

**Dodging decline: the post-industrial landscape of Niagara Falls, Canada**

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*Abstract:*

The two Niagara regions, one in Canada and one in the United States, facing across both a river and an international border, provide a case study of contrasts. Both were developed as energy and industrial centres in the late 19th and early 20th centuries, but over the past fifty years their paths have diverged substantially. Through the period of de-industrialisation, the city of Niagara Falls, New York, since 1960, has lost over half its population. For various reasons, American initiatives to combat decline have been largely unsuccessful.

In contrast, Niagara Falls, Ontario, has experienced ongoing, if modest growth. This can be attributed to a number of factors, some geographical, however each has been subject to very different forms of government involvement, with the differences extending back more than a century.

The paper argues that very specific focused interventions, by the provincial government, have been of major importance in the development of the non-industrial economic activities that have enabled the Canadian Niagara to survive de-industrialisation better than its American neighbour. In particular, these have included the creation of the Niagara Parks Commission, and support for Niagara casino enterprises. There have also been various policies to encourage agri-business - specifically the wine industry; to leverage the historical legacy of the area, and to develop other forms of heritage tourism. The Canadian side has successfully tapped the economic opportunities, while the pro-industrial attitudes on the American side have restricted their ability to adapt to changing circumstances.

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## **1.0 INTRODUCTION: THE QUANDARY**

The issues associated with de-industrialisation have been frequently observed and documented. In many areas of the developed world, this has been associated with the disappearance of well-paid employment in manufacturing. The study of twins of any sort can be revealing, and worthy of consideration in this respect, are the areas bordering on the Niagara River - one part in Canada, and one in the United States. Over the past five decades these two areas have followed markedly different paths, although in many ways they are similar in geography, transportation, resources, climate and the origins of their populations. Strand (2008) summarised the matter: “Niagara Falls, New York, is by general agreement a mess.”

Why? What happened? What lessons can be learned?

This paper examines Niagara Falls, Ontario, Canada in comparison to the less-successful Niagara Falls, New York, United States, and identifies reasons for their divergence. Reference will be made to the larger areas in which they are situated, being the Canadian Regional Municipality of Niagara, which has a number of centres, the largest being the cities of Niagara Falls, Ontario, and St.Catharines, and Niagara County, in the United States.

## **2.0 HISTORICAL BACKGROUND**

The Niagara area has been populated for about 12,000 years. As the area warmed after the last ice-age, successive cultures occupied the area. The first Europeans to visit Niagara Falls were French, in the 1670s, who shortly after built the first military installations, and maintained them until the Seven Years War, with Fort Niagara (now on the American side) falling to the British in 1759.

Settlement of both sides of the Niagara River occurred in the late 1700s, subsequent to the establishment of the international border after the American revolution. Significant settlements included Queenston on the Canadian side, from which an ancient portage route led to the upper river and Lake Erie, around the Falls.

Settlement of the Canadian area was initially by ‘Loyalists’ who moved into Canada after 1783, after the American Revolution. The first census was undertaken in 1782, and found that there were 84 people living in the Niagara area, “...eleven of which were in the two families who first located in Stamford Township.” (*Niagara Falls Review*, 1978), Stamford Township is now part of the City of Niagara Falls, Ontario. A year later, there were ten families in Stamford, and 790 acres cleared. In 1786, the first mills had been built next to the Niagara River, and were using it as a power source.

Government involvement in Niagara lands came with settlement, and the first capital of ‘Upper Canada’, now Ontario, was at Niagara-on-the-Lake: it was subsequently moved further from the border to Toronto. In 1791 a linear reserve one chain (20 metres) wide along the Canadian side of the river was established by the colonial government for military purposes, linking the border forts. The military role of the region in the defence of Canada became important in the War of 1812-14, and numerous small battles were vigorously fought in Niagara.

After the war, immigration from the United States diminished (Black, 2014, p.195), and the population was augmented by succeeding waves of Scottish and Irish immigrants through the 19th century; ex-slaves; the English in the decades before the First War; and ongoing immigration from various European countries. On both sides of the border, growth was slow until technological innovation allowed full exploitation of the energy potential of the Falls, beginning in the late 19<sup>th</sup> century.

In both Canada and the US, development was spurred by the construction of canals and railways, beginning with the Erie Canal - completed in 1825 - connecting the Hudson River with Lake Erie at Buffalo. The first transit of the Welland Canal, between Lakes Ontario and Erie, occurred in 1829. These pieces of infrastructure were of great significance in stimulating growth. The Welland Canal has been successively rebuilt, and now allows access by ships of up to 225 metres into the upper lakes. In the 19th century the canals enhanced the growth of the Niagara area, however, increasingly, with larger canals and larger ships “... commerce tended to pass through the Peninsula on its way to the Atlantic or Great Lakes cities rather than creating Canal ports as such” (Young, 1981, p.82). The completion of the St. Lawrence Seaway, an initiative of the Canadian government, in 1959, enabled large ocean-going ships to enter Lake Ontario.

Rail connections to major centres on both sides of the border were developed through the late 1800s, with the first cross-river bridge being completed in 1848. Bridge linkages became an integral part of Canada/United States cross-border trade.

With critical transportation links and abundant waterpower, both sides of Niagara became a centre for industry. Photographs of the American side prior to electrification show numerous factories using

water power directly, diverting it around the Falls through canals and, after use, directing it into the Niagara Gorge below the Falls.

Commercial hydro-power arrived in the Canadian Niagara area in 1896 with installations at Niagara Falls and St.Catharines. Electrification allowed industry to move away from the immediate area of the Falls, and on the American side this led to substantial development along the upper river.

Young (1981, p.81-82) noted “...the ‘gateway’ mentality’ and other geographical factors, tended to structure industry to serve inter-regional rather than regional needs. This caused development to occur primarily on the perimeters...” This meant, on the Canadian side, along the shores of Lake Ontario and along the Niagara River, and on the American side, along Lake Erie and the Niagara River.

The area is crossed by the Niagara Escarpment, a geological feature running through central Canada and the United States. In the Niagara area this manifests itself as a vertical height of up to 100 metres, and is the geological formation over which Niagara Falls flows. This results in a zone of excellent agricultural land, an asset on both sides of the border. In the earliest days this was used for general farming, but through the 20th century it came to be dominated by soft fruit orchards and vineyards – for which the climatic and soil conditions were found to be ideal, with the accompanying canneries and wineries.

Being on a national border was of consequence. Although there was always a considerable amount of cross-border trade, Canada’s need for development and economic growth led to a high tariff policy through the late 1800s. The resulting customs duties and regulations encouraged companies, primarily American, to set up branch manufacturing operations on both sides of the border. Hence, the appearance, in Niagara Falls, Ontario, of subsidiary factories of American companies. These companies could thereby exploit both Canadian markets, and, utilising imperial trade preferences, access the rest of the British Empire and Commonwealth.

Transportation routes were developed on an ongoing basis with the 138 km long Queen Elizabeth Way linking Niagara to Toronto. This was built through the 1930s as a make-work provincial initiative and opened in 1939. Based on the design of the German autobahns, it was the first major divided highway in North America.

Tourism has been a part of Niagara since the French era. The Falls have been variously seen as curiosity, and as a sublime natural wonder. Tourism unfolded in conjunction with transportation, as canals and railways in the 19th century, and cars in the 20th, gave better access. Through the 19th century, on both sides of the border, the areas around the Falls filled with the expected Victorian tourist emporiums - including those offering views of freaks and oddities (shrunken heads, miniature violins...). Some of these, in particular the Niagara Falls (Ontario) Museum, survived into the later part of the 20th century. Clifton Hill, on the Canadian side, still offers to the discerning visitor such things as ‘Elvis Niagara Falls’, dinosaur mini-golf, and wax museums, one being located in a replica of the Empire State Building on its side, with a giant gorilla perched on the end.

### **Decline of Manufacturing:**

The decline of manufacturing unfolded over a number of decades. Manufacturing employment on the Canadian side decreased from 46.5% of the employed population in 1951 to 38% by 1961, 32% by 1971, and 30% in 1981. In the same period, service sector employment rose from 38% to 60% (Fischer, pp.91-95). On the American side, there has also been an ongoing decline in manufacturing

employment, continuing to the present – in the Buffalo/Niagara Falls areas in 1990 there were 91,900 employed in manufacturing – this had declined to 49,000 by 2010 (Bureau of Labor Statistics).

**NAFTA**

A major factor in the decline of the Canadian Niagara-area manufacturing was NAFTA (the North American Free Trade Agreement), which came into effect on 1 January, 1994, establishing a free trade area between Canada, Mexico and the United States. This evolved from earlier agreements between the United States and Canada, including the Canada-U.S. Free Trade Agreement of 1989, and the ‘Auto Pact’ (Canada-US Automotive Products Agreement) of 1965.

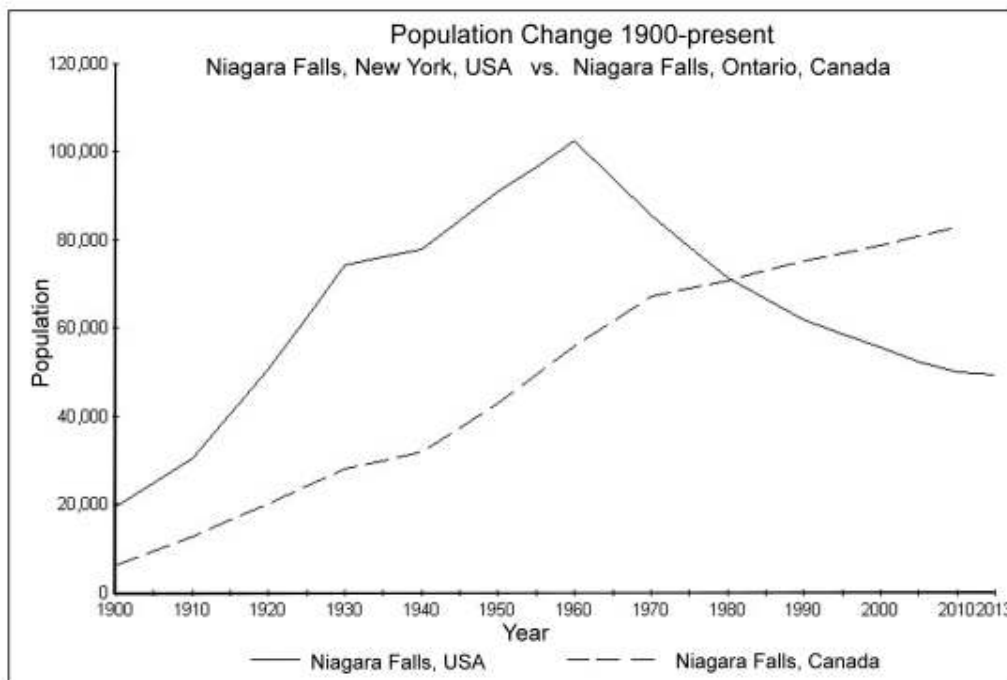
While NAFTA had a generally positive effect on the three countries, the need for American companies to manufacture in Canada ended. This led to the disappearance of many of the American subsidiary production facilities, but not all: for example, the Nabisco (now Post) Shredded Wheat factory in Niagara Falls, New York was closed while that in Canada remained open (Eck, 2014).

In spite of free trade policies, some Canadian Federal and Provincial policies do slow the flow of imports. These include requirements for French language on packaging and instructions, the use of metric measures, and protection of certain agricultural sectors.

**Indicators**

Figure 1 compares the populations of the two cities of Niagara Falls. In 1960 Niagara Falls, NY had a population of 102,394, while that of Niagara Falls, Ontario (including the former Township of Stamford) was 56,110 in 1961. Since then the population of Niagara Falls, NY has fallen to less than half its level of fifty years before, while that of Niagara Falls, Ontario has grown to 82,997 (2011 census) - showing ongoing, if not spectacular, growth.

Figure 1 - Population Change (US and Canadian Census data)



On the Ontario side new houses are being constructed, while a drive through Niagara Falls, NY reveals many streets on which houses have been abandoned or have disappeared entirely.

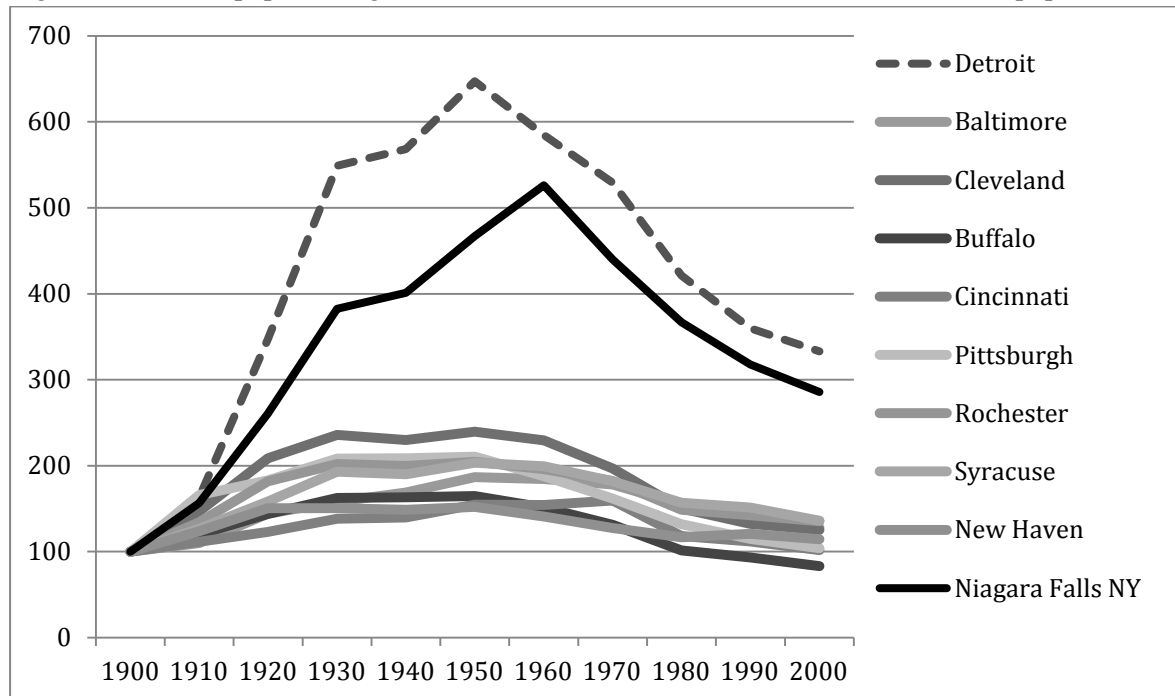
Meanwhile, in the surrounding American area, the population of Niagara County (excluding the City of Niagara Falls, NY) has increased slowly over the decades. The largest communities (after the City of Niagara Falls) being North Tonawanda with a 2013 population of 31,097, itself being a manufacturing centre on the Niagara River, and Lockport, the county seat, with 20,870. Both of these communities have lost 6.5% of their populations since 2000, while the rural areas have grown.

### 3.0 IMPLICATIONS

Shrinking populations are not unusual. There are many communities that were built around resources that were eventually fully extracted or became economically redundant. People quietly pack up and leave, with the community returning to nature - Europe is full of abandoned medieval villages.

However, it appears that this phenomenon is becoming more prevalent throughout the world, and most particularly in industrialized countries (Oswalt and Rieniets 2006). Beauregard (2013) tracked population figures for the 50 largest US cities by decade from 1790-2000. He found the decline greatest in the decades after WWII: two-thirds of the sample cities declined in population during the 1970s. This evolution appears most typical in the manufacturing centres of the Northeast and upper Midwest – the region dubbed the Rustbelt - with population loss apparently moving westward within this region over time.

Figure 2. Chart of population growth and decline of selected US cities, as % of 1900 population.



The prevalence of this pattern within the Rustbelt, for each time period in Beauregard’s study, suggests “urban population loss might be as much a regional problem as an industrial one” (Beauregard 2013, p.39).

As Figure 2 shows, this pattern has been particularly acute in Niagara Falls, NY. Its growth in the early 20<sup>th</sup> century and precipitous decline from the 60s onwards is almost as dramatic, in percentage terms, as that of the much larger (and more infamous) Detroit.

The tourism and renewable energy base of Niagara should provide a sustainable common economic base for both Niagaras. The problem is that Niagara Falls, NY has become generally unattractive, and although numerous attempts have been made to increase tourism they have been largely unsuccessful. One indicator might be that the Evel Knievel Museum (and pawnshop), with its stars-and-stripes logo, is located in Niagara Falls, Canada.

This decline has imposed financial stress on Niagara Falls, NY. This is expressed by the bond rating. On 9 January, 2013, Moody’s downgraded its rating on city debt to Baa1 from A2 and placed the rating under review for further downgrade. Their concerns include the ongoing dispute over the city’s share of casino revenue, and the diminishing tax base (Moody’s Investor Services, 2013). A shrinking city has difficulties in reducing its costs fast enough to match the taxation loss.

The lack of attractiveness of Niagara Falls, NY is indicated by a comparison of crime rates on the two sides of the border. Again, although the data collection is different on the two sides of the border, the message is clear (Figure 3).

Figure 3: Crime in Niagara

	<u>St.Catharines/ Niagara CMA</u>	<u>Niagara Falls, NY</u>
Violent Crime:	1,229 / 100,000	5,952 / 100,000
Property Crime	814 / 100,000	3,228 / 100,000

Sources:  
 St.Catharines/Niagara: [www4.hrsdc.gc.ca/.3ndic.1t.4r@-eng.gsp?11d=57](http://www4.hrsdc.gc.ca/.3ndic.1t.4r@-eng.gsp?11d=57)  
 Niagara Falls, NY: [www.city-data.com/city/Niagara-Falls-New-York.html](http://www.city-data.com/city/Niagara-Falls-New-York.html)

Even in comparison with New York State, Niagara Falls, NY comes out badly - with an index of double that of the US as a whole (CityData crime rate factor = 605.7 vs. 299.4 average for US).

Perhaps even more important than the crime itself, relative to economic growth, is the image of a crime-infested city. Among the comments heard were those that suggested that one had to be very careful where one went in Niagara Falls, NY. Others suggested that the entire local government and much of business had been infiltrated by organised crime, something supported by past history. Indeed, Hartt and Warkentin (2014, p.17) noted “Between 1991 and 2007, no standing mayor had been re-elected due to allegations of corruption (some of which led to federal charges), mismanagement,…”

This is not to say that all is well in Niagara Falls, Ontario. One instance is the old ‘main street’ - Queen Street, which since the 1960s has experienced massive decline, and is largely vacant. Attempts to revitalise it have met with limited success. This problem is not unique, and is shared by many older ‘main streets’, where suburban malls have been developed and thrived.

## **4.0 CROSS-BORDER DIFFERENCES:**

### **4.1 Fundamental Differences**

There are various reasons why Niagara Falls Ontario has survived de-industrialisation and has had ongoing success in exploiting tourism and as a retirement destination. Some are independent of specific government activities. These include:

#### View of the Falls:

The orientation of the Falls themselves is such that the Canadian side has a better view, which has encouraged development since the tourist industry began in the early 1800s. This gives the Canadian side better access to what Wurst (2011) described as “the world’s largest industry” - tourism.

#### Border Implications:

The border has significant implications to Canadians. Niagara and south-west British Columbia are the locations in Canada with the most benign climate - and access to the government-based Canadian health care system. Between US tax regulations and the health care system, Canadian seniors are limited in their ability to move to warmer places, unlike American seniors. Elderly Canadian ‘snowbirds’ who spend substantial amounts of time in places such as Florida or Arizona, concern themselves with possible U.S. tax entanglements.

#### Geographical:

Each relates to a larger city – Niagara Falls, Ontario to Toronto, and Niagara Falls, NY to Buffalo. Toronto has thrived through last part of 20th century, while Buffalo has languished (population peaked in 1950 at 580,132 - then shrinking to 261,310 in 2010). Toronto in contrast has grown: (Toronto: 1951: 1,262,000, 2011: 5,583,064). Niagara Falls, Ontario has benefited from Toronto’s massive and ongoing growth, even though, the lack of train connections, makes commuting to Toronto unattractive.

#### Images of Niagara:

Images are important to Niagara. Schneekloth and Shibley (2005, p.105) note: “Those of us who live in Niagara know that this is a powerful place if only because of the presence of the Falls and the magnitude of fresh water that flows through the region, generating settlement, power, and a legacy of rich livelihood.” McGreevey (1994, p.1) called it “a strange place”.

Yet this image continually changes. Through the 19th century Niagara was seen as place of power and technological innovation. Through the later part of the 20th century, this image became less inspiring, and faded as factories moved away. Without this particular shade of image, other image factors can dominate.

The development of industry along the American side of the Niagara River blighted the area. The website of the City of Niagara Falls, NY notes “The famous Mill District located one mile downstream of the Falls and two miles upstream of the Falls had become an unsightly blight upon the landscape. Pollution once again was a common sight. Smoke and smog hung in the air causing a foul smelling odor. Tall red chimneys were commonplace, each spewing smoke and soot into the air above the falls. The industries and mills were unkempt for the most part. Trash and waste piles littered the landscape. ...Niagara Falls had become an unpleasant place to visit and live” (NiagaraFallsInfo, 2015). Most of those industries have disappeared - usually leaving vacant sites.

The image of Niagara Falls, NY has also suffered from disasters associated with its industrial past.

- The Love Canal problem was “one of the most appalling environmental tragedies in American history” (Beck, 1979), and has been well documented and publicised. In 1910 a short canal was abandoned before construction. It was turned into a chemical dumpsite in the 1920s, being ultimately covered with earth, and sold by Hooker Chemical to the city in 1953, with houses and a school built on the lands. In the 1970s problems became apparent as chemicals percolated to the surface and into basements, and health problems multiplied. After denial from industry and local government, in 1978 it became an international scandal, the problems recognised, and the schools and closest houses demolished. References continue to appear in the media as an example of the wrong way of disposing of chemicals, and the wrong way to react to environmental disaster.
- In 1976 a chlorine rail tank car exploded at the Hooker Chemical plant, killing four, and injuring 87 more - up to three miles from the explosion (Beitler, 1975).
- In 1956 the Schoellkopf Power Station collapsed. As a result of numerous canals built to supply water to the power stations, and originally to water-powered factories, cracks appeared in the gorge face and two-thirds of the power station dramatically collapsed into the river. As significant generating capacity was lost, it was replaced by 1961 by a new plant at Lewiston. In the five years before the new plant came on stream, many businesses relocated to obtain the power supply they needed, kick-starting population loss.

The image of Niagara in Canada differs from the American: economically and geographically the area is more important to Canada than to the United States. It is a short drive from Toronto, Canada’s largest city, so more familiar to a greater proportion of the population. “The region is often referred to as the Gateway to Ontario, Canada.” (Jayawardena, 2008, p.364). Again, this is not uniform; older residents will often reminisce about how wonderful things were when factory jobs were plentiful, hence the article ‘From Garden City to Garbage City’ (Reinhart, 2005) appearing in a national newspaper based on interviews with a few disgruntled people.

Structure of the cities:

Niagara Falls, Ontario has the advantage, not shared by the American city, that its decayed city centre is located well away from the tourist areas. It is possible to visit, or even live in the city, and never need to encounter that area. As of 2015, the area has an unfortunate distressed appearance, with its many empty or under-utilised shops. The wealthier parts of the city are in the north-west: for many people it is more convenient to shop in the major enclosed regional mall in St.Catharines.

#### **4.2 Non-Fundamental Differences: Initiatives of Government**

In Canada, higher levels of government involvement over more than a century, in particular the Province of Ontario, have made significant successful policy interventions assisting the Niagara economy.

It is worth considering the various actions undertaken by the various levels of government in Canada, and their relative levels of success, especially in contrast to those on the American side, where outcomes have been very mixed.

#### 4.2.1. Provincial Initiatives

##### Niagara Parks Commission (NPC)

A key action by the Province of Ontario has kept industry away from the river. It established the Niagara Parks Commission in 1885, on the recommendations of famous railway engineer Sir Casimir Gzowski (1813-1898). The NPC was mandated to preserve and enhance the lands along the Niagara River and develop it as a public resource. This orientation towards the preservation of natural beauty and the encouragement of tourism has been in distinct contrast to many policies in the United States that encouraged industrial development along the river.

The NPC addresses what Healy (2006, p.525) pointed out as a common problem for the management of ‘tourism destination resources’: that they are subject “...to both overuse and underinvestment.” For example, they illuminate the Falls, something no individual entrepreneur would be likely to undertake.

The Niagara Parks Commission has regulated development in the areas it controls along the river. One example relates to the older power stations near the Falls, built on land the NPC leased to the generating companies. Carr (1981, p.27) noted of the Canadian Niagara Power Company’s Rankine Power Station building completed in 1905: “It is a very large building, but its overhanging pitched roof and a terrace running the full length of its front make it appear long and low. It is built of rough-cut limestone with a roof of green-glazed Mediterranean-style clay tiles.” The Toronto Power Generating Station, opened in 1906, was designed in a neo-classical Ionic style, by one of Canada’s foremost architects. This building, closed since 1973, has been designated as a Canadian National Historic Site. Both buildings have reverted to the Niagara Parks Commission, and are expected to be converted to new uses.

A similar initiative to the NPC did unfold on the American side, termed ‘Free Niagara’, leading to the formation of the ‘Niagara Falls State Park’ in 1885, although it took fifteen years of significant effort. However, while New York State gained power to acquire private lands, it was limited to the area immediately around the Falls. Moreover, conflicts of interest were rampant, with industrialists pressuring government to keep the protected area to a minimum (Strand, 2008, pp.148-151). Hartt and Warkentin (2014) note that the structure of the New York parks system leads to chronic underfunding, and that there is a lack of integration between the city and state that also compromises the success of the parks.

##### Support for wine industry.

The wine industry has offered diversification, attracting more sophisticated tourists than the casinos and wax museums - thereby adding another dimension to the tourist industry, as by 1968, Niagara was seen as having become a “low-brow tourist trap” (Wurst, 2011).

Grapes are indigenous to the Niagara area, and the earlier settlers developed vineyards based on varieties that could withstand cold winters - these were used for juice and wines of dubious quality. Gaylor (2010, p.196) discussed the industry and its no-frills product, “...delivered in metal-capped gallon jugs. For almost 100 years it was an industry going nowhere.” Furthermore, the wine industry was handicapped with respect to domestic sales by the policies of the Liquor Control Board of Ontario - a provincial monopoly on the sales of wines and liquors. The policies of the LCBO were to make purchases as unappealing as possible: until the late 1960s the customer selected from a list - and was not able to see the final product. In Ontario between 1920 and 1970 there were only seven wine producers with no new licenses issued until 1975, when Inniskillen

Wines was created. Since then there has been a rapid growth of competitive estate and boutique wineries. This has been aided by significant action on the part of government.

Starting in 1989, the Federal-Provincial Grape Acreage Reduction Program funded grape growers with \$CAN 50 million to remove many of the old 'traditional' labrusca vines. Legislation was passed that effectively eliminated the use of labrusca grapes in commercial wines.

Another provincial initiative was the creation of VQA Ontario in 2000, "a regulatory agency responsible for maintaining the integrity of local wine appellations and enforcing winemaking and labelling standards" (VQA, 2015). By establishing frameworks for the designation of VQA wines it promotes better quality Ontario wines.

A significant step in the preservation of Niagara's agricultural resources was in 2005, when the Province, in co-operation with the Regional Municipality of Niagara, created a greenbelt system (Ministry of Public Infrastructure Renewal, 2006). The intent is to preserve Niagara's agricultural lands "from urban development in perpetuity." (Gayler, 2010, p.195). While such protection remains controversial, and not necessary absolute, it is a step in safeguarding agricultural resources.

This development and promotion of the Niagara wine industry extends well beyond the production of grapes and wine - it has become a significant part of the tourism industry. Wineries are allowed to sell wine and associated products on-site, and can sell directly to restaurants. Virtually all other wine retailing still remains in the hands of the LCBO. Many wineries offer tours, tastings, and in some cases, excellent restaurants and conference facilities. Ancillary events are conducted at wineries, including Shakespeare performances, concerts, and car shows. During the summer tourist season and on pleasant week-ends, it is not unusual for the major wineries and their shops to be crammed with tourists - over half a million people visit Niagara's wineries each year (Gayler, 2010, p.207), although this represents only about five percent of the total visitors to Niagara.

Further regional benefits have resulted from this industry. Several programmes have channelled formal recognition and supportive funding through the Ministry of Colleges and Universities of Ontario. Brock University in St.Catharines founded its Cool Climate Oenology and Viticulture Institute in 1996 offering degrees and certificates. The Canadian Food and Wine Institute at Niagara College runs a two-year diploma programme educating Winery and Viticulture Technicians. A federal-provincial initiative re-established the Vineland Research and Innovation Centre in 2007, with a mandate to address agricultural issues and ensure its ongoing viability (Halseth et al, 2010).

In negotiating the North American Free Trade Agreement, the Federal government ensured the wine industry was given protection.

#### Casino Development:

On both sides of the border, casino development has been pursued, with markedly different outcomes.

Belford (2004) discussed the importance of casino development on the Canadian side: "Then in 1996, the Ontario government came to the rescue. Niagara Falls would get a casino on the site of what had been Maple Leaf Village, an amusement and hotel property overlooking the Rainbow Bridge. Legalized gambling became a hard-driving economic engine, lifting the city from

economic depression. Eight years later, Niagara Falls is coming off the end of a \$3-billion development boom.” “Hotels sprang up like mushrooms. The city says there have been 40 new projects or expansions of properties since 1998.”

In contrast, casino development on the American side failed to create the same positive spiral. Their casino opened in 2002, however it did not become a catalyst for further development Byrnes (2012) commented: “...it tends to exist as an island, with vacant lots and surface parking never far from it. Ten years since its initial opening, the casino has failed to generate spin-off development...” Moreover, ongoing political entanglements between the state government and the Seneca Indian tribe who own the casino, have caused budgetary problems for the city government.

#### 4.2.2 Federal Initiatives

##### Immigration Policy

It is perhaps surprising that the second most common mother language in Niagara Falls, Ontario, after the official languages, is Serbian (Statistics Canada). Locals have acknowledged this and pointed to Serbian restaurants and bars of varying qualities and repute. Serbian immigration to Canada goes back over 150 years, but the events through the twentieth century have encouraged more Serbs to come to Niagara - understandably attracted to areas in which members of their ethnic background and language were already living - and could recommend.

This Canadian policy of encouraging immigration, while it can be criticised for denuding troubled countries of their educated, entrepreneurial and professional groups, has benefited many areas, including Niagara. The result is that in 2011, 20.5 percent (Statistics Canada) of the population of Niagara Falls, Ontario was born outside of Canada, with the most common place of birth for the immigrant population being Italy (18.5%) and the U.K. (8.1%). In contrast, 5.3 percent of the population of Niagara Falls, NY were born outside of the United States - the number in New York state as a whole is 22.6%. This suggests that Niagara Falls, NY has been unsuccessful in attracting immigrants.

In contexts of negative fertility rates (both the Province of Ontario and New York State are below replacement, with Ontario at 1.52 (Statistics Canada, 2011) and New York State at 1.814 (2010, National Vital Statistics Reports, 61(1)), it is necessary for a city or region to attract people - or the population will naturally decline.

#### 4.2.3 Local Policies

While it is difficult to point to notable successful initiatives of local government in Canada, it can be contrasted with the activities of local government on the American side: “It encompasses just about every mistake a city could make, ... a 1960s mayor's decision to bulldoze his quaint downtown and replace it with a bunch of modernist follies. There was a massive hangar-like convention center designed by Philip Johnson; Cesar Pelli's glassy indoor arboretum, the Wintergarden, which was finally torn down because it cost a fortune to heat through the Lake Erie winter; a shiny office building known locally as the "Flashcube," formerly the headquarters of a chemical company and now home to a trinket market.” (Business Week, 2010).

Niagara Falls, New York believed its salvation to be in capital-intensive mega-projects, but the results have been disappointing due to their various failures to thrive or create further development. Niagara Falls, Ontario has flirted with numbers of similar mega-projects: perhaps fortunately most, such as the ‘Maharishi Veda Land’ first proposed in 1992 by magician Doug

Henning, or the ‘Worlds of Jules Verne’, or an ‘Ancient Chinese City’ have not materialised (Ricciuto, 2008).

## **5.0 THE LESSONS**

### **5.1 Diversification**

Wurst (2011) noted: “At the beginning of the twenty-first century, the United States is a country where many manufacturing jobs have been wrenched abroad, leaving a domestic economy dominated by service industries. Today, tourism is the world’s largest industry, and many have predicted the calamities that will result from the reliance on service labor in the West.” The Canadian side has, for over a hundred years, cultivated its tourist industry, - thereby reducing its reliance on manufacturing, although typically manufacturing pays more than tourism.

Furthermore, Niagara Falls, Ontario has avoided the risk, pointed out by Wurst, of becoming simply a ‘low-brow tourist trap’, through ongoing development of a diversity of tourist attractions. Clifton Hill with its outlandish collection of wax museums and shops selling rubber mounties remains popular, but other experiences are offered by the riverside trails, the heritage aspects of Niagara-on-the-Lake, and the wineries. There are many opportunities for golfing and cycling, family tourism includes the Marineland theme park, the Butterfly Conservatory and the Botanical Gardens (both operated by the Niagara Parks Commission), jet boats go up the river as far as the Whirlpool, and the Welland Canal can be an unexpected spectacle for the visitor. This means the local economy and the tourism infrastructure (hotels, restaurants and campgrounds) are not dependent upon any one of them.

This lack of reliance on any one company or industry, means that the sudden shock of a major closure will not occur. If an employer fails, a large portion of the population is not affected, so time is available to adjust to new circumstances.

### **5.2 Maintenance of a Positive Image of Place**

The image of a city is important, especially when the natural fertility rate is lower than replacement. People have to be attracted to a city to maintain both its population and its vitality. This implies that the city/area has to be visually, culturally, and socially attractive. Visitors must not be repelled, and people living there can recommend it as a place in which to live and work. In a mobile globalised world, it must appeal to people both within the country and to those in other countries. Industry in Niagara originally grew on the basis of cheap energy and manifold transportation advantages. As these advantages have diminished, making other factors relatively more important. To make effective, central government must enable workforce mobility and offer a supportive immigration policy.

The maintenance of image on the Canadian side has even supported industry. Bagchi-Sen (2001, p.47) of the State University of New York-Buffalo noted: “However, the reversal of fortune in other sectors such as tourism and agriculture continues to encourage manufacturers: most SMEs in this study show efforts in improving their performance such as through product development, export market development, and the recognition of the importance of external service inputs and networks in enhancing business performance. Furthermore, the Niagara region SMEs show better business performance than the SMEs across the border in the Niagara–Buffalo region in the United States”.

### 5.3 Balance between Public and Private Interests

The balancing of competing interests is one factor between the success of the Canadian Niagara Parks Commission and the American Niagara Falls State Park. Lord Kelvin, when visiting Niagara, offered the opinion that the primary worth of the Falls was its potential for industrial development - the spectacle was irrelevant (Hulbert, 1908, p.99).

This partially reflects the differences between the individualistic American culture and the greater collectivism found in Canada. The Canadian side was able to accommodate both interests - with the preservation of open space and the recreational use of the lands along the river, while the American side followed the shorter-term interests of commerce and allocated much of the river frontage to noxious industrial development. In Canada, the process pushed such industrial development away from the river.

This cultural difference can be found in the words of Sir James Pliny Whitney, the Premier of Ontario, who created the publicly-owned electric utility generally referred to as 'Ontario Hydro' in 1906: "The water power of Niagara should be as free as the air." (Hampton, 2003, p.35). Today one would regard it as extraordinary that Whitney was the *Conservative* party leader.

The balancing better protected the essential resource of the Falls and river in Canada, thereby preserving options for other types of development.

### 5.4 Preservation of Options

An emerging field that might give insight into the contrasts between the Niagaras is that of 'real options'. Niagara Falls, NY limited its ability to adapt to change, through its wholesale acceptance of noxious industries, which discouraged the development of other activities. The presence of such industries directly on the river undermined the potential utility of a major, and unique, asset, the Falls itself. The repeated discussions of a blighted environment along the river, and the unpleasant smells and toxic waste that found their way into the city will tend to discourage in-migration, and perhaps worse, this image undermines Niagara Falls, NY as a place to live, set up a new business, or even visit as a tourist. Was it a wise decision to follow this rapid growth route through the first part of the 20<sup>th</sup> century, thereby implicitly negating other forms of development – in particular those that might have been associated with the Falls? Real options analysis may offer insights into the value of retaining the ability to address alternative possibilities relative to more immediate returns.

## **6.0 CONCLUSIONS**

Niagara, geographically, historically and economically is an exceedingly complex area, hence governance and management are equally complex. While there are some fundamental differences between the two sides of the Niagara border, the divergence in outcomes does offer a number of insights:

(a) Diversification is important. To improve the probability of long-term success of an area or region it should ensure it is not reliant on any one type of commercial activity.

(b) The visual/social/cultural image of a city or region may be critical in ensuring its ability to retain and attract people and businesses. This is particularly important in areas with negative fertility rates that are relying in an inflow of households to maintain a stable population or to grow.

(c) The success of a region or city may be based on policies created and implemented by different levels of government, who must also be able to balance competing interests.

(d) The relative success or failure of a region or city may be a long-term process, requiring consistent productive action on the part of numerous actors.

(e) Well-considered, key government intervention to support existing and emerging activities can be effective in ensuring the long-term viability of a city or region.

(f) There may be fundamental cultural issues facing institutional or managerial systems that are attempting to direct outcomes.

The two Niagaras offer a natural, if unique, laboratory in which adjacent cities with different cultures and regulatory regimes can be compared and contrasted in order to understand how a complex of different interrelated factors can contribute to their relative success or failure.

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