The Economic Vitality of Small Cities in Canada: A Case Study of Kamloops and Prince George

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Introduction

In Canada, small cities - defined here as agglomerations with populations less than 100,000 people, are experiencing different rates of demographic and economic growth, ranging from rapid to slow growth and in many cases decline. In a study on the impact of university campuses as regional economic growth poles, Meyer and Hecht (1996) use six primary indicators to measure the economic vitality of regions. The **objective of our research** is to test Meyer and Hecht's indicators to uncover if they can provide researchers with a simple method to empirically and objectively analyze the demographic and economic vitality of small Canadian cities. If the analysis of the indicators calls attention to the economic and demographic discrepancies that are broadly known to exist between our two case study cities of Kamloops and Prince George, then we could safely propose that these indicators can be used to obtain a quick and efficient view of the current economic vitality of small cities in Canada.

Meyer and Hecht's 1996 Economic Vitality Indicators

1. Median income levels - indicator of overall level of economic well being
2. Employment rates - indicator of overall level of employment
3. Quaternary employment - indicator of high-tech employment intensity
4. Population change - indicator of new business creation
5. Average value of dwelling - indicator of growth and prosperity
6. Manufacturing employment levels - indicator of the intensity of the traditional industrial economy

Literature Review

Many small cities and regional municipalities have sought to address demographic stagnation or decline by stimulating economic growth through a process of transitioning from a primary resource extraction base to an economy with secondary and quaternary oriented jobs (Nelson, 2005; Portnov and Wellar, 2004). For a number of small cities, success in expanding job opportunities came from a higher quality of life, innovations, and technology which is embedded within services and manufactured products and therefore, attracts and retains a skilled labour force (Siegle and Waxman 2001, p.32; Mackinnon and Nelson 2005; Cutler and Davies 2007; Bourne and Simmons 2003). Cities which have not yet transitioned from the "classic resource town" remain vulnerable to cycles of economic boom and bust (Nelson 2005, p.99). A host of problems follow a declining economy based on primary industry such as declining population, a shrinking tax base and fewer employment opportunities (Bourne and Simmons 2003; Siegle and Waxman 2001: Hoekstra 2008; Nelson 2005; Ray 2008).

Kamloops and Prince George as Case Studies

Kamloops and Prince George were chosen as case studies because they are similar in many respects: they are both small university cities in British Columbia and have relatively equal population. However, both cities appear to be on completely different tracks in terms of their economic growth and population migration trends. For instance Kamloops population has grown by 5.2% between the 1996 and 2006 census years while Prince George recorded a -5.6 decline (Table 1).

Traditionally based on forestry, ranching, agriculture, and mining, Kamloops' economy has successfully transitioned in the last two decades towards one more based on high – technology, tourism, and manufacturing. This economic transition has helped Kamloops to attract a diverse array of corporations and businesses to locate in the city (Venture Kamloops 2006).

Prince George on the other hand has remained a "classic resource town" (Nelson, 2005. p.99) and is considered to be the service sector hub of Northern British Columbia, where big box retailers, shopping centers, and service outlets meet consumer demands and take advantage of people accessing the city via two major highways from surrounding regions (Mack, 2004). In addition to having a service based economy, the city relies on forestry and mining in the primary economic sector, rail and air transportation, and a technology and research based university to fuel its economy (ibid).

Table 1

Meyer and Hecht' (1996) Economic Vitality Indicators for Kamloops and Prince George, 1996 and 2006

	1996				2006					
	Kamloops		Prince George		Kamloops		Prince George		% Change 1996-2006	
Economic Vitality Indicators	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Kamloops	Prince George
Total Population	76,394		75,150		80,376		70,981		5.2	-5.6
Total Employed, 15 Years and Over	36,830	61.7	37,495	66.1	41,930	63.5	37,755	66.5	13.9	0.7
Manufacturing Employment	1,665	4.5	2,925	7.8	1,460	3.5	2,125	5.6	-12.3	-27.4
Quaternary Employment	13,560	32.7	12,600	29.7	17,000	38.1	14,710	36.0	25.4	16.8
Median Income	56,345		60,193		76,518		80,147		35.8	33.2
Average Value of Dwelling	146,494		135,975		257,242		178,738		75.6	31.5

Source: Statistics Canada 1996 and 2006

Methodology

Variables used to reproduce Meyer and Hecht's primary economic vitality indicators (Table 1) are taken from the 1996 and 2006 Canadian Census of Population. Quaternary sector employment includes occupations in management, professional and secretarial occupations in business and finance, natural applied sciences and related occupations, health occupations, social science, education, government services and religion occupations, and arts, culture, recreation and sports occupations. Variables for both census years were extracted for Kamloops and Prince George to study the evolution of the trends in the indicators.

Discussion of Results

As noted before on Table 1 , Kamloops has witnessed a 5 percent population increase between 1996 and 2006whereas Prince George has seen its population decline by almost 6 percent. Used by Meyer and Hecht as a proxy to new business creation, this indicator calls attention to the state of economic difficulty Prince George has experienced over the period under study.

This interpretation is supported by the growth in average value of dwellings which is an indicator of growth and prosperity in Meyer and Hecht's model. Dwelling values have been consistently higher in Kamloops than in Prince George. Furthermore, the average value of residences has increased by 75.6 percent in Kamloops and by only 31.5 percent in Prince George during the period under study.

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Employment levels have also followed a similar trend. The number of total employed (15 years and over) has increased only slightly in Prince George since 1996 (0.7%) while Kamloops experienced a growth of its employed population (13.9%) superior to its population growth (5%), suggesting a rather healthy economy.

Meyer and Hecht use manufacturing employment as an indicator of the intensity of the traditional industrial economy. At first glance, economic transition appears to be well underway in Kamloops and Prince George: both cities recorded a sharp increase in the number of workers employed in the manufacturing sector between 1996 and 2006. The decline in Prince George (-27.4%) has been noticeably far more significant than in Kamloops (-12.3%) a trend which may lead unknowing observers to believe that Kamloops has been slower in restructuring its economy away from its traditional roots than Prince George. However this has not been the case. The recent crisis in the forestry sector has affected the economy of Prince George much more severely than in Kamloops as population change, average value of dwelling and employment level indicators seem to suggest. A larger proportion of the total workforce in Prince George is still employed in manufacturing jobs(5.6%) compared to Kamloops (3.5%), emphasizing the continued importance of this sector of employment in Prince George's local economy. In this respect, Meyer and Hecht's manufacturing employment indicator has been proved to be unable to capture the subtle nature of the economic reality faced by Prince George residents and may even lead to a misleading interpretation.

Meyer and Hecht use the growth in quaternary employment as an indicator of the intensity and concentration of high tech employment in the local economy. This is used as a proxy to assess the level of transitioning experienced in a city towards the new, post – industrial, knowledge – based economy. On this basis of the values in Table 1, this indicator indicates that Kamloops economy has been successful in attracting or at retaining more quaternary employment (increase of 25.4%) than in Prince George (increase 16.8%). This interpretation supports observations made earlier relating to Kamloops early transition to the new high – tech economy.

Median income is used by Meyer and Hecht as an indicator of overall level of economic well being in a population. Considering the nature of the empirical differences that have so far been revealed between our two case studies, this indicator brings in an element of contradiction. While population growth, average income and levels of employment appear to underline the precarious nature of the Prince George' economic vitality and the relative health of the Kamloops' economy, the median income in Prince George is consistently higher than in Kamloops during the decade under study. The fact that the resource extraction sector pays on average higher wages than in the tertiary and quaternary sectors where there is more part – time and contract work, may help to explain this discrepancy between our case studies. This indicator is probably the most misleading of Meyer and Hecht's indicators.

Conclusion

Overall in Canada, small cities like Kamloops and Prince George are experiencing different rates of demographic and economic growth. The objective of our research was to test if Meyer and Hecht's (1996) economic vitality indicators that were originally developed to study the impact of university campuses as regional economic growth poles, could be used to provide researchers with a simple method of empirically and objectively analyze the demographic and economic vitality of small Canadian cities. Results have shown that while certain indicators such as population change, average value of dwellings, employment rates and quaternary employment appeared to correctly index the trends observed to exist between Kamloops and Prince George , others like manufacturing, employment levels and median income levels were less successful, even misleading.

Results from this research also make us question the wisdom of undertaking a vast analysis of the economic vitality of small cities from a small number of simple indicators. As shown, it is impossible with just a few indicators to fully capture the complexity of regional economies and to assess the nature and the timing of the transitions they may be experiencing. Smaller scales, regional analyses informed by a strong knowledge of local economic, demographic, and social conditions may be a superior tactic in assessing the economic vitality of small cities, than the system – wide solution originally sought after by our research.

Conclusion

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