Situating the New Economy: Contingencies of Regeneration and Dislocation in Vancouver’s Inner City
Introduction: The Inner City as Palimpsest or Tabula Rasa?

In the mid-1980s, Yaletown was a down-on-its-heels warehouse district on the south side of Vancouver's downtown peninsula. It was home to fork lift trucks and lorries by day, prostitutes and their customers by night. The principal jobs in the area were related either to wholesaling or to the world’s oldest profession. A scattering of deteriorating single-family working class housing lay on its northern fringe, owned originally by Canadian Pacific Railway workers employed in nearby railway maintenance yards and the roundhouse, and the closest to haute cuisine in the district was the Homer Café diner.

No more. In a prescient article written in 1988, at the advent of Yaletown’s regeneration, Robert Jankiewicz (1988, 24) wrote that Yaletown, “once on the way to becoming a seedy collection of decaying brick warehouses and light industrial plants, is catching the eye of creative professionals looking for alternative workplaces, as well as the real estate developers needed to prepare the space for them.” That space has now been utterly transformed, even earning Yaletown its own entry in Wikipedia (“one of the most successful and significant urban regeneration projects in North America”). On one of the many web sites now dedicated to the area’s culinary offerings, fifteen sub-categories of food and dining are listed as available for the gastronome. The original working class housing has been either demolished or refurbished as boutique sites for various design services, and giving way to a landscape of high-rise condominium development for the “hip, young, single, and professional.” Yaletown is the “paté” in the city’s inner city residential “sandwich” (Jankiewicz 1988, 26). Finally, and most germane for our purposes, Yaletown is now one of the centres of Vancouver’s “New Economy.” Its service sector employees are at the vanguard of the city’s creative industries. In 2006 26 per cent of the jobs in the area were in computer system design, architecture and engineering, and advertising, and another 8 per cent in motion picture and video industries, information services and software publishing (City of Vancouver 2006, information sheet 1:2, p. 2).

Yaletown is just one of the sites in a larger geographical pattern of regeneration within Vancouver’s inner city, and partly produced by the emergence of a robust New Economy. Such regeneration, of course, is not only the result of the agglomeration of creative industries (Scott, 2006). There are other factors at work, but, as we will suggest, in Vancouver at least they have operated in concert, forming an interrelated assemblage, producing the remarkable economic, social, cultural and physical alterations that are now so evident in Yaletown and other similar locales within Vancouver’s inner city.

But with re-generation often comes dislocation. Certainly for former Yaletown warehouse and sex workers. But the shadow is longer, and especially when the effects of other Vancouver inner city districts experiencing regeneration are also taken into account such as Victory Square, Gastown, and False Creek Flats. Especially adversely affected has been the Downtown Eastside that sits in between these sites of New Economy regeneration (Figure 1).

The Downtown Eastside is the oldest residential neighbourhood in the city, serving as a classic zone of transition during the first half of the twentieth century. Since the end of the Second World War, it has been home to Vancouver’s most economically marginalised population. It contains the census tract with the lowest per capita income in Canada, and Ley and Smith (2000)
found from 1970 it consistently suffered multiple forms of deprivation (there are 140 separate social agencies and non-profit organisations operating in the neighbourhood). In addition, 30 per cent of the residents are intravenous drug users, and just off its central intersection, Main and Hastings Streets, is North America’s first government sanctioned safe injection drug site. Inner city regeneration prompted in part by New Economy activities has increased pressures for gentrification in the Downtown Eastside, decreasing the supply of affordable housing, as well transfiguring its physical landscape in accordance with the dictates of the new regime. Protests by Downtown Eastside community activists around housing are now a permanent urban fixture taking the form of tent cities, illegal squats, street marches, petitions, defacement of city property, community plays and a Brechtian style opera, “Condemned” (Blomley 2004). They are all signs of an endemic process of dislocation.

The purposes of our paper are twofold. The first is to describe particularly the process of regeneration within Vancouver’s inner city and predicated upon the flourishing of a New Economy since the late 1980s. But as alluded, there is a dark underbelly, dislocation, and which we will also discuss. The second is to make an argument about the importance of contingency and geographical specificity in shaping Vancouver’s changing inner city landscape. Clearly there are general processes of inner city transformation involving the New Economy that can be theorised and conceptualised (as in Richard Florida’s 2002 a & b creative cities thesis, or Allen Scott’s 1996, 1997, 2000, 2006 framework for understanding cultural industries). Precisely how such transformation occurs, the antecedent conditions and their subsequent causative relation, and the exact form of the outcome, will depend, however, upon the peculiar historical and geographical features of the city itself. Geography still matters, and which we will illustrate for Vancouver.

The paper is divided into four sections. First, we review briefly some of the conceptual literature on the new economy and inner city urban change. Our argument is that the literature is insufficiently sensitive to the role played by local urban exceptionalities. Consequently, theories that have been put forward – we focus on writings by Allen Scott and Richard Florida – require modification when deployed in actual cities such as Vancouver. Second, we discuss the specificities of the Vancouver case, arguing that in order to understand the rise of the New Economy we need prior knowledge of the various peculiarities shaping the city. We focus on four: its post-staples character, its post-corporate structure, the centrality of transnationalism, and its mega-project civic mentality. These features in combination make Vancouver different from other cities, uniquely contorting its New Economy and the consequences. Third, to make the discussion more concrete we examine two districts within Vancouver experiencing a New Economy make-over: Yaletown, and Victory Square. Apart from telling the story of the rise of the New Economy at these specific sites, we also look at the reverse side of the coin of “regeneration,” dislocation, and found in the Downtown Eastside bordering both Yaletown and Victory Square. Finally, the conclusion summarises and points to implications.

**Conceptualising the New Economy and Urban Places**

The new economy is part of the woof and weave of the urban fabric in which it is found. It does not exist separately in its own sealed spaces, but is integrated within the concrete, if not the stone, brick and terra cotta detail of the urban surround. This fusion of the object of study, the
new economy, with the adjoining urban context, makes theorising difficult. Whether the new economy happens, and, if so, exactly where and how, depends upon specific, contingent features of the individual geographical case. Geographical particularities are not mere background conditions, dispensable facts to add local colour, but are the story itself. Theorising is possible, but it must proceed gingerly, sensitive as much to what cannot be generalised as to what can.

Allen Scott (1996, 1997, 2000, 2006) and Richard Florida (2002a & b) are perhaps the two most well-known theorists of the urban new economy. Both recognise that place is central to its understanding. So, Scott (1997, p. 319) “insist[s] above all” on the centrality of “synergies that lie at the intersection between agglomeration processes [of the new economy] … and the cultural meaning of place.” While Florida (2002a, p. 6) says, “place has become the central organising unit of our time, taking on many of the functions that used to be played by firms and other organizations.” In spite of these declarations, our contention is that neither Scott nor Florida is sufficiently open to the contingencies of place in their theorising. Instead, their accounts are too concerned with generalisation, and insensitive to geographical peculiarities.

To understand the problem we need to review briefly both scholars’ work. Scott’s framework is the more established, deriving from his theorising in the 1980s about the emergence of flexible specialisation or postfordism. Key for him in the new industrial economy that emerged during that decade were highly specialised vertically distingested firms that produced niche products, operated within unstable markets, were linked by tight-knit, external exchanges through value-added networks, and utilised specific types of labour that could be temporary and shifting, but in some cases also highly skilled (Scott, 1988). Because of the density of transactions, market instabilities, the role of local institutions, and particular labour needs, such firms spatially agglomerated, and germane for our purposes, triggered a reciprocal process between the flexible specialised industrial complex and the place in which it occupied. The production complex helped make place, but place helped make the production complex. Such reciprocity was the basis of the “synergies” that Scott recognised.

Scott’s later work has argued that the sector now best fitting this description is the cultural products industry, and which includes the entertainment complex, clothing, automobile and furniture design firms, and printing and publishing (Scott, 1996, 2000). They are at the leading edge of “the new economy of postfordism” (Scott 2006, p. 14). With respect to place, their significance is twofold. First, within the larger suite of flexible production activities they are ones most prone to place-based synergies. If place matters, it matters most to them. Second, one role of place in such industries is to stamp their outputs with a bottom-line saleable geographical prefix: Hollywood movies, London theatre, Parisian couture, Venetian glass. That is, place brands the product, allowing leverage of monopoly rents in pricing.

Richard Florida’s later (2002a The Rise of the Creative Class) makes a different argument. Key to the New Economy is less the internal structure and internal dynamic relations of the wider production complex (Scott’s contention), than a single critical input, labour. For Florida, the new economy is primarily the consequence of the creativity of those who work in it. Those who possess creativity (“the driving force …. in our economy and society,” Florida, 2002a, p. 4) constitute the creative class, and it is this class’s aesthetics, values, aspirations, and demands that determine where the new economy is found. As Florida (2002a, p. 223) writes, the places of the
new economy are set “by the location choices of creative people – the holders of creative
capital.” Creative people come first, and select where to live and work, physically bringing the
new economy with them through their bodies and their minds. Agglomerations of new economic
activity form not because of vertical disintegration, unstable markets, and niche products, but “in
order to draw from concentrations of talented people” found at places that possess the right
qualities (Florida, 2002a, p. 220).

Clearly, this begs the question of the right qualities. For Florida (2002a, p. 232) the
answer is:

*What’s there:* the combination of the built environment and the natural environment ….

*Who’s there:* the diverse kinds of people, interacting and providing cues that anyone can
plug into and make a life in the community. *What’s going on:* the vibrancy of street life,
café culture, arts, music and people engaging in outdoor activities ….

In general, preferred sites, “quality places,” are: “diverse, tolerant, and open to new ideas”
(Florida 2002a, p. 223), “cosmopolitan” (p. 227) and at the micro-level possess a “vibrant street
life, readily available outdoor recreation and a cutting edge music scene” (p. 260).

While the works of Scott and Florida are influential, highlighting the central role of place,
neither pushes the argument as far as it should go. At a certain juncture both leave to one side
important issues around place specificity and contingency, but which, as we will illustrate in our
Vancouver case study, are crucial to understanding the new economy. The larger problem is that
Scott and Florida in spite of their differences both attempt to provide a general theory of place
and its relationship to the new economy. Scott’s conception is bound to his wider theory of a
capitalist transition to post-Fordism, and entailing a particular logic of response involving firms
and places. Florida also invokes a transition from “an older corporate-centred system determined
by large corporations to a more people-driven one” based on “the rise of human creativity,” and
determining a particular geography of locational choices (Florida, 2002a, pp. 6 & 4). In both
cases, there is a presumption of a generalized unfolding, of inevitability, that a root cause or
logic necessarily operates across very different contexts. Change for both men involves moving
from one broad category of defining features to another equally as broad. Subordinated by the
emphasis on generality and necessity, however, are geographical contingencies and specificities
that enter into the very definition of the New Economy.

Specifically, Scott and Florida under play two kinds of geographical contingencies
important to the new economy’s formation and reproduction. First, those operating at the scale
of the city as a whole (macro), and determining the existence of the new economy, and its form.
Scott never examines why flexible specialization emerges in certain places. He tells you how the
general process necessarily unfolds once it has begun, but not how or why it begins in the first
place. Florida, in contrast, explains why the new economy is located within particular cities, and
which necessarily follows from the pooling of talent drawn to the quality place. But there is no
account of the antecedent conditions of quality. Why, say, does Austin and Dublin have a
cutting edge music scene and Pittsburgh doesn’t? In both instances, there is a need to take a step
back, to move away from generality and necessity to specificity and contingency of the particular
city.
Second, also underplayed are contingent specificities operating at the intra-urban micro-scale, taking the form of block-by-block variations in physical and social structures, yet determining particular locations and forms of the new economy, and its consequences. While Scott recognises the formation of intra-urban agglomerations, he does not relate them to specific contingent features and processes within the urban landscape. Agglomerations are marked on his maps, but precise locations are not explained. Florida is much vaguer, and barely enters into discussion of the intra-urban geography of new economic activities beyond gesturing to their “cool” locations. Further, he doesn’t gesture at all to the micro-geographical consequences of social and economic displacement, dislocation, and conflict that are generated by creative industries locating at particular sites (one of the themes picked up and elaborated in Peck’s 2005 epic critique of Florida’s work). In contrast, Scott (2006, p.4) does recognise the “sharp social bifurcations … associated with the new economy,” but then fails to locate them, or recognise that place-based synergies maybe malicious (a vicious rather than a virtuous cycle), or interrogate the role of geographical contingency. Our argument is that the micro-geographical contingencies matter enormously for the new economy, and its consequences, and which are played out materially in the form of particular buildings, streetscapes, squares, parks, piazzas, and landmarks. The micro-geographical is not incidental, but the stuff of study.

Our intention is to argue that macro and the micro geographical specificities and contingencies are central to understanding the urban new economy, and which we will illustrate by our Vancouver case study. We begin with the macro kind.

**Vancouver’s Development: From Staples to Transnationalism**

The influence of macro geographical features on Vancouver’s new economy derives in large part from the city’s peculiar origins and structural growth, and different from those of many other North American industrial cities. To use the Canadian economic historian Harold Innis’s (1930) term, Vancouver first developed as a “local metropole” within British Columbia’s staples economy and based on the extraction, processing and export of natural resources, most prominently in forestry, fishing and mining. Vancouver’s role was primarily a control and distribution centre for staples goods, and only secondarily, a processing site.

The corporatisation of the provincial resource sector after the Second World War was an important benchmark, generating a reorganisation of the economy, introducing new Fordist techniques, deepening and widening provincial affluence (bringing the “good life” to BC), and expanding and solidifying relations of control between Vancouver and the rest of the province. Following the post-war arrival of several US firms such as Kaiser Resources, Scott Paper and Weyerhaeuser, and with the emergence of home-grown BC corporations such as MacMillan-Bloedel and BC Hydro (created by the local state), a distinctive urban economic landscape was created in Vancouver. The CBD in the downtown peninsula was home to corporate offices, especially branch offices of firms the headquarters of which were located elsewhere, as well as financial services, including a stock exchange specialising particularly in venture capital for speculative mining operations (Figure 2).
Immediately to the north of the CBD was the harbour and linked to warehouse and transportation functions for staples distribution (not all of which were produced in BC). To the south lay False Creek, also a hub for warehousing and transportation, and intermingled with resource processing activities (e.g., sawmills, and fish packing plants) and heavy industry (e.g., iron and steel foundries, and concrete plants). East of False Creek was more warehousing along with light manufacturing. Consequently, Vancouver was never a classic industrial city even after Fordist industrial techniques were applied to the resource sector (Barnes et al. 1992). Fordism occurred within the provincial staples hinterland, in scattered single industry communities, but only barely in Vancouver (Hayter and Barnes, 1997).

Within this matrix of Vancouver’s specialised urban economic spaces, the area immediately east of the CBD (the Downtown Eastside) functioned as “skid row,” and home primarily to retired, injured, and temporarily unemployed resource workers. It was the oldest part of the city, and made up of Single Residential Occupancy (SRO) hotels, bars, cafes, and low-end retailing establishments. An important exception, located dab in the middle of the area, was Woodward’s Department Store, an imposing red-brick building taking up 2/3 of a city block and constructed between 1903 and 1908 by the local retailing mogul Charles Woodward. Further east of the Downtown Eastside was Strathcona, and to the south Mount Pleasant, both working class and immigrant neighbourhoods (including a long established large and vibrant “Chinatown”) whose residents were employed in the staples distribution and processing activities found nearby.

It was against this particular division of labour and instantiated urban geography that events from the late 1970s played out in the form of four macro-geographical processes that subsequently shaped the current structure and location of Vancouver’s new economy. 1. Vancouver’s transformation to a post-staples economy (albeit not occurring in the rest of BC). 2. A significant decline in head office employment within Vancouver and the emergence of a post-corporate CBD increasingly given over to residential land use. 3. The growing integration of Vancouver within flows of capital, migration, and innovation circulating the Pacific Rim. 4. The initiation of gargantuan urban redevelopment schemes, and reflecting a pre-existing mega-project mentality of the province and nation fusing state and private capital. While these characteristics are contingent, and specific to Vancouver, we will argue they entered into the subsequent form and geography of the city’s new economy. Understanding these four characteristics thus represents the stepping back required before it is possible to step forward into Scott’s and Florida’s worlds of generality and necessity.

**Contours of the Post-Staples Economy in Vancouver**

From the 1970s, all three BC staples industries, fishing, mining and forestry, began to experience serious difficulties. Over fishing meant BC’s rivers no longer ran red with salmon, competition from especially South America undercut investment in BC mining, and the forest industry that formerly produced fifty cents of every dollar made in the province was beset by a series of crises involving reduced timber supplies, prohibitive US import tariffs, Green-driven consumer boycotts, First Nation blockades, pine beetle infestations, and the largest demonstration of mass civil disobedience ever seen in the province (Hayter, 2000). The consequence was a “decoupling” of the Vancouver economy from the mainstay of resource production in the rest of the province (Hutton, 1997). There remain six fish packers in Vancouver, but they are specialised
and boutique, and not the mass production cannery of the earlier period. Although there are
glimmers of revival in mining because of high commodity prices, over much of the period it was
in serious decline, becoming a sunset industry. Even the availability of penny mining stocks at
the VSE, and their infamous promotions, disappeared when the Vancouver Stock Exchange
closed its doors in 1999 becoming the on-line Calgary-based Canadian Venture Exchange (and
two years later taken over by the TSX Venture Exchange headquartered in Toronto). Finally,
there are no more sawmills in the city, the last one, the White Pines Division of MacMillan
Bloedel closing in 1999. In fact, only 1450 jobs are listed for wood product manufacturing in
2001 for Vancouver City (representing a paltry 0.46% of the total number of jobs for all sectors;
City of Vancouver 2006, information sheet 1.1.10, p. 2). In contrast to the secular decline of
resource industry employment is a dominant professionalization of the Vancouver workforce,
especially pronounced in the inner city, although a somewhat slower growth of lower-level
service workers suggests a parallel polarisation experience (Table 1.)

Outside of Vancouver, in the rest of the province, single industry communities struggled for their
very survival in the face of the reversal of fortune in staples (Hayter 2000). Apart from during
the first half of the 1980s, however, Vancouver fared much better. It has done so by de-coupling
from the province and becoming a post-staples economy. Manufacturing was never that
significant for Vancouver, anyway. It happened elsewhere in the periphery. As a result, the new
(post-Fordist) economy did not have to compete or displace an existing urban Fordism. The
ground was already clear, available for planting other forms of economic activity, and, nurtured
by the city’s changing macro geography, it became fertile space.

Globalisation and the Post-Corporate City
Related, Vancouver became increasingly post-corporate, a residual of global forces, inserted
through filters of local factors. In part it was precipitated by the failing staples economy, and the
lack of established alternative non-resource-based corporations located in Vancouver. US-based
corporations began to leave the city from the mid-1970s – seven left within just forestry between
1975 and 1987 – and in 1981 BC’s home-grown corporate giant MacMillan Bloedel was taken
over by Toronto’s Noranda Corp. This began a slow process of corporate hollowing out that
endured until Weyerhaeuser finally put the firm out of its misery by taking it over on October
28th, 1999, and dismantling its head office (Pitts 2006). The interim was a slow death. W. R.
MacMillan, one of the firm’s founders, had himself supervised the construction of the new
corporate home, the MacMillan Bloedel Building on West Georgia Street in 1968, with the head
office occupying 11 of the building’s 27 stories. But as the staples economy turned sour,
liquidity problems forced the company to sell the building in 1983 for CDN$ 63m, and from that
point, staff at the head office declined. By 1999 just before the sale to Weyerhaeuser there were
only 250 head office employees, and after the sale there were only 80, and occupying a mere
single floor. This is only one illustration, but it reflects a larger trend. Vancouver lost 30 per
cent of its head office jobs between 1999 and 2005, falling from 16,894 to 11,983 employees
(and the only major Canadian city to lose jobs in this category; Statistics Canada 2006). Only
four new office blocks have been constructed in downtown since 1991.
<table>
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<tr>
<th>AREA</th>
<th>PROFESSIONALS</th>
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<th>LOW-LEVEL SERVICE WORKERS</th>
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<td></td>
<td>1971</td>
<td>2001</td>
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<tr>
<td>INNER CITY</td>
<td>4,895</td>
<td>23,680</td>
<td>18,785</td>
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**NOTES:**
- Number of workers, shown as a proportion of total workforce in [brackets].
- Occupational definitions based on Alan Walks’ (2001) groupings of census variables.
- **SOURCE:**
The reverse trend is the conversion of existing office buildings into condominiums because of growing demand for downtown housing. For example, the iconic modernist BC Electric Building, former Head office of BC Hydro, was converted to condominiums in 1994, and a similar fate has befallen the cube shaped Westcoast Transmission Building (now known as the “Qube”4). So concerned by such conversions and more generally the prospect of a city without head offices, Vancouver’s city council passed a moratorium on downtown residential development in May 2004. Councillors feared that Vancouver was becoming a city where no one had proper jobs, a city of only cafés, and stunning mountain and ocean vistas from condominium high rises. There were proper jobs, however, but the idea of a proper job needed revising. Employment was increasingly focussed within an SME economy in which there were no head offices as such. Both the city as a whole and the downtown increased its number of jobs by over 30% from 1971 (City of Vancouver 2006, information sheet 1.3 pp. 2-3). It wasn’t that the city was becoming jobless, but that the character of jobs was changing, moving away from head-office “suits” to the new economy of the sometimes sartorially challenged. Moreover, as we will explore more fully later, there was a physical connection between the expansion in the downtown residential landscape, and the emergence of an SME economy increasingly made up of new economy firms.

Transnationalism and its Imprint in Vancouver

Vancouver from its beginning in 1886 was connected with the Pacific Rim, and represented especially by immigrant workers particularly from China, Japan and to a lesser extent India. By 2001 the city had the highest percentage of visible minorities of any in Canada, just shy of 37 per cent. More than half are of Chinese origin (53 per cent), and almost a fifth of East Indian origin (18 per cent) (a third of Vancouver’s residents are of Asian ethnicity).5

The link with Asia embedded in Vancouver’s very mix of population has become increasingly important over the last thirty years. The city is now a node within a larger vibrant network of Pacific Rim flows of people, money and ideas. The state at all levels has been an important lubricant fostering trade missions, investment incentives, educational exchanges, and opportunities for migration. Particularly important recently has been the state’s role in managing the large scale immigration of entrepreneurs from primarily Taiwan, and Hong Kong (the latter prompted in part by the handing back of that territory to China by the UK in 1997). Apart from the existence of an established community of ethnic Chinese in Vancouver, this class was persuaded to move to Vancouver because Citizenship and Immigration Canada added in 1986 an entrepreneurial stream to its Business Immigration Programme (BIP) (originally created in 1978) (Ley 2003, 2006). The programme grants applicants and their families landed immigrant status provided they either start a company or invest financially in the province in which they reside. According to Citizenship and Immigration Canada the programme injected over a billion dollars into the BC economy between 1990-1998, creating 25,000 jobs, with two thirds of the investors from (in rank order of importance) Hong Kong, Taiwan, and Korea (Ley 2003, p. 748). Moreover, such “immigrants were regarded not only as a source of capital but also as pioneers of high technology and value-added production for export” (Ley 2003, p. 239). While Ley (2003) makes a strong case that these figures of achievement are not as strong as they appear, the larger point is that Vancouver since the late 1970s became ever more incorporated within especially the Chinese diaspora’s movements, flows, and coursings around the Pacific Rim (Mitchell 1995).
Vancouver’s new economy is tethered to larger gyrations, and not simply emerging hermetically on site as a result of the internal logic of production, or the pooling of faceless talent captured by a café culture and breathtaking views. Something else is going on, and stemming from the Vancouver’s relational geography and cultural history linked to the Pacific Rim and on which the city is perched.

Mega-projects and the Relayering of Capital in Vancouver’s Core
Where Vancouver’s history as a site of staples production, and Vancouver’s geography as a node in the Pacific Rim come together, is in the mega project redevelopment schemes currently reshaping its landscape, and in the wash influencing the formation and location of the new economy. Staples production in the past frequently involved state intervention in conjunction with private capital to provide the necessary infrastructure for the extraction, processing and distribution of natural resources. Those investments in infrastructure, and often very large, resulted in a mega project mentality, and an endemic feature of the Canadian staples state whether at the federal, provincial, or municipal levels (Clark-Jones, 1987).

Such a mentality has been long apparent in Vancouver and egged on by provincial and federal governments. It remains potent in spite of the fall of the staples economy in the city. Vancouver’s World Fair, Expo [19]86, was just such a mega project, and associated with another one, the automated light rapid transit (ALRT) “skytrain” transportation system completed in 1985, costing over a CDN $1 billion, and jointly funded by the federal and provincial governments. It was out of Expo 86 that another mega project arose, albeit undertaken by primarily private capital, Concord Pacific’s redevelopment of the north side of False Creek, and abutting Yaletown (Olds 2001). The area was originally home to railway yards, warehousing, and some staples processing and heavy industry. But in the early 1980s it was acquired by the province for the development first of a domed stadium, BC Place, and later the World Fair. The 84 hectare site was sold in May 1988 for CDN $320 to the Hong-Kong multi-billionaire property developer Li-Ka Shing, who had established Concord Pacific with his son Victor as head to carry out the redevelopment. Still in process, the mega project will house 15,000 people, and incorporates 3 km of seawall walks, and fifty acres of parkland. The total cost of construction is estimated at CDN $3 billion. The Concord Pacific development fundamentally changed the adjoining Yaletown, and has also made incursions into the fringes of the Downtown Eastside. It has become the literal home to many employees in the new economy, and changed the geographical texture of surrounding neighbourhoods to encourage its location.

In summary, Vancouver did not become a New Economy node out of the blue, a result of the latest version of capitalism rolling into town. It is more complicated, and bound up with its historical and geographical identity which is both specific and contingent. What we tried to show was how that specificity and contingency both prepared Vancouver for the New Economy, and also entered into its form.

Spaces and Places Inside Vancouver: The New Economy
Over the quarter century since the collapse of staple processing and allied activities, a new economy of specialized cultural production turning on design, creativity, and talent
emerged within Vancouver’s CBD fringe and inner city (Hutton 2004a & b). As in other cities, the industry experienced marked volatility, suggesting processes of “precarious reindustrialization” that contrasted with the more entrenched production structures of the archetypical industrial city. Amid the punctuated episodes of restructuring, the new economy of the inner city emerged emphasising experimentation, innovation, creativity, applied design, and the synthesis of production and consumption.

In the process, the old post-industrial asymmetry of a hegemonic corporate office complex situated within the CBD was supplanted by a more complex geography of production, comprising multiple sites and specializations (Figure 3). These sites represented the formation of new industrial districts, evoking structures and operations discussed by influential scholars from Marshall to Markusen, and characterised by industrial specialization, clustering, and the social dynamics of innovation. While some of these industries and firms located in the CBD proper, taking advantage of vacancies created by the attrition of head offices, the preponderance of New Economy firms were established within the old resource processing, warehousing and distribution districts of the inner city, a legacy, if unintentional one, of the city’s post-staples development path. These include sites of principal creative production, primarily in the downtown peninsula, and more diverse areas that perform crucial supply and service functions (such as south of Granville Island, and the Mount Pleasant industrial district, False Creek Flats – designated as a high-technology district by the City in 1999 just before the tech-crash – as well as an important cluster of artist studios and galleries in the heritage district of Strathcona, and a gritty zone of generally low-wage garment production and food and beverage processing between Hastings Street and the Central Waterfront).

The important point for our purposes, and mirroring our discussion in the previous section, is that critical to the establishment of the New Economy in Vancouver’s inner city spaces were specific micro-geographical contingencies. To illustrate them we focus on two particular districts that illustrate the specificities of Vancouver’s regeneration and dislocation: Yaletown, nestled between the Concord Pacific mega-project and the Downtown South residential district; and Victory Square, an interstitial site on the borderlands between the CBD fringe and the Downtown Eastside. To be sure we can readily identify imprints of the pervasive innovation and restructuring experiences of the past two decades in both territories, including elements of the technology-driven New Economy, the creative industries of the cultural economy of the city, and the industrial and institutional characteristics of the knowledge-based economy. That said, contrasts are as important as commonalities in the trajectories of Yaletown and Victory Square, reflecting the contingencies of site, situation, and path dependency for each, and producing materially different outcomes for workers and for proximate communities.

Yaletown: Scripting a New Economy Site
Yaletown’s provenance as headquarters of the Canadian Pacific Railway in the late 19th century, made it well-placed to service the transportation and distribution needs of North False Creek’s burgeoning forest products processing and manufacturing sector. With the establishment of larger marshalling yards in False Creek Flats, Yaletown’s specialised transportation function became less critical, and the area evolved around the turn of the 20th century as a general industrial site including a working class residential district. But over the second half of the twentieth century Yaletown experienced secular decline, supplanted by the rise of larger and
more modern industrial districts in East Vancouver and along the Central Waterfront and Fraser River. Increasingly Yaletown specialised in wholesaling, trading and allied activities developed along streets such as Homer and Mainland, offshoots of the burgeoning commercial functions of Vancouver’s downtown. The City’s comprehensive inner city rezoning in 1973 from high-externality manufacturing and processing to medium-density, mixed-income housing, signalled the terminal stage of Yaletown’s industrial history. The clearing of obsolescent industry from False Creek North (adjacent to Yaletown) for Expo 86 was the final act.

But out of the ashes, or more accurately polluted soil, of False Creek North, materialized the formative elements of a new specialized production economy. Yaletown’s revival started modestly enough, with an influx of artists and writers in the 1980s. Its attractions included what Robert Lemon described as the highest integrity heritage built environment in the City, including warehouses and loading bays, each the subject of preservation guideline enacted in 1986; as well as an intimate spatiality encouraging social interaction and personal identification with place.

Yaletown’s evolution as favoured site for creative workers was further enhanced with the expansion of amenities in the area following the approval of the seminal Central Area Plan in 1991. Generous urban design guidelines for the proximate Downtown South district, including a new park and other public spaces, coupled with the establishment of a dense assortment of upscale restaurants, coffee houses, and fitness facilities, lubricated the emergence of an amenity-seeking professional design sector in Yaletown. The onset of professionalization predictably inflated rents, displaced some of the artists, and marked the first stage in a sequence of restructuring in this micro-scale inner city site. Initially at the forefront were interior designers and architects, part of a larger exodus of architectural practices from the modernist confines of the CBD’s corporate office complex to the more textured spaces of Vancouver’s inner city. Within a decade, Yaletown moved from being a backwater, a grungy, semi-industrial district on the edge of downtown, to an area on the leading edge of the New Economy frontier, with a cachet both for firms and their employees who increasingly experienced the “loft-living” (Zukin 1982) the area now provided.

From the late 1990s, joining (and to a large extent superseding) the professional design firms of Yaletown were the signature industries of the fin-de-siècle New Economy: software developers, Internet service providers and web-designers, and computer graphics and imaging companies, as well as a selection of video game enterprises. The intensification of production enterprises was matched by a corresponding upgrading of consumption amenities within and proximate to Yaletown – from restaurants to fitness worlds, from botox clinics to upscale supermarkets selling Parisian baked bread for CDN$100 a loaf – and comprising the commercial-cultural infrastructure of all inner city New Economies from Shoreditch to Singapore. In response Yaletown’s property market experienced another sharp rise, equalling (or perhaps even exceeding) rent values for the CBD.

As is well known the tech-boom suffered a crash even more precipitous than its ascent in 2000-2001, owing to over-supply, inflated technology stocks values, and excessive hype. The crash swept away much of the platform of New Economy firms and the high-flying entrepreneurs, “techies,” and “neo-artisanal” workers who shaped these leading-edge ensembles of production, and contributed to the insistent re-imaging of place as well as economic space in the “new inner
city.” The eradication of Yaletown’s dot.coms followed a similar process to that experienced in other inner city New Economy sites, including Silicon Alley in Manhattan (Indergaard 2004), South Park and SOMA in San Francisco (Pratt 2xxx), and Telok Ayer in Singapore (Hutton 2004), demonstrating that restructuring and contractions had a global reach, as had the earlier reassertion of specialized production in the core. For a time at least, the closure of New Economy firms that occupied the upper floors of Yaletown’s heritage landscapes during the heyday of the tech-boom generated a legacy of vacancies, and an apparent check to the apparently robust economic regeneration of the 1990s.

But though the loss of Yaletown’s firm base in the wash of the New Economy meltdown was substantial, recovery in the early years of the 21st century was rapid, abetted by local contingency as well as by the more widely-experienced resurgence of the cultural economy of the city. While much of the late-1990s base of dot.coms was gone, the technological-deepening of cultural production and creative labour represented a more durable legacy of the New Economy phenomenon. A roster of apparently more robust creative industries, including computer graphics, video games, and second-wave Internet firms (Internet 2.0), now figure in the micro-space economy of this epicentre site (Figure 4). Yaletown’s social repute and cultural position within Vancouver’s inner city was if anything enhanced, adding to its drawing power for start-ups as well as established firms. Interviews within a panel of creative industries participating in a survey program conducted 2003-2004 confirmed that Yaletown was widely acknowledged as the elite site for creative industries within Vancouver’s central area, notwithstanding the high rents, and the competition for its space. Tracking the location and relocation of creative firms in the inner city strongly suggested that Yaletown was the most prestigious address for a range of specialized creative industries. As another measure of its standing, Yaletown experienced a territorial aggrandisement, from a few blocks of authentic heritage built environment in 1986, to an expanded ‘New Yaletown’ recognized in the central area plan of 1991, and finally to a ‘Greater Yaletown’ which in the current City Metro Core Area jobs and land use study encompasses almost a quarter of the downtown.

But it is not all just refurbished tasteful brick buildings, Starbucks outlets, and cosmetic dentists. There is also displacement, and as Yaletown expands in area, encroaching the very boundaries of the Downtown Eastside, so displacement and the conflicts it engenders increase.

Internationally, the experience of dislocation ranges along a continuum, with Telok Ayer at one end (essentially little or no displacement, as the residential population had already relocated to new HDB estates), to SOMA, where the dot.coms and faux live-works ran roughshod over long-established, marginal residential communities and businesses alike. Within this context Yaletown lies somewhere in the middle. The district abuts the new high-rise communities of Concord Pacific Place and Downtown South, so the classic scenario of direct displacement does not obtain. But even in this gilded place, the incursion of professional design firms in the 1980s forced rent increases which squeezed low-income residents. The technology-driven new economy phase of the 1990s also produced its share of dislocation. In one example of transition and succession, Radical Entertainment, a major video game developer, occupied a former male brothel in Yaletown, before relocating to larger premises in the Main and Terminal Area, to accommodate its expansion. From a local labour market perspective, the privileged position of many of Yaletown’s firms supports (at least at the managerial and senior professional levels) a
residency in the upscale condos in this area, although many younger, lower salaried workers are obliged to commute from more distant neighbourhoods. In the Yaletown case the most active form of dislocation lies in the stratospheric price points for property and premises, which in effect filters out all but the best-performing companies and their constituent workforces, an example of ‘industrial gentrification’ which Andy Pratt has chronicled in the Hoxton – Shoreditch case (Pratt 2007).

*Victory Square: Edgy Production Space*

If Yaletown’s storyline suggests the contours of a spectacular reindustrialisation, then Victory Square offers a quite different narrative: a slower, but perhaps in the end just as relentless infiltration of the arts, creative industries and cultural institutions. But this latter case lacks the glamour and sizzle of the contemporary Yaletown experience, and instead exhibits a more socially visceral process of change, replete with tension, conflict and dislocation, and a more incremental pace of development.

A century ago, Victory Square occupied a place in the heart of the City, a vibrant commercial core of banking and other office activity, major retail outlets, and restaurants. Woodward’s Department Store, located at Hastings and Abbott, was the principal retail magnet, but a host of smaller stores complemented the area’s retail sector. In the years preceding the First World War, Victory Square boasted office towers which ranked among the highest not just in Canada, but among the far-flung territories of the British Empire. These iconic buildings included the Dominion Building (TD Bank) and Dominion Building on West Hastings, the pre-eminent commercial axis of the young metropolis, and the Sun Tower on Beatty Street. Victory Square’s location just behind the central waterfront of the Port of Vancouver, and proximate to the CPR station linking Vancouver to other Canadian cities strung out along the 5,000 kilometres of the dominion, added to the energy and dynamism of this central district of the burgeoning city.

But the history of commercial development in the heart of the city includes disjuncture as well as continuity, which the Victory Square experience exhibits in particularly instructive ways. There are many complexities to the story, but the principal lineaments of the district’s post-war decline are clear enough, and reflect structural changes in the economy of the city and the province. First, the rapid expansion of suburban shopping malls in metropolitan Vancouver robbed Victory Square of its retail customer base (Canada’s first suburban shopping mall, Park Royal, was constructed in 1950 in West Vancouver). Second, a major corporate office complex catering to the administrative, financial and service needs of a vibrant provincial staple economy emerged in the 1970s centred on Georgia and Burrard Streets, far from the constrained terrains of Victory Square. Third, there was the development of a high-rise apartment district in the West End from the 1950s, enabled by an earlier rezoning, and shifting the locus of redevelopment farther from Victory Square. Finally, the City’s rezoning of False Creek South from obsolescent industry to mixed-income, medium-density housing reinforced the western reorientation of the City’s core. Within the space of a couple of decades, then, the significance of Victory Square declined, becoming increasingly marginal to both the economy and new social forces of urban development in Vancouver.

While Victory Square’s banking and commercial functions contracted to a vestigial presence by the 1970s, the retail function anchored by Woodward’s continued for a time, supported in large
part by the traditional working class communities of East Vancouver. But this important stabilising force was also in decline, in part owing to the secular contraction of manufacturing and processing in the City, and a corollary erosion of traditional blue-collar neighbourhoods. Gentrifiers and new immigrant groups supplanted the old European working class communities of East Vancouver, and generated inter alia new consumer behaviours, including preferences for retail outlets along Commercial Drive and Main Street, and later big box retailers in the City. With the closure of Woodward’s in 1993, the decline of Victory Square entered an apparently terminal stage, with the boarded storefronts along West Hastings projecting a distinctly derelict imagery in this one-thriving heart of the city.

The seminal Central Area Plan approved in 1991 initiated a comprehensive development of Vancouver’s core. It included development of the new high-rise communities of Concord Pacific, Granville Slopes, and the Downtown South, and so adding to the momentum of Yaletown, missing was a compelling vision for Victory Square. A draft local area plan for Victory Square in 1995 captured the intensely problematic nature of the district’s development, with the apparently unbridgeable interests of key actors—the thousand or so low-income residents of SROs, the redevelopment aspirations of landowners, and the preservationist tendencies of the City’s heritage community—offering no obvious point for compromise. In the absence of a planning program, Victory Square embarked on an incremental process of change that included the encouragement of artists and designers, and envisaged as a necessary step in establishing a zone of film production industries (another nascent component of the city’s New Economy and promoted by a cheap Canadian dollar and favourable provincial tax breaks – “Hollywood North”). The favourable rent structure of Victory Square relative to the more upscale spaces of the “new inner city” on the north shore of False Creek attracted many of the start-ups, while others expressed a preference for a mixed social morphology and streetscape not manifestly dominated by members of the new middle class.

A second and allied development pattern for Victory Square took the form of institutional expansion, including creative and cultural industry agencies, as well as outposts of Vancouver’s knowledge economy. These included the Vancouver Film School on West Hastings, the Architectural Institute of British Columbia, and an office of the UBC School of Architecture, attracted by the heritage built environment, grittier than Yaletown, but conducive to the creative class for all that, and by the historic ambience of the city’s old commercial core. For some of these agencies, a location in Victory Square also signified a commitment to a marginalized community, an expression of confidence in an upwards trajectory of development following decades of decline. Indeed, this locational commitment was in some cases part of the institutional mandate.

While social housing advocates pressed for non-market housing, adaptive re-use favouring businesses and upscale housing comprised the defining development modality. This included the recolonization of the Victory Square’s pre-eminent heritage office towers by scores of small enterprises, including New economy firms such as Internet providers and software developers, environmental NGOs, and CBOs, and new media firms, including at least one alternative newspaper, the Tyee. Irrespective of ideology, though, these new enterprises presented a glossy contrast to the tradition of more overtly counter-cultural entities based in the area, including the BC Hemp Party, and Spartacus Bookstore, a bastion of Marxist literature, and a successor to the
long-established Enver Hoxha bookstore which perished only after the fall of the Soviet Union and the Comecon world.

The processes of regeneration in Victory Square outlined above, although substantive enough in the aggregate, comprise for the most part incremental change, events occurring at the block, building and even individual parcel scale. (Figure 5) But the cumulative force of these changes, including the contemporary inflow of arts and design firms and institutions, is establishing a more comprehensive redevelopment, and substantially accelerated by the Woodward’s project.

After Woodward’s went bankrupt and closed in 1993, there was considerable controversy over the site. The original developer wanted to refurbish the building, and construct 350 separate market-based condominium units. Downtown Eastside community groups wanted social housing. After continual roadblocks to development, in 2001 the developer, Fama holdings, sold out to the then left-wing NDP provincial government for $22m which began refurbishing the building for social housing. The provincial Liberal party on a neoliberal agenda, however, took over power in May of that same year and cancelled the refurbishment scheme, putting the building back on the market. In the meantime homeless from the downtown eastside began squatting in the building. In the late summer of 2002 the police forcibly evicted them resulting in a “tent city” erected around Woodward’s by the homeless (some estimates were of 200 people living under canvas; Blomley 2004). The city threatened to tear the tent city down and move people on (to where?), but in November the left-leaning COPE council was elected under Larry Campbell, and the dispute was peacefully settled in December (2002). After much negotiation, the city bought Woodwards from the province for $5m in 2003. In September 2004, City Council chose Westbank Projects/Peterson Investment Group as the developer for the Woodward's project. The project calls for a mix of 500 market and 200 non-market housing units (a combination of both family and single units). Also included in the proposal are shops and services, community amenity space, public green space, a daycare and the SFU School of Contemporary Arts. (On September 30th, 2006, most of the Woodwards complex was demolished to make way for the new development, and it is now a gigantic hole in the ground.)

At one level, the Woodward’s project might appear to bring together all the disparate social elements of Victory Square catering to the interests of: the heritage conservation advocates (the original 1903 wing of the building was saved from dynamite); the new middle class of the inner city (the 500 market housing units were sold in a day); low-income groups (200 units and who will have their own separate entrance and exit), and the knowledge economy and creative class (the links to Simon Fraser University). Moreover, the retail demand generated by the Woodward’s project will likely lead to the rehabilitation of the dilapidated West Hastings street front. Victory Square will never achieve the eminence of Yaletown, either as site of industrial innovation or as Rodeo Drive simulacrum, but its new trajectory of socio-economic upgrading is inevitable.

While not denying the regenerative potential of new industry formation and housing, the dislocative influence of redevelopment in Victory Square has been and will be substantial. Within the district, the cumulative impact of redevelopment is one of socio-economic upgrading, shaped by the professionalization of the workforce, and by the inflow of more affluent residents. These new social groups will in turn influence of the quality of consumption and amenities in
Victory Square, with a predictable effect of squeezing out low-income groups dependent on more basic service provision. Moreover, if the pattern observed in other upgrading areas holds true, the new middle class cohorts will press for tighter security measures and control over the street-level disorder that characterized Victory Square in the past, perhaps no bad thing in itself, but amounting to a sanitizing of the streets and reducing the tolerance level for marginal populations. These on-the-ground effects are reinforced by the relentless marketing programs of real estate and property development firms keen to re-image Victory Square and its environs. The new housing in Woodward’s, for example, was advertised as “intellectual property” by the lead marketing agency, a perhaps enigmatic designation, but evidently successful one. There are also clear spillover effects as an adjacent area on the border of Victory Square and Chinatown was relabelled “Crosstown” to overcome the taint of the “skid row” moniker. More strategically, however, new industry formation, institutional expansion, and Woodward’s project extends the high-impact inner city redevelopment of Vancouver ever-closer to the most deeply deprived areas of the Downtown Eastside farther up Hastings Street and into parts of Gastown and Strathcona. (*note Sun articles about upgrading in Gastown and Strathcona, perhaps in an endnote?).

**Conclusion: Inserting Place in the Urban Space-Economy**

We attempted in this paper to demonstrate for the New Economy of Vancouver’s inner city the intimate relation between general process and the contingencies of urban place. Specifically, Yaletown and Victory Square show the futility of treating the New Economy as a discrete sector, separate from its urban surround. Instead, it is inextricably knotted to contingent elements and processes found both in the micro-geographies of specific city blocks, and in the form of the larger city and its recent evolution, consistent with the trends observed in other cities (Evans 2004).

While the spatiality of creative industries in Vancouver thus reflects more pervasive tendencies, local contingency is vital in shaping new industry formation. For Vancouver, it included: the legacy of the City’s staple economy, and clear from the adaptive reuse of former processing, warehousing and distribution infrastructure for new industries; the postcorporate downtown that enabled the infiltration of new industries in the CBD proper; and the transnational development trajectory of the city as a whole, which *inter alia* reconfigured Vancouver’s labour force, property markets, and external market orientation. The policies of the local state were also important, and seen in urban structure and land use policies which facilitated the comprehensive relayering of capital favouring the inner city, and in programs (notably in urban design) which attracted amenity-seeking firms and creative professionals. That said, the force of these local contingencies is in some ways problematic for the economy of the core, as social demand, building economics and the property market tend to favour high-end housing over other uses, and the City is now exploring ways of supporting employment in an increasingly residential downtown.

The differentiation in industrial structure and specialization at the micro-scale in Vancouver’s new economy of the inner city is also reflected in social outcomes. Together, the emergence of new industrial formations represents a significant regenerative element of inner city
redevelopment. Dislocation is also part of the story-line, as these new industries have in many cases been situated within or proximate to long-established residential communities. But again we must acknowledge the importance of site and situation in the production of dislocative tendencies. While displacement in the exemplary Yaletown case is by no means negligible, particularly in the initial phase in which artists and other low-income groups were forced out by the incursion of professional design firms, more recent cycles of change involve ‘industrial gentrification’ rather than pressures on residential communities. Yaletown’s position adjacent to the new high-rise communities of Concord Pacific and the Downtown South limit the potential for social displacement. On the other hand, our recitation of the Victory Square case shows the influence of incremental land use change on social upgrading in situ, as well as its part in the larger pressures of redevelopment in the DTES. And from a local labour market perspective, Yaletown’s elite creative firms draw from the upmarket residents of the area, while relatively few of the residents of the DTES possess the educational and advanced skill qualifications to participate fully in the New Economy. The exclusionary implications of this labour market disjuncture is recognised, and remedial efforts include vocational training the DTES Vancouver Agreement, and provisions for training and hiring for the Woodward’s project. The B.C. government has purchased 10 SRO hotels to provide security of tenure for at least a portion of the low-income population of Vancouver’s inner city, and to forestall the negative publicity that may arise from displacements associated with the 2010 Olympics. Still, the Yaletown and Victory Square storylines demonstrate extreme variation of the micro-scale contingencies of industry formation and social dislocation in the new inner city.
Figure 1. Location of Yaletown and Victory Square in Vancouver's Central Area
Figure 2. The structure of Vancouver’s Central Area at mid-century
Source: Hutton (2004b)
Figure 3. Specialized production districts in Vancouver’s Metropolitan Core (2007)
Figure 4. Distribution of Firms, selected industries, for Yaletown (2004)
Figure 5. Distribution of firms (selected industries) and institutions for Victory Square (2004)
References


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3 The building was co-designed by Vancouver’s celebrated modernist architect, Arthur Erickson, whose intent was to create a Doric façade, but which the public nicknamed “the waffle weave.” It won the Massey Medal for Architecture in 1970 (Windsor-Liscombe, 1997).

