions of dollars worth of incentives to attract firms to their localities? Most of the analysis on this subject examines the issue from the perspective of government, but as Richard McGahey argues, “the persistence of subsidies and the challenges facing elected officials to ‘do something’ about economic decline mean that subsidy policies are likely to persist” (2008: 23). Instead of solely scrutinizing governments for their lack of transparency and ability to cooperate, perhaps more attention needs to be paid to the behaviour of the partners in these inducement schemes: the corporations that push for and gladly accept limited public resources in order to carry out a business decision that they likely would have made anyways. In an age of corporate social responsibility and commitment to communities, these ‘revealed preferences’ are suggestive of the real intentions and values of firms. The persistence of these inducement strategies despite a widespread consensus regarding their limited utility reflects the degree of market and geographic power held by highly-mobile, multi-locational firms in an era of global capitalism.

These processes of increasing inter-urban competition and the rise of new forms of local economic development were perhaps best examined by David Harvey (1989) in his conception of the ‘entrepreneurial city’. For Harvey, and many other scholars (see Hubbard and Hall 1998; Jessop 1997), as the city becomes a more important site of capital accumulation and consumption under neoliberalism, urban governance institutions are tasked with creating conditions for economic revitalization. According to Harvey (1989, 8-11) the underlying features of entrepreneurial city governance are: 1) responding to competition within the
international division of labour through strategies including ‘tax breaks to encourage investment’; 2) developing a local economy based on “services such as tourism, leisure, and retail and that encourages gentrification and place-marketing”; 3) making use of local finance, government and information command functions; and 4) making use of centrally available resources for the improved competitiveness of the region.

Placing this conception against the case study experience of Vancouver demonstrates how messy and partial a process entrepreneurial city-making truly is. Vancouver has certainly used the mechanics of local finance, and especially urban planning, to develop a local services-oriented economy. Indeed, many of the urban redevelopment features discussed by Harvey – ie. ‘tourism, leisure, and retail that encourages gentrification and place-marketing’ – are key elements of what has been described as Vancouver’s consumption-oriented global city status. On the other hand, in terms of responding to competition in the international division of labour through the combined efforts of local and more centralized governments, the case of the Vancouver video game sector illustrates that local and provincial economic development strategists have been less than keen to offer inducements aimed at attracting capital investment. Substantiating a key claim of Harvey’s entrepreneurial city thesis, in an era in which firms have a wider variety of prospective cities within which to locate, cities offer inducements despite the fact that these constitute zero-sum games between locales vying for investment and growth. The issue of different approaches to local economic development merits further critical research because of the extent and changing nature of inducements. This chapter assesses how the inducement approach has been translated from the ‘smokestack chasing’ of the industrial era to the ‘studio chasing’ of the post-industrial era and details how particular locational decisions are made by major corporations in the context of a differentiated inducement landscape.
**Losing the Game (Industry)**

Vancouver is a global hub for video game production, but it is also a microcosm for the dramatic changes occurring in the industry. The video game sector emerged in Vancouver in the 1980s when a couple of independent studios produced successful titles for computers and newly-invented personal video game consoles. One of those companies – Distinctive Software Inc., established by industry star Don Mattrick – was acquired by Electronic Arts in 1991. EA located in the Vancouver area and later built a sprawling suburban campus in Burnaby, BC which would become its Canadian headquarters and key location for production of franchises such as EA/BioWare’s *Mass Effect* and EA Sports’ *FIFA Soccer* (ESAC, 2011). Growth in the Vancouver video game sector has been described by Barnes and Coe (2011) as a process of ‘firm fission’ in which talented people are attracted to Vancouver in order to work at EA or one of the other large studios (the anchor firm), before starting their own studios many of which are clustered in creative districts such as Yaletown and Gastown.

From the establishment of a niche industry in the late 1980s to the flourishing of video game production as a globally competitive industry by the mid-2000s, Vancouver was the heart of a Canadian gaming industry which had quietly become the third ranking country in the world in terms of video game production employment (ESAC, 2011). Since employment reached peak levels in the mid-2000s, however, approximately 35% of local video game jobs have been lost (Donaldson, 2012). As well, similar declines appear to be occurring in the Vancouver film industry (Wagler, 2013). How can such a precipitous and rapid decline be accounted for when digital media sectors have increasingly been viewed as key engines of urban economic growth? Diagnosing what has happened over the course of the past decade remains the single most important task for those with an interest in Vancouver’s video game future.
As is the case with most any major city-regional economic transformation, there are numerous factors at play which have caused such a series of events. This is certainly true of the declining Vancouver video game sector. In this instance, three key features – firm issues, industry-wide issues and economy-wide issues – can be identified each of which has played its part in placing undue stress on Vancouver studios. These factors are not entirely independent but rather, as will be seen, they are interrelated dynamics which have cross-penetrated to produce the outcome on the ground.

The first issue which must be recognized as a contributor to stagnation and decline in the Vancouver video game industry is the performance of Vancouver-based firms. Vancouver developed a very interesting and unique firm ecosystem in the video game sector. On the one hand, Vancouver’s video game cluster has been disproportionately geared to producing games for major video game consoles such as the Sony Playstation, Microsoft X-Box, and the Nintendo family of systems including the interactive Wii and the handheld DS. Approximately three quarters of all game production in Vancouver is console based and these are the most complex and expensive games to produce (ESAC, 2011). For these reasons, it is usually bigger studios that are involved in this activity. On the other hand, Vancouver is home to only one major studio presence in EA Canada. While other major corporate studios have invested in Vancouver, they have established smaller branch-plant operations often by purchasing a medium-sized local company. So how can Vancouver have become a major player in console development without having a strong presence of major studios? The answer to this question has everything to do with the nature of the video game business. There are two primary ways that a console game comes to market. Either one of the major publishers produces the game in-house at one of its studios or it purchases a game produced by a smaller independent studio.
The Vancouver game industry, like most other video game hubs, has both of these activities. In terms of the major publishers, Vancouver is home to EA Canada with its massive suburban campus that houses many design teams working on various projects. One of the major reasons that the local sector has declined recently is because EA has not been performing as well in the market. In the latter half of 2008, EA lost US $641 million and announced a series of layoffs and internal consolidations whereby various independent studios that had been acquired would be closed or merged with other EA studios (Alexander, 2009). In Vancouver, the downtown studios for EA Black Box, the makers of the popular ‘Need for Speed’ franchise, were closed and the Black Box team was brought into the Burnaby campus. Part of this downturn at EA can be attributed to general economic conditions but even CEO John Riccitiello acknowledged that EA had failed to produce a blockbuster hit to compete with the mega franchises of other publishers (Alexander, 2009). Thus, given its importance to the Vancouver gaming cluster, any cuts made by EA will have a large impact on the local gaming community.

At the same time, Vancouver has largely grown out of the secondary process in which independent studios such as Radical Entertainment, Relic, Black Box and Barking Dog Studios produce a game as an intellectual property on a contract to one of the larger publishers. The history of the video game industry is one of consolidation where the major publishers are constantly looking to acquire independent studios either to own the intellectual property of a popular game or to obtain the services of a good production team that can deliver high-quality games in a timely fashion. Many Vancouver studios have experienced this fate such as Black Box’s acquisition by EA in 2002 or Radical Entertainment’s acquisition by Vivendi Games in 2005. Ironically, these acquisitions signal the health of the local market but they make studios vulnerable to the competitive imperatives of externalized, corporate management.
While Vancouver has perhaps been dealt a disproportionately intense blow from the downturn being experienced across the video game industry, in reality video games are undergoing a moment of transformation synonymous with the restructuring of the music industry, the newspaper industry and other entertainment sectors. Over the last five years, the video game industry has been altered by changes in the technological platforms on which people play games. This is not, to be sure, a new process in this sector but rather marks a new wave of restructuring and technological change in the industry. The original expression of video game culture emerged in 1920s and 1930s around manual arcade games such as shooting galleries and pinball machines which were often played at amusement parks. From the 1960s onwards, the arcade left the midway amusement park and become a mainstream part of Western consumer culture with new coin-operated electronic games being developed by Japanese and American firms (Dyer-Whiteford and de Peuter, 2009).

By the 1980s, however, a number of major video game companies had developed technologies to produce home video game consoles. These systems brought the game play of arcades into the home and radically changed the business of video games. Instead of producing coin-operated machines and developing software for a single-use player, the home console meant selling individual titles that were expansive in their game play features. Famous titles such Mario Brothers or the Legends of Zelda had many levels which players had to beat in order to continue play. Over time, these systems became more sophisticated in their graphics and game play strategies, but they also became significantly more expensive. The video game industry creates profits by constantly innovating on consoles and popular titles which catalyze new demand. Some industry experts believe that the rise of ‘app gaming’ on mobile devices is a revalorization of the short-term, arcade model of business (Zackariasson and Wilson, 2012).
Like in other entertainment fields, the economy-wide impacts of the 2008 Financial Crisis have not so much caused changes in the industry but rather accelerated them. As discretionary consumer spending declined across most countries, the console-sector which is such a dominant part of the industry has been hard hit. Indeed, U.S. video game retail sales for console systems peaked in 2008 at approximately $22 billion but have since plummeted to six-year lows of below $12 billion in 2011 (Graziano, 2012). As industry expert Paul Tassli noted, the video game industry is actually seeing growing demand but it is transitioning away from console development towards more mobile and computer based platforms (in Kain, 2012). While yearly console sales dropped by 32% between 2010 and 2011, online game subscriptions and digital downloads reached a new industry record in the US market of $370 million in 2011 (Kain, 2012).

One of the most visible ways in which the major publishers have responded to this recent downturn has been to reduce the number of titles that are produced each year. EA has reduced the number of console games it releases from 54 in 2010 to just 36 in 2011 (O’Connor, 2011). Industry experts bemoan this process of reducing titles and only producing the most lucrative franchises because they see it as undermining the innovation and creativity which make video games interesting (Clark, 2012). Unfortunately, this business strategy has also hurt Vancouver disproportionately because the Vancouver-based studios have been more well-known for producing niche games rather than mega-hits. Though EA in Burnaby has produced popular titles such as FIFA Soccer and NHL Hockey, the only Canadian-made game which reached the top-10 list for games sold worldwide in 2011 was Assassin’s Creed out of Ubisoft’s Montreal studio. The Vancouver video game industry, then, is facing a perfect storm of challenges emanating from local, industry and economy-wide restructuring.
While there are clearly multiple and overlapping pressures facing Vancouver video game firms, what is absolutely essential to understanding the precarious state of the local industry is that each of these dynamics is pushing in the same general direction. In short, as the global economy continues to stagnate, as major video game corporations continue to see declining profits, and as the platforms on which people enjoy games continue to change, video game companies are becoming more cautious and cost-sensitive. This higher risk-aversion and efforts to contain costs permeate through many parts of the business model. It influences the kinds of games that are being published versus those that are seen as unviable, and perhaps most importantly, it affects management decisions about the location of production. In explaining how major studios arrive at locational decisions, one former executive at a major Vancouver game studio details how cost is becoming an increasingly important factor:

In this industry, lowest-cost is never the number one factor when it comes to locational decisions. It can’t be. The overriding question is where can you produce the best, highest quality, most successful game? So the company will first look at how good is the labour pool, how big is it, and can we recruit in it. If that doesn’t exist then you’re not even in the game so to speak. Assuming the labour pool is there, the next question then becomes ‘who can run the studio’? Is there someone that we have internally that can be placed there or is there someone locally that we can hire with the relevant experience. If you can’t reasonably place management talent, that can almost kill the project as well. Another factor would be the education systems and the degree to which there are critical gaps in the labour pool. So things like, ‘will we be able to hire an interface engineer or an AI engineer that is qualified and experienced in delivering on a project’. And then there are things like language, culture, ease of doing business, etc. All of those things need to be present for a project to move forward. Then everything gets costed and a number of locations are identified as a potential fit for the given project. It is at this point that cost becomes important. When you look at the investment into Montreal over the last few years, I think Vancouver had Montreal beat in almost every category. In the end though, the companies sacrificed some of the peripheral things like language and culture because by my estimates it costs $4 million less to produce a title in Montreal compared to Vancouver. That includes the tax credits, the general lower cost of wages and space in Montreal and the extra efforts, especially in terms of creating educational institutions, of the Quebec government to attract this investment. And that’s all there is to it – there really isn’t any other reason why that investment wouldn’t have come to Vancouver. As the economy and industry have changed recently, we have very quickly costed ourselves out of a game we should have won (industry expert, 2012).
The former executive went on to discuss how the mechanics of locational decision-making by video game firms has changed in the context of the economic slowdown and intensifying inter-jurisdictional competition for jobs and investment:

Vancouver used to be the largest gaming hub in Canada and now Montreal is twice as large as BC. Quebec has had their digital media tax credit policy in place for some time, but when the recession hit and cost competitiveness became even more important, companies increasingly started to use cost as a primary decision making factor which they didn’t really do before. Then you add to that the fact that Montreal is a lower-cost location for space and labour and it starts to make sense why a number of the major gaming companies have located there over the past 3 to 5 years. Territories have always competed for jobs, especially as the digital media and creative arts sectors continue to gain prominence from economic development thinkers. So Ontario established a policy and then you have similar tax policies emerging in the U.S., and Singapore and France and Korea. The competition to land this activity is global and it is very intense. These are good jobs and tax credit policy definitely influences where those jobs go. I’ve estimated that Vancouver lost the opportunity to land 10,000 jobs which got sent elsewhere but were very likely candidates to come here. And in my opinion, the companies would have preferred to come here over Montreal but the cost calculation overwhelmingly favoured Montreal. And that is where government in BC at a variety of levels has failed (industry expert, 2012).

What is most notable, however, about these new state-capital relations is that ‘studio chasing’ is always aimed at large, multi-national publishers. These firms employ the most people and have the power of mobility afforded by their size and resources. As will be discussed in the next section, while all firms can make use of the labour tax credits which are becoming the primary expression of government intervention in creative industries, it is large firms that are disproportionately exploiting these inducement strategies:

Gaming in Montreal has grown over the past few years overwhelmingly because of their aggressive tax inducements. Our tax credits here are 17.5%, Montreal is at around 37% and Toronto is now at 40%. So we are definitely losing economic activity to other jurisdictions as studios make a calculation of the cost of doing business in one city over another… The real hit that we’ve taken here in the past 3 years or so is in the big companies like Disney and THQ. These are big operations where the difference between 17.5% and 40% is huge. EA remains a major presence here because of the history and the role that Don Mattrick has played in the company’s growth. But we can’t just rely on EA because they are moving a lot of their production to Montreal as well (industry expert, 2012).
State Subsidies and Creative Economies

At the apex of its ascent as a video game hub in the mid-2000s, business magazine Fast Company rated Vancouver amongst its ‘Hot 15 cities’, calling it “the Hollywood of the video-game industry” (Salter, 2005). From a high of 5,842 jobs in 2007-2008, Vancouver has seen its employment numbers in the industry drop to 3,882 in 2011 and these numbers do not account for recent closures and downsizings (ESAC, 2011). Vancouver continues to lose the talented people and firms which define a successful local economic cluster.

To be sure, some of this turbulence in the local industry is the product of the special difficulties that mid-sized independent studios, of which Vancouver has many, are facing. As industry expert Tim Merel has remarked, “the middle, where good-but-not-great games often lurk, is getting squeezed…and driving many good independent studios out of business on a global basis” (in Elliott, 2010). In terms of the large video game corporations that have ceased their operations in Vancouver over the past two years, though, these cases must be seen less as closures and more as relocations. In a number of instances, most notably the recent decision made by Rockstar Entertainment, closures of Vancouver studios have been announced in the same press release as the opening of studios in other jurisdictions (Simpson, 2012). This suggests that there are tools available to planners, policy-makers and politicians in British Columbia that are not being employed. It is in this context that comments made by industry researchers in a 2008 survey of the Canadian video game industry take on added relevance:

Vancouver also fares less well in government support… Consequently, for all its success, the Government of British Columbia does not offer substantial financial support for the entertainment software industry, a reality that is reflected among Vancouver-based survey respondents who gave government programs and policies the lowest score (2.6). Several companies noted that expanding or relocating outside of Vancouver was a real possibility in the future (ESAC, 2009: 10).
In the wake of a surge in studio closures during the summer of 2012, mainstream media attention was placed on the Vancouver video game sector and two key arguments have been made by high-ranking BC government officials and industry experts as to why these announcements are less of a problem than they appear. The first issue has to do explicitly with the role of government in digital media sectors. A number of industry analysts have bemoaned the extent to which digital media firms have aggressively lobbied for, and won, significant tax subsidies from various levels of government across many countries (Kocieniewski, 2011). At the same time, many commentators agree that offering subsidies is a sensible policy option since major video game firms provide high-paying jobs to skilled people and aid in the development of other creative industry clusters (Donaldson, 2012). If this is the general consensus amongst industry analysts, why have British Columbia governments been so far behind other jurisdictions in adopting the tax inducement approach?

Over the past decade, many Canadian provinces have established tax inducement programs to attract major digital media firms. These are most commonly offered as refundable labour tax credits which significantly reduce the cost of labour (Barnes and Coe, 2011). In Quebec and Ontario, these labour tax credits amount to 37.5% and 40% respectively. Thus, for example, a studio locating in Quebec will receive 37.5 cents back from the government for every dollar the firm spends on its employees. This program cost the provincial government $100 million dollars in 2010 alone, but has been a vital strategy for the economic development agency Invest Quebec which argues that the investment has landed 86 companies and 8,236 jobs since its initial foray into the digital media sector with Ubisoft Montreal in 1998 (Baker, 2011). As will be demonstrated, British Columbia has taken a rather different approach.
In 2010, amidst a rapid decline in gaming activity in Vancouver, a BC taskforce of industry insiders convened to lobby the government to establish a digital media tax credit (Donaldson, 2012). By that time, nearly every other province and some 20 US states had such tax inducement programs in place with some offering as much as 50% refundable tax credits. The BC government announced that it would offer a 17.5% refundable labour tax credit in attempting to attract and retain investment in a key economic sector. After having shown up decidedly late to the tax inducement game, many experienced local experts were underwhelmed by the level of commitment that the BC government had displayed. As an executive for the provincial industry group complained:

The government here doesn’t like tax incentives. And they don’t think that technology or entertainment is important. I’m sorry but we’re competing with Atlanta, Georgia, Montreal these places go after the business. When I was a corporate executive, I had three top-level executive meetings with representatives from Montreal and the Quebec government. That never happens here. It’s not a priority. You either have to make it a priority or just give it up. So in reality, Vancouver is maintaining its position despite pretty adverse conditions especially on the political and policy front. And that is happening because we’re on the West Coast and people just like to be here. When industry people visit here, they just love it. Taking them to the studios, going out for dinners, walking the streets, all the action downtown, you don’t get that in many American cities and Montreal has a different language and cultural base. So this remains an attractive hub for creative and digital investments, but we’re not landing nearly as much jobs and investment as we could if we were more cost competitive (industry expert, 2012).

With more firm closures in 2011-2012, high-ranking BC government officials have made pronouncements which are very much representative of the prevailing attitude towards digital media activity. What is increasingly apparent is that in an era defined by tax inducements, BC is steadfastly committed to a market fundamentals approach. BC Finance Minister Kevin Falcon pointed out that provincial corporate and small business tax rates were lower than in Ontario or Quebec: “This government is proud of its record of fiscal responsibility, which has made B.C. a safe harbour for investors and given B.C. a clear competitive advantage in today’s uncertain
economic climate” (in McElroy, 2012). Similarly, BC Minster of Community, Sport and Cultural Development Ida Chong conceded that losing industry players was ‘significant and unfortunate’ but, very much in line with the market fundamentals approach, argued that it was unwise for government to spend public dollars and amass debt in attempts to land business investment: “What happens when the tax credits run out? I don’t know how Ontario can continue to do this when you look at their deficits” (in Kieltyka, 2012). These are legitimate and longstanding arguments about the relationship between industry and government, but it is also plainly clear that the BC government has presided over significant industry decline over the past five years.

More than anything else, this pattern of corporate relocations which are incentivized by tax inducements is evidence that the boundaries between the market fundamentals approach and the tax inducement approach are blurring. Indeed, the question must be asked, ‘what are the market conditions which require government intervention’? There may be some system-wide foundations for capitalist markets that require government action such as currency formation or rules of law and enforcement, but beyond that governments have approached their roles very differently and this suggests that what stands as a ‘market fundamental’ is essentially relative. If certain jurisdictions are providing a service or financial option which makes business more competitive, then other jurisdictions must match those offerings or risk losing investment. In recent years, tax inducements to attract digital media companies have become common place with 22 U.S. states and 6 Canadian provinces offering varying degrees of corporate welfare. Tax inducements, then, are fast becoming market fundamentals. Despite having the most competitive general business tax policy in the world and being one of North America’s most creative cities according to Richard Florida, Vancouver continues to lose creative industry investment based on its inferior cost-competitiveness.
The second key argument that has been made in relation to the recent downsizing of the Vancouver video game sector is that the local industry is being revitalized by the growth of smaller and more dynamic studios producing games for new platforms such as the various app markets or Facebook. According to this view, the video game industry is in transition and the major publishers are becoming more aggressive and desperate for government support as their profitability comes into question. For Dennis Chenard, Director of Industry Relations at the Center for Digital Media in Vancouver, “[t]here is some concern any time a company is pulling up and moving. It's not a [bad] sign for the industry at large. It is some readjustment on the studio level…The industry is still very strong in Vancouver” (in Simpson, 2012). It is certainly true that Vancouver is home to a growing number of these new-age independent video game companies such as A Thinking Ape, East Side Games, Silicon Sisters and Nine Tails Studios. This is very much in line with Vancouver’s economic identity as an entrepreneurial and innovative place and the emergence of these dynamic studios is a very promising area of growth for the local cluster. But there are a number of key reasons why these smaller firms simply cannot replace the larger anchor firms which have been leaving Vancouver.

The first reason, as was discussed at great length in Chapter 6, is that the lowering of barriers to entry in mobile and social gaming means that this is a hyper-competitive subsector of the video game industry. While 65% of all app downloads are games and consumers are increasingly willing to pay for mobile game play (Whitney, 2011), 59% of Apple apps do not generate enough revenue to cover the cost of development (Sherman, 2011). Such an economic environment in which it is so difficult to differentiate and brand a product is simply not a strong foundation for a local creative cluster. There is too much pressure and competition for this subsector to be a dependable hub of the Vancouver gaming industry.
The second and third reasons that the rise of new-age game studios are no substitute for larger developers are closely connected and have to do with the establishment of a creative industry ecosystem. In his writings on the topic, Richard Florida argues that creative industries take the form of diverse ecosystems in which different kinds and structures of firm must be present. If this position is examined further, it becomes useful to question how a diversified ecosystem is formed in the first place. The case of the Vancouver game sector is an interesting example. Industry experts agree that the video game cluster began in the late 1980s when local talents – most notably Don Mattrick and his company Distinctive Software – created computer games that became quite popular. These relatively small independent firms created the initial industry cluster but it was not until EA arrived and acquired Distinctive that the industry became rooted in any meaningful way. The subsequent history of the video game industry in Vancouver has been all about the creation of new firms by individuals that were members of bigger anchor firms. This suggests that in the creative industries – where top-notch talent, business acumen and technical resources are all absolutely fundamental to success – major anchor firms are the enabling factor in ultimately achieving a diversified local ecosystem.

Second, then, one of the key strengths of the Vancouver game cluster has been the degree to which bigger studios have enabled and encouraged this process of new firm formation. As a former executive at one of Vancouver’s anchor firms stated:

What drives an individual to go out on their own and try to make a game is an entrepreneurial spirit. That either exists or it doesn’t. It can be learned to some extent but largely you see it early in people’s development as a kind of passion. In Vancouver, one of the great things we do is we continue to foster that spirit. We call it [Company-Name] University, where people would come work for us 4 years and then they would graduate and move on. That concept that they learn as much as they can and then take that knowledge and start something new, is very important. That is pretty much how the industry has grown since Don Mattrick started DSI. And that is not an accident. It has happened that way because we didn’t stop it. We actually embraced that philosophy because we think it’s the right thing for the industry in Vancouver. One of the reasons
we’re such a great hub is because all of that has grown here and it continues to produce some amazing talent. Now some of those spin-offs will fail. Some will be successful. Some of them will be phenomenally successful. And some of them will be sold, making them another form of success. But all of them are critical (industry expert, 2012).

There is an interesting contrast in local viewpoints which is worth noting here. As was seen in Chapter 6, and in contrast with the above view, there are some local industry veterans who believe that the real reason developers have left the more corporate anchor studios is because of a fundamental disagreement on values and vision. From this view, the creation of a diversified ecosystem was the result of a cultural clash in the workplace rather than an inspired entrepreneurialism. It is unclear which view is more accurate but this is an interesting issue which could perhaps illustrate the internal mechanics of a diverse creative industry ecosystem.

In all likelihood, though, there are instances which would ultimately substantiate both viewpoints and what is most important for the sake of this argument, is that the major firms have been the talent magnets which catalyze the growth of smaller firms.

On top of this dynamic, and finally, the business side of the video game industry is changing very quickly in favour of those places that are home to the large corporate studios. This is the case because these major firms have acknowledged the importance of mobile, online and casual gaming and are investing huge sums of capital to acquire some of the most promising firms in these platforms. The days of small independent studios being able to compete in the mobile and online game spaces are likely numbered. There have been very few firms working on these new platforms that have successfully transitioned from SME to large firm while staying independent. The two most high-profile studios that have achieved this kind of growth trajectory are Zynga (makers of the Farmville series of games for Facebook) and Rovio (the independent developers of the wildly popular Angry Birds franchise). Yet many industry analysts are bearish on their market prospects (MacMillan, 2012).
Instead, the most important trend in the video game industry moving forward is the consolidation of firms in the mobile and online spaces. Given its overall poor performance in recent years, one of the most aggressive major industry players is EA. In 2009, EA made waves in the industry with its acquisition of UK-based social network game developer Playfish for US$ 400 million (Johnson, 2009). Then in 2010, EA acquired Chillingo for $US 20 million, the mobile video game publisher that released the original Angry Birds game (LA Times, 2010). Finally, one year later, EA (2011) cemented its position as the leading developer and publisher of mobile and online games with the purchase of Seattle-based PopCap games and its flagship Bejeweled title for an astounding US$ 750 million. As one former studio executive stated:

There has definitely been a shift from console game development into other streams of gaming. This industry has always been dynamic and innovative and so when technologies change or projects are pulled, people look for new things to do. So a lot of the people that are developing game apps or different kinds of casual or online games, many of them have come out of the console sector. I’d say Vancouver has had some moderate success and there are some strong smaller-sized players here. But to continue to be successful on the mobile front moving forward, the companies are going to have to be larger and more sophisticated with marketing clout at the Apples and Googles of the world. The big gaming companies are starting to get in on this and I think they all will. EA has had some success so far with this. That is why I am in favour of trying to attract large foreign investments into BC. I think these are the companies that are going to be controlling much of the mobile space just like they do in console gaming now. Even when you look at the top-selling games on different app stores today, there’s a lot of development houses that come up over and over and over again. A good example is ‘Where’s My Water?’ by Disney which was made by one guy in the Salt Lake City studio. It’s not like he was working by himself in his garage or something, he was part of a big infrastructure. The same basic business trajectory that happened in the console market I think is going to happen in mobile as that space matures. You’re gonna have larger companies that get the process down and understand how to do quality content within that process. That’s why Vancouver continues to need those big players (industry expert, 2012).

For the above three reasons, allowing major firms to leave will greatly reduce the capacity of Vancouver to attract the talented individuals who ultimately create small studios. In most cases, the big firms enable the creation of the small firms, not the other way around.
From ‘Smokestack Chasing’ to ‘Studio Chasing’

For nearly a century, economic development practitioners, policy-makers and politicians as well as community leaders have been struggling to define what role government should play in setting out the local conditions for economic growth. Traditionally, economic development practitioners at the local scale have been concerned with attracting and retaining businesses while policy-makers at the state and provincial level have attempted to create favourable tax and infrastructural conditions. Yet ever since those early efforts in the 1930s by the southern US state of Mississippi to go beyond the traditional market fundamentals approach and offer businesses a special inducement to locate in-state, there has been a fundamental tension attached to the process of local economic development. Despite the fact that most experts agree that offering tax inducements is problematic, the use of such offerings has only grown over time. This feature of inter-jurisdictional competition in contemporary capitalism was anticipated by Harvey (1989).

What is most fascinating about this trend today is not that tax inducements continue to be offered, since this has been going on for quite a long time. Rather, it is the shift in the types of economic activity for which tax inducements are being offered that is most notable and the focus of this section. During the first-half century in which tax inducements became a key component of modern economic development practice, these strategies were overwhelmingly aimed at the manufacturing sector. It was understood that natural resource extraction was inherently immobile and rooted in particular geographical locations while it was assumed that more knowledge-oriented business services were essentially co-located with existing industry clusters. The idea that an industry could be moved or uprooted, and that an incentive would be needed to catalyze this process, was only considered viable in manufacturing. This explains why the process of poaching business from other jurisdictions was termed ‘smokestack chasing’.
This being the case, how should we understand the more recent emergence of such practices in knowledge and creative sectors? In short, what has enabled ‘studio chasing’? A brief examination of the enabling conditions for smokestack chasing in the early era of tax inducements can perhaps provide some insights into how studio chasing has become viable and what impacts this might have on existing theories of urban economic development.

The key feature of the firm-government nexus that has facilitated the use of tax inducements is labour. What we are witnessing in the Vancouver video game cluster is the continental, and indeed global, extension of Doreen Massey’s (1984) spatial division of labour in a high-tech, high-skill industry. In this light, the reason that manufacturing has long been a potential target for such tax inducements is because of the relative ease with which it is possible to find or create a ready supply of industrial labour. It no doubt takes a certain amount of skill to produce automobiles on a moving assembly line, but global corporations have proven that those skills are essentially present in people from mid-western American towns to various foreign locales such as Mexico or China. As more and more places become potential sites for a given type of production activity, jurisdictions increasingly compete for jobs and investment while firms have a greater opportunity to bid down the cost of labour and bid up the inducements offered by governments. The flood of foreign direct investment into newly industrializing countries over the past four decades has created a new international division of labour in which manufacturing becomes an increasingly smaller component of most Western economies (Pilat et al., 2006). During this time period, Western countries have subscribed to the basic features of post-industrialism which suggest that more advanced economies relinquish their industrial capacity in favour of more value-oriented production of knowledge-based or creative services.
This transition to post-industrialism in the Western countries has produced a remarkable transformation. Over the past quarter-century, the North American landscape for knowledge and creative work has come to resemble the industrial restructuring of the 1970s and 1980s. Massey (1984, 135) discusses the diffusion of the British electronics industry away from Greater London and Manchester towards the ‘New Towns of Scotland’ and further afield to South Korea. The first pages of Bluestone and Harrison’s (1982) now classic book on deindustrialization include descriptions of plant closings in Detroit and the relocation of a cosmetics firm from Southern California to Tennessee. The processes being analyzed in both works are the diffusion of industry away from traditional locations towards new locations – either continentally or globally – which offered a better-cost equation. That same process is now at hand in knowledge and creative services which have become the dominant industries of the current era.

The labour requirements for an economy based on knowledge and creativity obviously necessitate the creation of a greater supply of a highly-skilled and highly-educated work. This is precisely what most Western countries have achieved over the past few decades. In Canada, 53% of the population over the age of 15 held a trade certificate, college diploma or university degree in 2011 – up from 33% in 1990 (HRSDC, 2012). At the same time, most countries have become increasingly urbanized and research shows that educated individuals are settling in a narrow band of ‘smart cities’ (Berube, 2012). This is where the research on creative and knowledge cities becomes important. One way to read this research, as Richard Florida does, is to argue that cities with the highest proportions of knowledge and creative workers will be at a distinct advantage to other cities that are home to less of these people. But another way to interpret this work is by looking at the impressive relative and absolute numbers of highly-skilled people across most major cities of the Western world. From this perspective, there is less and
less keeping financial work in New York rather than New Haven, Connecticut or Charlotte, North Carolina. There is less and less keeping high-tech research and development in Silicon Valley rather than Miami, Florida or Portland, Oregon. Finally, there is less keeping creative production of video games in Vancouver or San Francisco rather than Montreal or Atlanta, Georgia. For most North American cities, approximately 1/3 of their workforce could be considered creative class (Florida, 2012b) and this means that, notwithstanding the very important differences between different kinds of creative and knowledge workers, there should be many more locations that are viable for creative and knowledge production. Thus, there are an increasing number of cities competing for knowledge and creative investments made by firms.

Yet when we look at the actual behaviour and needs of firms in the knowledge and creative sectors, we see a trend that is moving in entirely the opposite direction. While there are more cities that have the workforce to compete for creative investments, the actual structures of creative firms are becoming ever-more lean, flexible and efficient. As Duhigg and Bradsher (2012) state in a much-discussed New York Times article, “Apple employs 43,000 people in the United States and 20,000 overseas, a small fraction of the over 400,000 American workers at General Motors in the 1950s, or the hundreds of thousands at General Electric in the 1980s…. Last year, [Apple] earned over $400,000 in profit per employee, more than Goldman Sachs, Exxon Mobil or Google.” In short, improvements in labour productivity, tied with the outsourcing of certain key manufacturing and service activities and the rising popularity of e-commerce means that firms are able to produce and sell ever-more cars, phones, video games and legal services with fewer people and at a lower-cost. In this environment in which jobs and investment are scarce, all of the cities which could be locations of production for many export-oriented goods and services are brought into direct competition with each other.
So what we have is a fundamental tension between the strategies that individuals and jurisdictions have used to become more competitive, resilient economic subjects and the needs of profit-maximizing firms. The question which arises, once again, then, is what determines whether a firm or industry cluster will stay in a given place or move? For Peck, “[a]s the locational capability of capital increases, it is able to exploit geographical variations in labour quality in an ever more sensitive way” (1996, 13). This would suggest that firms are constantly on the lookout for new locations of production which will be able to satisfy their labour needs at a cheaper cost. But we know that there are a number of different factors which keep firms rooted to a given location over the short-to-medium term.

One of the most important of these factors is the notion of sunk costs (Rauch, 1993). As soon as a firm makes a locational decision and invests capital into that location, it has effectively become spatially rooted. According to economic theory, the firm will try to profitably produce from that location until it has at least covered the initial cost of the investment or can find another location that can offer such an improved profitability as to offset the cost of the initial investment. These sunk costs are a crucial part of the development of agglomeration economies. As various firms sink investment into a particular location, they create a cluster of firms in the same basic industry or sub-sector and this is believed to have important benefits for all the firms in the cluster (Porter, 2008). This idea regarding agglomeration economies is a long-standing one in economics and it describes the benefits that accrue to firms and individuals from locating close to one another. Firms are generally believed to benefit from a larger and stronger labour market while individuals are said to benefit from more job opportunities. In sunk costs and agglomeration economies, economists and economic geographers attempt to explain why firms stay rooted in place and how places retain firms (Clark and Wrigley, 1995).
It is in this context of intense inter-jurisdictional competition for jobs and investment that the role of government gains added significance. While firms are interested in finding lower-cost and more profitable locations of production, they are also rooted to places in which past investments have been made. For this reason, jurisdictions whose economies have stagnated often have to go beyond the market fundamentals approach in order to provide incentives for firms to move from existing agglomerations to new locations in which those benefits might not exist. From this perspective, it is easy to see why governments initially started to offer tax inducements in order to attract manufacturing firms during an era of mass production. These firms gain significant advantages from being co-located with other similar firms or supplier firms. Moreover, the higher sunk costs that accrue from investing in a massive factory, training thousands of workers and building transportation infrastructure for distribution of goods means that industrial firms are likely to be even more rooted to place. How might these insights be translated into the current era of knowledge and creative capitalism?

For Richard Florida and his colleagues, creative and knowledge firms move to certain cities in order to take advantage of labour markets characterized by a ready supply of highly-skilled workers. Yet we know that billions of dollars each year are committed by governments to attracting and retaining creative and knowledge businesses which provide the highest-paying jobs. According to the US research institution Good Jobs First (2010), tax inducement schemes have become popular in various high-end economic sectors such as finance and head offices, film and digital media, biotechnology and pharmaceuticals. In many creative sectors, such as video game production, the fixed costs of studio space and computer technology are relatively low compared to manufacturing industries. This feature of the ‘new economy’ further enables mobile knowledge and creative firms to exploit tax inducements in different jurisdictions.
As long as some jurisdictions are willing to offer incentives, all jurisdictions are implicated in the growing influence of tax inducement strategies. According to Jon Shure, director of state fiscal strategies at the Washington-based Center on Budget and Policy Priorities, “It’s like a nuclear arms standstill. No one is willing to blink first” (in Cancino and Wernau, 2011). A number of recent high-profile examples illustrate the potential and pitfalls for jurisdictions actively seeking out companies through inducements as well as the coercive position that firms play in this business-state nexus. With the imminent expiration of a tax incentive scheme that Chicago-based Sears Holdings Corp had enjoyed for 23 years, the company threatened to leave its Illinois headquarters unless a more attractive inducement scheme was offered. In the meantime, Sears had hired an Irvine, California-based company, The Business Relocation Coach, in order to develop its relocation strategy which included significant negotiations with New Jersey, South Carolina and Georgia (Cancino and Wernau, 2011).

More recently, the New York Times has presented a series of articles under the title the ‘United States of Subsidies’ which “found that states, counties and cities are giving up more than $80 billion each year to companies” while corporations brazenly play states off against each other in a zero-sum game (Story, 2012). This is precisely the kind of activity which Harvey (1989) argued was the main contradiction of economic development policy making in an era of global capitalism. Jurisdictions could try every strategy to become more appealing for capital investment, but there would always be other jurisdictions willing to offer more and this would lead to pervasive uneven development. Against the Richard Florida view, the locational decisions of major knowledge firms perhaps have more to do with opportunities to exploit inter-jurisdictional competition for tax inducements and labour arbitrage than an interest in creative workers who can increasingly be found in greater numbers in many North American cities.
Conclusion

This research has attempted to explain a situation that is rather perplexing in conventional economic development terms. How is it possible for a highly-ranked creative city with the most competitive corporate tax rate in the world to lose significant jobs and investment in a creative sector such as video game production? Vancouver has achieved a dynamic and diversified video game ecosystem because the major studios attract talented people who then contribute to the process of new firm formation. Yet, as one current small firm executive argues, the Vancouver video game sector is facing serious challenges:

The Vancouver game industry is at a cross-roads. We got hit very hard during the recession and we lost many of our major studios. I think this reflected the fact that we were overly dependent on the major console studios. A number of things are going to have to change if this industry here is going to be brought back to health. Clearly, we don’t have the government support or the economic policies in place to nurture this business right now. If that doesn’t change, the gaming sector could become part of Vancouver’s economic history. There are plenty of places around the world that badly want this activity and are developing the institutions and tax schemes to support it. If we don’t go after it, it will go somewhere else. It’s not like the major studios have any special allegiance to Vancouver because they’ve done business here before. These guys want to make money and if you’re not a competitive jurisdiction you’re just not going to be in the game. Now on the brighter side, it is true that Vancouver is leading the way in Canada’s social and mobile gaming scene. But this is a cottage industry – it’s like PC and console gaming in the early 1980s except the gaming sector today is a multi-billion dollar global industry instead of an emerging niche market of the entertainment industry. In these new conditions, you have to have some kind of unified voice and network of developers in order to make yourself known in the market place and that just doesn’t exist right now. So my overall view for Vancouver is that we are going down the same road as San Francisco which was the global capital of video games in the 1970s and 80s but lost its position as other locations – including Vancouver – became more competitive. If something doesn’t change in the next 5 years, then Vancouver will become a very interesting footnote in the history of the video game sector. We’ll be here, but we’ll be a shadow of what we were. I think right now we are kind of rolling along based on the momentum of past achievements. The advent of the mobile and social and casual gaming space has the potential to absolutely transform the video game industry. And in this sense I am somewhat optimistic about Vancouver’s prospects because we already have a nice little niche here that is very innovative and seems to be ahead of the curve a bit. That will be an advantage, but things are moving so quickly that the advantage won’t last too long (Owner, MI Games, 2012).
If nothing else, this case study demonstrates that cities with the best market fundamentals and those which rank highly according to creative city indices can still lose creative investment. These cities, such as Vancouver, can be undermined by other cities that have similar levels of talent, similar market fundamentals but different cost structures and approaches to tax inducements. Whereas many local and state governments in North America, and indeed around the world, have shown a willingness to buy jobs and investment, governments in Vancouver and British Columbia have shown little appetite for such strategies. While the existence of such tax inducements are bemoaned by analysts of all political persuasions, the truth is that these strategies are a predictable consequence of a new era of globalized and hyper-competitive capitalism in which people compete for jobs, firms compete for market share and governments compete in order to provide the best conditions for economic growth and firm profitability.

Economic development policy-makers have a variety of instruments at their disposal, all of which have the same goal: to attract business and incentivize investment in their jurisdiction. The BC provincial government has argued that lowering corporate tax rates is the best route to achieving such a goal. While corporate tax rates in BC are lower than in other jurisdictions, these efforts have evidently not been enough to offset the savings gained by major creative firms from relocating away from BC and towards those provinces which offer targeted labour tax inducements. Interestingly, the history of British Columbia is anchored in the proposition that the government has been a handmaiden to capital; indeed, political scientist Martin Robin (1972, 1973) subtitled his two-volume political and economic history of British Columbia, ‘The Company Province’. It is rather ironic, then, that a province with such a long-standing tradition of offering preferential treatment to large corporations has been slow to adapt to new ‘rules of the game’ which favour such conduct.
Exactly why the governing BC Liberals have remained so principled in their market fundamentalism is a question that this chapter has not been able to assess in any great empirical depth. It can only be surmised from official statements on the topic that they simply do not see tax inducements as a positive value proposition for the provincial economy. Those from within the Vancouver video game industry who were interviewed readily speculated about the path-dependent allegiances of a provincial government used to dealing with resource industries and peripheral communities. Another possibility is that the apparent success of Vancouver as a consumption-oriented global city has caused some complacency amongst provincial policy-makers. Yet one thing is clear: as more major firms – the very firms which attract talented, creative workers to Vancouver – are lured to other jurisdictions by tax inducements, the dynamism of the Vancouver video game sector is further called into question.

Tax inducements are a terrible waste of public resources. Yet because major knowledge firms are less burdened by fixed costs of factories or machinery and because of intensifying inter-jurisdictional competition, tax inducements have become an increasingly standard part of the geography of capitalism. Jurisdictions which want to attract these highly mobile firms ‘either have to make it a priority [by offering inducements] or just give it up’. These themes raise important questions about creative class theory and local economic development:

Vancouver has many of the qualities of a creative powerhouse. All of the things that Richard Florida talks about are here. At EA I would leave the studio with team members and we could be on a chair lift in half an hour. I mean how awesome is that! So Vancouver has all kinds of creative buzz and it continues to attract a lot of interesting, talented people from all over Canada and the world. But you need to have healthy industries to employ people if you are going to keep them around and leverage all of those creative and knowledge assets and I’m not sure we are doing that. We have a vibrant and dynamic gaming sector, but the sector is increasingly vulnerable because it has been priced out of a lot of investment. And we’re going to see more closures unfortunately unless the provincial government gets its act together and meets the challenge being set out by other jurisdictions (former EA junior executive, 2012).
Chapter 8: Conclusion

This dissertation has examined the changing nature of urban economies in the 21st century. When this research was originally conceived, the focus was intended to be on issues of precarious employment and firm competitiveness strategies in a services-oriented city such as Vancouver. In other words, and following much economic geography scholarship, the production side of the urban economy in terms of jobs, working conditions, innovation and firm location was to be the heart of the analysis. Vancouver was the laboratory within which to undertake a set of comparative case studies in different occupational and industry segments. It qualified as an interesting place to study such issues, but this kind of research could have been carried out in any major North American city. However, as the research progressed, distinctive characteristics of Vancouver’s urban economy changed the trajectory of the dissertation dramatically. In interviews with workers, managers, industry experts, economists, and media commentators the same issue continually came up and generated the most interesting discussions: the cost of real estate in Vancouver is a significant burden on workers and firms.

The basic facts regarding Vancouver’s economic performance are clear. Metro Vancouver has the lowest average income of any major city in Canada while also having by far the highest average house prices. Moos and Skaburskis (2010) explain that these two economic variables are supposed to be positively related in that house prices should move in tandem with employment and incomes in the city. Yet, their research is clear that these two variables are not aligned in Vancouver but rather the local housing market is becoming decoupled from the local labour market. Indeed, according to Robin Wiebe (2013), housing prices in Vancouver have been most closely correlated with Chinese GDP growth while being less strongly linked to local employment growth rates or mortgage rates. Ley (2010) shows that the key mechanism linking Chinese GDP growth with the Vancouver housing market has been business-class immigration.
The discrepancy between incomes and housing prices in Vancouver has been documented in many different contexts and it is the key to understanding the local economy (Cox and Pavletich, 2012; Metro Vancouver, 2012; Pastrick, 2013). As a tech industry expert remarked in an interview, housing prices are a ‘business killer’ in Vancouver because they make it harder to attract talented workers and raise the cost of office space. For these reasons, it became increasingly clear that in order to do justice to the production-side of the economy it would be necessary to analyze more closely the relationship between the housing market and labour market in Vancouver. This led to a broadening of focus to complement urban labour market research with an examination of housing markets, immigration, urban planning and economic development in Metro Vancouver and ultimately consumption.

This dissertation is a study both of a particular city’s economy and of how economies are conceptualized by urban scholars. It draws on a wide variety of literatures to make sense of a different kind of city. While Vancouver may share some superficial similarities with existing models of global, creative or post-industrial urbanism, there are also significant tensions and discrepancies. The consumption city is a concept that is developed in Chapter 4 to describe Vancouver’s changing economic trajectory since 1980. This research not only identifies Vancouver as a consumption city defined by inward infusions of capital into real estate development, but it illuminates the contradictions inherent within this model of urbanism which are often found in the tensions between local consumption and production activity. Chapters 5, 6 and 7 bring the production-side of the local economy back into the picture as precarious labour, capital and state relations are shown to be related to the character of Vancouver as a consumption city. In this concluding chapter, I address the main themes which shape this dissertation in urban and economic geography while exploring some potential avenues for future research.
**Why Consumption?**

Over the past quarter century, many social scientists have identified the rise of consumption and consumer society as important, if not primary, elements of contemporary urbanism and economics (Featherstone, 1991; Miller, 1995; Ritzer, 1999; Fine, 2002). The commentary of Mark Jayne (2005) is particularly representative of this thinking:

The relationship between consumption and *urban life* has been a central component of the development of a consumer society. Underpinning this close relationship over the past thirty years has been the re-orientation of city life away from the logic and organization of the production of goods and services towards the position where consumption is the prime organizational feature…The contemporary city is the product of the post-industrial consumer society created through a fundamental shift between production and consumption (2005: 3).

In the disciplines of geography and urban studies, though, consumption has been treated rather peripherally. This is especially the case with respect to the political economy stream in economic geography and urban studies which has said remarkably little about consumption. How can we reconcile the fact that consumption is apparently playing an increasingly fundamental role in the contemporary geography of capitalism while meriting relatively little systematic attention from scholars? In short, it is no longer adequate for consumption to remain such a marginal topic in this field of research. It is for both symbolic and analytical reasons, therefore, that the notion of consumption city has been given such central placement in this dissertation. Not only is an examination of consumption absolutely fundamental to understanding the nature of the Vancouver economy, it is essential to improving scholarly debates about urban economic development in the 21st century because other cities are beginning to follow Vancouver’s lead in meaningful ways. The main thesis in this dissertation is that Vancouver has been emerging as a consumption-oriented global city over the past quarter-century and this process is having adverse impacts on the production-side of the economy in terms of job growth and firm competitiveness.
This research outlines the basic foundations of the Vancouver economy with reference to Toronto and Montreal. From 1980-2010, the labour market performance of Vancouver in terms of job growth has surpassed that of Toronto and Montreal. Yet the industry and occupational structure of these economies is remarkably similar suggesting that major urban centers in the 21st century are following similar economic trajectories in becoming hubs of high-end knowledge and creative services as well as centers of culture, retail, tourism and entertainment. Instead of structural differences in the labour market, the most marked differences between these three cities appear with respect to housing costs and immigration patterns. In particular, Vancouver has attracted a disproportionate number of business-class immigrants with established wealth to spend in the housing market and housing prices have risen dramatically over the past three decades to reflect this increasing demand (Olds, 2001; Hiebert, 2009; Ley, 2010, Moos and Skaburskis). The result is that housing consumption has become a fundamental driver of the Vancouver economy, a trend not present in Toronto or Montreal.

When the notion of the consumption city is introduced in Chapter 4, it is to signify the importance that consumption plays in certain urban economies. For Vancouver, the consumption-orientation of the city is defined by residential real estate with households having the highest mortgage debt burdens in Canada (RBC, 2013). Leisure, cultural, entertainment, recreational and retail consumption are clearly connected to this process, but these forms of consumption were not the focus of this research. Other consumption cities are oriented in different ways towards various forms of tourism, gambling, leisure, education, and medical services. Vancouver’s economy is increasingly supported by tourism and international education while efforts to introduce casinos into the urban fabric have been very controversial. These efforts should be seen as attempts to bolster Vancouver as a consumption city.
Understanding the consumption city requires moving outside the bounds of conventional models. In this respect, Vancouver as a consumption city has been placed in the context of two established bodies of urban and economic geography scholarship which overwhelmingly treat cities as places of production. For global city theorists, residential and cultural consumption comes at the end of an economic equation that starts with firm agglomeration and the clustering of high-paying jobs in finance and business services. Here, consumption is the outcome of successful production. Among creative city theorists such as Richard Florida, the opposite case is argued. Residential consumption and amenities attract the highly-skilled workers which create firm agglomeration. Consumption is here treated as the precursor to successful production. In both cases, consumption is seen as a variable which helps to explain the production-side of urban economies rather than a potential economic foundation. All of the metrics and measures of whether a place has reached global or creative city status are based on the presence or absence of certain kinds of firms, jobs, skilled-workers, entrepreneurialism and innovation.

The contention of this dissertation, especially in Chapter 4, is that as cities become parts of globally extended divisions of labour and consumption, the space for a certain number of global consumption cities emerges. These are ‘magnetic’ urban economies which draw disproportionate amounts of inward investment into tourism, real estate, education, leisure and citizenship. There are non-global consumption cities, of course, but the global variety is one which attracts international capital and people. On both of these counts, Vancouver registers as a consumption-oriented global city along with places such as Las Vegas, Macau, Bangkok, Honolulu, Monaco, Dubai, and others which could constitute their own category in the global city apparatus. For those that would perhaps dismiss these types of cities as peripheral to wider discussions in urban economic geography, four brief responses are offered here.
First, similar critiques can and legitimately have been raised about global finance cities which can equally be dismissed as ‘exceptional’ in comparison to ‘ordinary’ cities. The utility of global and creative city frameworks is not in providing a model against which all cities should be compared. On the contrary, these kinds of heuristics are useful in detailing the underlying socio-economic foundations of certain types of cities and the relationships between cities. For a field such as economic geography that seeks out differences in urban form and function across space, it should be assumed that there will be a variety of urbanisms rather than trying to place all cities within a limited number of often dualized categories (Fordist city vs. post-Fordist city, global city vs. ordinary city, etc.). Ultimately, it will be the job of an integrated political economy approach to theorize and map how these different cities are related to each other.

Second, and relatedly, it should be noted that the term consumption city is not meant to imply that such cities are only based on consumption. Of course, all cities are home to both production and consumption activities but as Lewis Mumford (1938) intimated in his discussion of ‘producing and consuming cities’ it is useful to think about the general direction or orientation of an urban economy. The interesting dynamics arise when considering how consumption elements of urban development such as residential real estate fit with the production-side of the local economy in terms of jobs and firm investment. What is being examined, here, is a qualitatively different urban consumption-production mix. In Vancouver, the relationship between business growth and consumption logics constitutes the central contradiction in the city’s hybrid economy detailed as part of the YVR story. These local tensions are expressed in civic debates about housing affordability and economic under-performance, in policy discussions about industrial land use and office conversions, and finally in a growing anti-gentrification movement that is protesting further real estate development especially in East Vancouver.
Third, then, we might talk about the internal and external dynamics of the consumption-oriented city. The internal dynamics of the consumption city consist of the key sectors that define a city’s consumption orientation as well as the spatial patterns of local consumption and production activities. This former issue was discussed in Chapter 4 when defining Vancouver’s consumption orientation as being dominated by international business-class immigration, liveability and tourism all of which create demand for residential real estate. The latter issue is a dynamic that was not discussed in great depth in the dissertation but given the ways in which the tensions between consumption and production activities impact the Vancouver economy, it is an issue that merits further research. As other cities continue to replicate Vancouverism through the establishment of dense, residential communities in downtown cores, the question of the spatial patterns of the local economy takes on renewed salience.

Extrapolating from the Vancouver case, there seems to be a shift in the relationship between cities and their suburbs. Traditionally, downtown cores have been understood as employment hubs driven by agglomeration economies while the suburbs have been conceived as consumption spaces defined by residential and retail activities. In Vancouver, these roles are increasingly being reversed as the city is redeveloped as a place to live and the suburbs become engines of employment growth. Recent research on the Metro Vancouver region shows that population and employment growth of suburban municipalities is outpacing the City of Vancouver. Whereas the City of Vancouver was home to approximately 50% of the population and jobs in Metro Vancouver in 1971, by 2006 those numbers had dropped to approximately 25% and 33% respectively (Peck et al., forthcoming). Indeed, it might be argued that the City of Vancouver is becoming more suburbanized in its orientation to consumption while the surrounding ‘suburban’ municipalities are becoming more industrialized and urban.
Similarly, in many major North American economic hubs such as Silicon Valley, Seattle, Route 128 in Boston and the Research Triangle in North Carolina, key knowledge and creative firms are located in suburban areas while workers often live in the connected city cores. This phenomenon seems to be the result both of cultural changes in attitudes towards city living as well economic imperatives, including the search for lower cost locations of production in major urban economies. It is certainly true that some types of financial, business services and creative economy activity continues to cluster in downtown cores, but these functions are increasingly being crowded out by residential, leisure, retail and entertainment consumption. These internal dynamics of the consumption and production activities in cities are deserving of more scholarly attention. One of the shortcomings of this research which must be acknowledged is that the case studies have all been of downtown workers and firms. It would be interesting to compare the findings with different case study locations that were in ‘suburban’ municipalities.

Finally, with respect to the external dynamics of the consumption city this research points to the need for more sophisticated ways of studying the interconnections between production and consumption places in a global economy. As was argued in the discussion section of Chapter 4, cities are not independent entities but rather develop in constant cooperation and competition with other kinds of cities, resource peripheries and agricultural areas. The contemporary emergence of Vancouver as a global consumption city, for example, is very much tied to the rise of newly industrializing urban economies in Asia (Olds, 2001; Wiebe, 2013). The notion of the consumption city is not only meant to be a taxonomic category placed alongside global, creative and ordinary cities. Rather, it supports relational readings of 21st century urbanism in which cities are internally measured to assess their consumption-production mix and externally examined to detail the connections between different kinds of economic places across space.
What is readily apparent from this research is that we do not yet have the theoretical or empirical means fully to make sense of consumption cities or the political economy of consumption in urban development. As has been argued above, there are theoretical gaps in the literature with respect to consumption in urban studies and economic geography. There have been a number of very good cultural approaches to urban consumption for example in the early work of Sharon Zukin and indeed in Katharyne Mitchell’s (2004) work on Vancouver. Interestingly, Mitchell’s writing on Vancouver was published at the historical moment in which negative attention regarding the local housing market was shifting from Asian ‘Monster Homes’ to ‘condo-led gentrification’. There is surely a great need for a ‘Loft Living’ type study of the post-Olympics Vancouver. But, in general, this type of research has been more effective in explaining the cultural expression of urban consumption rather than its underlying economics.

Yet these theoretical issues seem somewhat minor compared to the empirical problems. One of the limitations in this dissertation is that the case to be made for Vancouver as a consumption city is based on proxy measures and secondary accounts. Fully illuminating the distinctive characteristics of consumption cities is challenging, in large part because most urban economic data is oriented towards production concerns such as jobs, investment, unemployment, etc. The tools and data simply do not exist at this point to conduct a consumption-centric analysis of urban development. In the case of Vancouver, this means that we actually do not have any available data on the single most important question regarding the local economy (Mitham, 2012) – where exactly is the money coming from to fuel growth in real estate development? This kind of data is essential to understanding and analyzing consumption cities in relation to other kinds of cities. It will clearly be important, then, to develop a set of metrics that can be used to distinguish consumption-oriented cities from production-oriented cities.
Ultimately, there is a good case to be made that once such metrics are developed, a roster of consumption cities will be empirically identifiable and the foundations of consumption-oriented urbanism can be explored in greater depth. Still, there are a number of intriguing questions that have emerged and this section will conclude by outlining some of these as a way of potentially setting out future research. First, what kinds of occupational profiles do consumption cities create in comparison to production cities? Richard Florida (2008) has argued that despite very high employment growth rates from 1998-2008, Las Vegas should be seen as a poorly performing economy because of the preponderance of relatively low-paying service jobs. On what basis, then, should the performance of different types of urban economies be judged? Closely connected to this issue is the question of whether consumption cities are inherently more or less stable than production cities. One of the notable features of consumption cities that become too heavily dependent on real estate development is that they are defined by economic bubbles of speculative investment. The collapse of the Las Vegas economy in the aftermath of the most recent period of economic stagnation perhaps supports this view. Yet economic crises also beset production cities such as Montreal in the 1970s and Detroit over the past two decades, so the frequency and intensity of these instabilities is a matter for empirical verification.

Finally, we will want to know whether there is a distinctive socio-spatial form to the consumption city. Research on global and creative cities has produced interesting theories and models of polarization and inequality. The Vancouver case suggests that the social morphology of the consumption city is less defined by occupational class and perhaps more dependent on wealth, spending power and immigration status. On what basis, we might ask, are different types of cities divided? This research on consumption has been set out to better understand the Vancouver economy while sparking debate about broader processes of urban development.
**Why Precariousness?**

The heart of the research is an examination of the relationship between Vancouver as a consumption and production city. This study clearly demonstrates that the orientation and trajectory of the local economy has a significant impact on working conditions, employment standards and firm competitiveness. In this sense, the theoretical notion of precariousness which is usually employed narrowly in discussions of labour market dynamics can usefully be extended beyond the workplace realm into other parts of the urban economy. Indeed, this research details how precarious employment across occupational sectors is very much shaped by the nature of the local economy, but also how firms and the state are increasingly subject to issues of precariousness in the form of heightened risk, insecurity and competitiveness challenges.

The framing device which has been used in each of the major empirical chapters is a problematic derived from one of the most popular and controversial economic development experts in the world today: Richard Florida. This has been done not only because of how significant Florida’s ideas have become in economic development circles, but more importantly, because his work combines an interest in changing labour market trends with changes in the nature of cities in the 21st century. For some, Florida’s work has been described as consumption-centric since he places great import on amenities and lifestyle but one of the aims of this research has been to identify the limitations in his analysis. Yet I sympathize with the spirit of Florida’s research. In general, critical economic geographers are more comfortable standing against rather than for something and while many see capitalism as irredeemable, Florida wants to fundamentally argue that there is a good capitalism to be had. This is a sorely needed topic for debate in a field that has changed so dramatically over the past two decades. The balance of this section summarizes how precariousness has been studied with reference to Florida’s work.
The first empirical examination of precariousness comes in Chapter 5. Richard Florida sees the creative class as a privileged group of people that face lower unemployment, earn higher incomes and enjoy better conditions of work. This comparative research has demonstrated that Florida’s creative classes, whether at cool boutique firms or major corporations, experience precarious employment yet these are often not easily identifiable in quantitative data. While the occupational profile of precarious employment for low-wage service workers is frequently marked by a series of overlapping lacks – the lack of control, continuity, wages and benefits, union coverage etc. – for higher-end workers in knowledge and creative industries it is symbolized by over-work, stress, unhealthy lifestyles and a general absence of work-life balance. These issues are compounded in Vancouver where the cost of living has so outstripped local incomes, reminding us that it is absolutely essential for labour studies scholars to consider the geographical profiles of precariousness at the urban scale.

In terms of labour market theory, this research contributes to our understanding of the expanded scope of precarious employment. The objective of this research is certainly not to argue that every worker faces the same vulnerabilities and insecurities at work, but rather to argue that there are various forms of precarious employment that are mediated by occupation and the local economy in which a job is located. Instead of demarcating low-end service workers from supposedly secure and well-paid creative workers and imagining these two distinct groups experiencing qualitatively different labour market conditions, this research shows that many types of workers face challenges of precariousness though with different expressions and degrees of intensity. In this sense, and despite the different modalities of work and employment relationships that exist, all workers in major urban centers should perhaps be placed on a spectrum in which precariousness is seen as the rule rather than the exception.
The second place in which a form of precariousness emerges has to do with Florida’s analysis of firms. In Florida’s theory, the presence of creative people should catalyze both the home-grown establishment of firms as well as the in-migration of mobile firms wishing to take advantage of the skilled workforce. Yet Florida rarely measures the growth or staying power of firms in a given urban context. Instead, he offers symbolic and anecdotal references to leading companies such Google and Facebook spurning suburban campuses for inner-city locations in New York and San Francisco (Florida, 2012c). These are interesting observations, and might indeed be suggestive of a new trend in creative firm locations, but they do not compensate for the fact that Florida’s research rests on measures of patents and employment growth rather than firm performance. Though Vancouver has a strong record of innovation, this has not translated into many instances of successful firm formation, attraction or retention (Hellman et al, 2005). Indeed, small Vancouver companies might best be described as ‘precarious firms’ since they struggle to grow into medium or large firms that generally enjoy greater stability.

Using case studies of video game and legal firms in downtown Vancouver, Chapter 6 upsets some of Florida’s main contentions. For the smaller-sized new video game studios emerging as a key component of the Vancouver industry, the move to producing game apps has reduced barriers to entry and allowed talented game developers to be entrepreneurial. But the cost of space and difficulty in attracting business development talent in Vancouver makes it hard to survive in these highly competitive markets. For law firms, the locational strategy is less about following creative people and more about following a stream of business. The increasing cost of office space in Vancouver, without a corresponding rise in demand for legal services, creates challenges for law firms of all sizes. Vancouver’s emergence as a global consumption city, then, has in many ways come at the expense of a more attractive environment for firm growth.
The third area where a form of precariousness can be seen has to do with inter-jurisdictional competition in an era of truly global capitalism. Since 2005, Vancouver has lost its position as the centre of Canada’s video game development industry to Montreal and many industry experts attribute this decline to lacking tax subsidy support from the British Columbia government. Richard Florida has reiterated his long-standing aversion towards tax incentive regimes used by government to attract business. For Florida (2012d), “incentives do little to alter the locational calculus of most companies… Rather, companies typically select locations based on factors such as workforce, proximity to markets, and access to qualified suppliers, and then pit jurisdictions against one another to extract tax benefits and other incentives.”

Most economists agree that targeted incentives to lure businesses are a waste of public resources, yet they continue to be used and Chapter 7 explains why this is the case. First, as was detailed with respect to incentives in the video game industry, in the aftermath of a global economic slowdown cost savings are becoming more important factors in the ‘locational calculus of companies’. More significant, though, is that many of the 48 companies which have received over $100 million in incentives since 2007 are leading creative firms such as Google, Microsoft, Amazon and IBM (Story, 2012). Florida says nothing about why these companies are doing anything more that selecting a location based on absorbing creative class talent. The answer is that as more cities gain skilled workforces there is greater competition between jurisdictions to attract scarce investment and creative firms generally have lower sunk/fixed costs which further enables them to ‘pit jurisdictions against one another’. This trend of studio chasing is emblematic of an increasingly competitive global economy in which governments must balance budget constraints with competing to land scarce jobs and investment. It might, thus, be useful to talk about the ‘precarious state’ in relation to economic development in the 21st century.
The objective in discussing labour, capital and state relations with reference to precariousness is not that this concept should be applied in academic scholarship beyond its current usage in labour studies but simply to highlight how uncertain the process of economic development is in the 21st century. Interestingly, Richard Florida has conceded many of these points regarding the ‘precariousness’ of urban development. Before even the most stinging critiques had been leveled, Florida (2003) recognized that the most creative cities were also the most unequal. Likewise, Florida acknowledges that his ‘creative class’ workers are “the most likely to put in ‘long work weeks’ of more than 49 hours” while also pointing to research which shows that people in creative cities experience higher levels of stress and anxiety (Florida, 2002, 122; Florida, 2004).

Perhaps most importantly in the context of this research, Florida has discussed issues of housing affordability and innovation problems in ‘superstar cities’:

Escalating real estate prices can inhibit innovation…When housing prices rise and buildings are converted into expensive condos or high-end retail shops, venues for fostering creativity disappear….My research with Mellander highlights what’s behind the affordability problem. Housing has become disconnected from local wealth-building, local productivity, and local economic development (Florida, 2008, 144-45).

This is a nearly pitch-perfect description of the challenges being faced in Vancouver and it raises a very important problematic. The cities which Florida points to as successes are the very cities which he shows to have problems with affordability, inequality and the drag on innovation. Florida resolves this conundrum rather matter-of-factly: “And yet, somehow, these places survive” (2008, 145). The real question is how do these places survive? They survive as hybrid economies which combine highly-specialized production activities with cultural consumption logics that valorize their urban development trajectories. For Vancouver, success as a consumption city, rather than a creative city, largely explains the ‘Vancouver Achievement’.
Why Vancouver?

This dissertation has presented a set of nested case studies which explore the distinctive urban development trajectory of Vancouver while serving as a platform to re-evaluate key theoretical conceptions in urban economic geography. It has been argued that over the past quarter-century, Vancouver has been remade through a series of contingent transformations that valorize consumption over production. This claim goes against much urban studies research which regards cities primarily as places of production, yet the idea of cities in the 21st century shifting emphasis from production to consumption is certainly not new. Sharon Zukin has long been focused on the growing importance of cultural consumption while Harvey (1989: 9) notes in his original writing on the entrepreneurial city that, “[a]bove all, the city has to appear as an innovative, exciting, creative and safe place to live or visit, to play and consume in.”

Vancouver would thus appear as an ideal typical case of an entrepreneurial city seeking economic growth through consumption activities but the underlying foundations of the city’s rising urban celebrity belies such a neat and coherent narrative. If Vancouver is an economic success story it is not because of an especially strong urban development strategy, but rather because of many contingent factors that have been working in the city’s favour. While the city-region remains a hub of productive activity in Film and TV, digital media, ports and transportation, resource finance and technical services as well as hospitality, the center of gravity for the local economy has shifted away from productive activities in which goods and services are exported towards consumption activities which seek to attract immigrants, tourists, students and retirees to Vancouver. Urban planning and land use in Vancouver can thus be seen as an attempt to balance productive and consumptive activities. Heralded for its novel approach to city-building and urban design, this research shows how difficult such a balance is to achieve.
This dissertation, then, is above all else a cautionary tale to those that would like to see Vancouver as a model for urban economic development. What has apparently worked in Vancouver is the result of numerous contingent advantages that other cities will likely not be subject to. There is, thus, a tension at the heart of the local economy. The flood of people and capital into Vancouver over the past quarter-century has given Vancouver the appearance of a successful urban economy but these forces have made it difficult for the city to grow as a productive, innovative place. Though this research was not initially designed to examine the relationship or mix between consumption and production logics in a 21st century city, it is difficult to imagine a better site for viewing these tensions and imbalances. As is often the case, conducting interviews and field research changed my perspective and led this dissertation in a somewhat different direction. Future research will be dedicated to exploring the different foundations of consumption and production cities and their relationship to each other.

Vancouver is an interesting place to start such research because it is defined by paradoxes which are the result of these tensions: the city which is simultaneously the most livable and unaffordable in the world; the health-obsessed city in which workers find it difficult to prioritize healthy living habits; the city which celebrates its brand of urbanism while experiencing striking degrees of suburban population and employment growth; the aspiring ‘greenest’ city in the world which relies so heavily on international air travel and displaces demographic growth to its suburban peripheries; the leading creative city in which creative firms and workers alike struggle under conditions of precariousness; the wealthiest major city in Canada which in fact provides incomes at the level of Detroit; the city which promotes its diversity and tolerance but struggles with social isolation. Each of these patterns has been shaped by the distinctive urban development trajectory detailed in this dissertation as part of the YVR story.
Yet all of this might be changing. As of early 2013, the housing market in Vancouver is beginning to slow with federal government officials hoping to manipulate a soft-landing to what has increasingly been understood as an overheated housing market (CBC News, 2012c). Likewise, reports are showing that Vancouver is actually seeing an out-migration of young, talented people likely having to do with lacking job opportunities and the high cost of living (Cooper, 2012). While there have been many attempts to manage some of the contradictions that have been outlined in this dissertation – for example through the City of Vancouver Affordable Housing Task Force or more recent efforts by industry groups to lobby the provincial government for more competitive subsidies – these efforts are unlikely to overcome the intensity of urban tensions. Instead, it is perhaps more probable that just as the consumption-oriented Vancouver emerged and was established through the contingent confluence of varied actors and institutions rather than a strategic effort on the part of any one individual or group, the eventual dissolution of this form of urbanism will equally be caused by such diverse, contingent factors.

What is clear from the analysis in this dissertation is that it will be very difficult for Vancouver to continue its growth as a hybrid economy. Either the consumption-orientation of the city will continue and ultimately suffocate productive activities that can be more profitably located elsewhere, or the consumption-oriented city based on real estate will decline to such an extent as to revalorize the growth of productive industries. As other cities rush to establish their own take on ‘Vancouverism’ it is important to understand what has actually catalyzed the Vancouver Achievement and what some of the consequences are for workers and firms. Vancouver has indeed made a contribution to 21st century urbanism by reminding us of the potential delights of city living, but the objective of bringing economic, social and ecological interests into balance remains a virtuous yet unrealized goal.
Bibliography


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Appendices

Appendix A: Employment by Occupation and Industry in Canada’s Global Cities

<table>
<thead>
<tr>
<th></th>
<th>Toronto</th>
<th>Montreal</th>
<th>Vancouver</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total experienced labour force, 2006, by Occupation</td>
<td>2,758,700</td>
<td>1,923,970</td>
<td>1,150,490</td>
</tr>
<tr>
<td>A Management occupations</td>
<td>320,600</td>
<td>198,525</td>
<td>130,375</td>
</tr>
<tr>
<td>B Business, finance and administration occupations</td>
<td>590,605</td>
<td>389,925</td>
<td>219,415</td>
</tr>
<tr>
<td>C Natural and applied sciences and related occupations</td>
<td>224,410</td>
<td>145,165</td>
<td>85,070</td>
</tr>
<tr>
<td>D Health occupations</td>
<td>124,080</td>
<td>111,565</td>
<td>62,450</td>
</tr>
<tr>
<td>E Occupations in social science, education, government service and religion</td>
<td>230,610</td>
<td>179,410</td>
<td>98,845</td>
</tr>
<tr>
<td>F Occupations in art, culture, recreation and sport</td>
<td>107,530</td>
<td>78,860</td>
<td>47,600</td>
</tr>
<tr>
<td>G Sales and service occupations</td>
<td>611,410</td>
<td>459,220</td>
<td>291,545</td>
</tr>
<tr>
<td>H Trades, transport and equipment operators and related occupations</td>
<td>327,850</td>
<td>239,925</td>
<td>148,810</td>
</tr>
<tr>
<td>I Occupations unique to primary industry</td>
<td>26,265</td>
<td>15,000</td>
<td>20,545</td>
</tr>
<tr>
<td>J Occupations unique to processing, manufacturing and utilities</td>
<td>195,330</td>
<td>106,375</td>
<td>45,840</td>
</tr>
<tr>
<td>Total experienced labour force, 2006, by Industry</td>
<td>2,758,700</td>
<td>1,923,970</td>
<td>1,150,490</td>
</tr>
<tr>
<td>Agriculture and other resource-based industries</td>
<td>30,410</td>
<td>27,370</td>
<td>23,970</td>
</tr>
<tr>
<td>Construction</td>
<td>148,895</td>
<td>88,790</td>
<td>73,385</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>371,275</td>
<td>260,530</td>
<td>97,800</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>166,325</td>
<td>108,185</td>
<td>61,650</td>
</tr>
<tr>
<td>Retail trade</td>
<td>293,465</td>
<td>232,440</td>
<td>124,965</td>
</tr>
<tr>
<td>Finance and real estate</td>
<td>259,875</td>
<td>124,210</td>
<td>85,220</td>
</tr>
<tr>
<td>Health care and social services</td>
<td>222,135</td>
<td>206,855</td>
<td>107,065</td>
</tr>
<tr>
<td>Educational services</td>
<td>172,990</td>
<td>136,600</td>
<td>83,200</td>
</tr>
<tr>
<td>Business services</td>
<td>658,510</td>
<td>408,965</td>
<td>271,120</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>157,675</td>
<td>113,655</td>
<td>91,585</td>
</tr>
<tr>
<td>Other services</td>
<td>434,805</td>
<td>330,030</td>
<td>222,110</td>
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</table>

# Appendix B: Employment and Income Profiles for Case Study Sectors, 1995-2005

<table>
<thead>
<tr>
<th>Cities</th>
<th>Toronto</th>
<th>Montreal</th>
<th>Vancouver</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupations - All Earners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pop. with Employment Income</td>
<td>2,280,730</td>
<td>2,659,220</td>
<td>2,936,690</td>
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<tr>
<td>Median Income ($)</td>
<td>n/a</td>
<td>33,611</td>
<td>30,350 n/a</td>
</tr>
<tr>
<td>Average Income ($)</td>
<td>29,322</td>
<td>35,571</td>
<td>35,131</td>
</tr>
<tr>
<td>C07 - Computer and Information Systems</td>
<td>58,015</td>
<td>82,675</td>
<td>90,720</td>
</tr>
<tr>
<td>Pop. with Employment Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median Income ($)</td>
<td>n/a</td>
<td>54,280</td>
<td>58,412 n/a</td>
</tr>
<tr>
<td>Average Income ($)</td>
<td>45,492</td>
<td>57,224</td>
<td>59,768</td>
</tr>
<tr>
<td>E012 - Lawyers and Quebec Notaries</td>
<td>14,280</td>
<td>17,265</td>
<td>19,415</td>
</tr>
<tr>
<td>Pop. with Employment Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median Income ($)</td>
<td>n/a</td>
<td>91,688</td>
<td>99,962 n/a</td>
</tr>
<tr>
<td>Average Income ($)</td>
<td>106,301</td>
<td>137,947</td>
<td>162,278</td>
</tr>
<tr>
<td>G5 - Food and Beverage Servers</td>
<td>49,100</td>
<td>54,000</td>
<td>58,500</td>
</tr>
<tr>
<td>Pop. with Employment Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median Income ($)</td>
<td>n/a</td>
<td>11,040</td>
<td>9,250 n/a</td>
</tr>
<tr>
<td>Average Income ($)</td>
<td>11,613</td>
<td>14,435</td>
<td>12,028</td>
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Source: Statistics Canada (2006a)
Appendix C: Employment Growth by Wage-Indexed Job Quintiles for Montreal, Toronto and Vancouver

<table>
<thead>
<tr>
<th>Job Quintile</th>
<th>Montreal</th>
<th>Toronto</th>
<th>Vancouver</th>
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</thead>
<tbody>
<tr>
<td>All Occupations</td>
<td>31.9</td>
<td>26,731</td>
<td>55.0</td>
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<tr>
<td>Sales and Service</td>
<td>29.7</td>
<td>8,816</td>
<td>Sales and Service</td>
</tr>
<tr>
<td>Childcare and Home</td>
<td>-0.5</td>
<td>10,788</td>
<td>Retail Sales</td>
</tr>
<tr>
<td>Retail Sales</td>
<td>31.4</td>
<td>11,806</td>
<td>Chefs, Cooks, Food</td>
</tr>
<tr>
<td>Primary Industry</td>
<td>-9.7</td>
<td>12,966</td>
<td>Primary Industry</td>
</tr>
<tr>
<td>Chefs, Cooks, Food</td>
<td>55.0</td>
<td>13,624</td>
<td>Childcare and Home</td>
</tr>
<tr>
<td>Growth Factor (%)</td>
<td>21.2</td>
<td>49.2</td>
<td>66.34</td>
</tr>
<tr>
<td>Labourer in Processing</td>
<td>-26.0</td>
<td>17,663</td>
<td>Labourer in Processing</td>
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<tr>
<td>Machine Operator</td>
<td>-39.0</td>
<td>22,885</td>
<td>Transport and Equipment</td>
</tr>
<tr>
<td>Other Trades</td>
<td>-10.0</td>
<td>22,900</td>
<td>Trades Helpers</td>
</tr>
<tr>
<td>Trades Helpers</td>
<td>48.2</td>
<td>23,016</td>
<td>Other Trades</td>
</tr>
<tr>
<td>Transport and Equipment</td>
<td>-5.3</td>
<td>25,481</td>
<td>Art, Culture, Recreation</td>
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<tr>
<td>Growth Factor (%)</td>
<td>-6.4</td>
<td>17.8</td>
<td>36.46</td>
</tr>
<tr>
<td>Art, Culture, Recreation</td>
<td>95.0</td>
<td>26,840</td>
<td>Construction Trade</td>
</tr>
<tr>
<td>Clerical Occupation</td>
<td>13.0</td>
<td>26,914</td>
<td>Machine Operator</td>
</tr>
<tr>
<td>Construction Trade</td>
<td>-18.8</td>
<td>27,907</td>
<td>Clerical Occupation</td>
</tr>
<tr>
<td>Technical/Assisting Occupiant</td>
<td>103.2</td>
<td>32,391</td>
<td>Protective Service</td>
</tr>
<tr>
<td>Protective Service</td>
<td>21.9</td>
<td>33,335</td>
<td>Finance and Insurance</td>
</tr>
<tr>
<td>Growth Factor (%)</td>
<td>42.9</td>
<td>10.1</td>
<td>62.5</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>-21.8</td>
<td>33,927</td>
<td>Technical/Assisting</td>
</tr>
<tr>
<td>Social Science, Government</td>
<td>183.4</td>
<td>34,155</td>
<td>Sales Specialists</td>
</tr>
<tr>
<td>Sales Specialists</td>
<td>56.2</td>
<td>38,687</td>
<td>Social Science, Government</td>
</tr>
<tr>
<td>Teachers and Professors</td>
<td>69.8</td>
<td>40,470</td>
<td>Teachers and Professors</td>
</tr>
<tr>
<td>Professional Occupation</td>
<td>98.0</td>
<td>46,178</td>
<td>Contractors and Technicians</td>
</tr>
<tr>
<td>Growth Factor (%)</td>
<td>77.1</td>
<td>124.4</td>
<td>142.1</td>
</tr>
<tr>
<td>Natural and Applied Sciences</td>
<td>131.5</td>
<td>47,303</td>
<td>Professional Occupation</td>
</tr>
<tr>
<td>Contractors and Technicians</td>
<td>-23.7</td>
<td>47,764</td>
<td>Natural and Applied Sciences</td>
</tr>
<tr>
<td>Other Management</td>
<td>30.5</td>
<td>55,838</td>
<td>Other Management</td>
</tr>
<tr>
<td>Senior Management</td>
<td>-33.7</td>
<td>62,106</td>
<td>Professional Occupation</td>
</tr>
<tr>
<td>Professional Occupation</td>
<td>19.0</td>
<td>63,726</td>
<td>Senior Management</td>
</tr>
<tr>
<td>Growth Factor (%)</td>
<td>24.7</td>
<td>73.6</td>
<td>85.5</td>
</tr>
</tbody>
</table>

Source: Author’s calculations from Statistics Canada (2006a, 2011)
Appendix D: Declining Median Family Incomes in Vancouver

Median Family Incomes in Vancouver, 1976-2010

Source: Statistics Canada (2006a)
Appendix E: An Index of Consumption-Oriented Global Cities

<table>
<thead>
<tr>
<th>Type</th>
<th>Real Estate</th>
<th>Sun-Fun</th>
<th>Education</th>
<th>Medical</th>
<th>Gambling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dubai</td>
<td>Cancun</td>
<td>Oxford</td>
<td>Sao Paolo</td>
<td>Las Vegas</td>
<td></td>
</tr>
<tr>
<td>Vancouver</td>
<td>Phuket</td>
<td>Ann Arbour</td>
<td>Bangkok</td>
<td>Macau</td>
<td></td>
</tr>
<tr>
<td>Monaco</td>
<td>Orlando, FL</td>
<td>Vancouver</td>
<td>Chennai</td>
<td>Monte Carlo</td>
<td></td>
</tr>
<tr>
<td>Bangkok</td>
<td></td>
<td>Budapest</td>
<td>Nassau</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Istanbul</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix F: Steady Increases in Multiple Job Holding

**Multiple Job Holding in BC, Selected Occupations, 1987-2012**

- Natural and Applied Sciences Occupations
- Social Science and Government Occupations
- Food Services Occupations

Source: Statistics Canada (2012b)
Appendix G: Vancouver as a ‘High-Cost’ City
Appendix H: Specialization in Law Firms

![Diagram showing the relationship between volume and complexity for Suburban Family Law Firm and Downtown Corporate Law Firm.](image-url)