Federal-provincial governance and the future status of Canadian cities

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Introduction

In 1953 the government of Ontario took an innovative step when it created the first major metropolitan federation in North America to govern the city of Toronto and its 12 surrounding communities.

Ten years later, in 1963, I spent six months in the Toronto area analyzing this new governmental entity. At that time I concluded that the Metro Toronto government had realized a number of major achievements:

- first, it had secured its political base by gaining widespread public support;
- second, it had completed a massive construction agenda including new water supply and sewage disposal systems, major highways and freeways, 175 new school buildings and a 4,800 acre parks system;
- finally, Metro had managed to reduce the cost of much of this construction by amalgamating the credit ratings of its member communities when it borrowed money to finance these projects.[1]

Today Toronto represents a startlingly different place than the one I studied 40 years ago. In 1997, a new Ontario provincial government abolished the earlier Metro in favor of a new Megacity organization. The province took this action despite the fact that 76 percent of the local residents who voted on this action opposed the new plan.[2]

A major argument Ontario's Conservative Party Premier, Mike Harris, had used to justify the new Megacity concept was that hundreds of millions of dollars would be saved by reducing governmental overlap and duplication at the local level.

However, when David Miller was elected as Toronto's new mayor in November 2003, he faced an estimated budget deficit that had reached more than 340 million dollars. In order to understand and appreciate the problems facing Toronto, and many other Canadian cities, it is first necessary to review the constitutional status of Canada's local governments.

The British North America Act

The original legislation which created the governmental system of Canada was the British North America Act of 1867. At this time the first four provinces of Canada – Quebec, Ontario, New Brunswick, and Nova Scotia – had been amalgamated to form the Canadian confederation. Over the years additional provinces joined, but it was not until 1982 that the Constitution Act was passed which formally transferred full legal authority from Great Britain to the Canadian government and added a Charter of Rights and Freedoms to Canada's Constitution.[3]

The British North America Act provided for national and provincial levels of government, but it did not specify any direct powers for local levels of government which are totally under the jurisdiction of their respective provinces.

As creatures of the provinces, most of Canada's local governments do not possess any inherent legal authority. There are a limited number of exceptions. Four cities in Canada, for example, enjoy a unique status as "charter cities" which are governed by independent charters. These cities are Saint John, Montreal, Winnipeg, and Vancouver.

In addition, some provincial governments have recently granted their municipalities limited powers. The province of Alberta, for example, passed "natural person" legislation in 1995 which permits its local governments to exercise the powers of a natural person to own property, make contracts, and the like. In 1998, British Columbia took a different approach when it broadened municipal powers to facilitate public-private partnerships and provide more flexible revenue-raising authority.[4]

One of the most restrictive provinces, however, is Ontario which maintains very tight control over its local governments. Basically, the province relies upon "laundry list" legislation which limits the powers municipalities can exercise to only those that are specifically delegated by the provincial government. In addition, Ontario's localities are limited to local property taxes and direct license and user fees for their revenues (plus any grants they may receive).

As urban consultant Joe Barridge has pointed out, the major problem that Toronto and many other Canadian cities face today stems from the fact that modern Canada is an urban nation, but "its governance structures, political culture, and

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sense of self still reflect earlier rural and small town traditions. Modern Canadian municipalities are not able to seize the initiative to improve their economic, social, and physical environment in ways increasingly characteristic of other great cities in the world."[5]

Canada's urban population explosion

The argument that Barridge makes is verified by the latest 2001 census figures which reveal that 80 percent of all Canadians now live in urban centers. Between 1996 and 2001, virtually all of the nation's new population growth took place in the four largest urban regions. The population of greater Montreal, plus the extended "Golden Horseshoe" area outside of Toronto, and the Calgary-Edmonton corridor increased by 7.6 percent. By comparison there was virtually no growth (0.5 percent) in the rest of the country.[6]

On the national level the problems facing Canada's cities are truly staggering. The Federation of Canadian Municipalities has estimated that the nation's cities have an "infrastructure backlog of more than $50 billion dollars and counting."[7] While the environmental and ecological dangers of the current deterioration are already alarming, the social services challenge is equally grim.

Since the end of World War II, Canadian cities have hosted increasing numbers of immigrants. In the 2001 census, immigrants made up over 18 percent of Canada's total population. The same census revealed that 48 percent of Canada's newest immigrants and refugees have settled in Toronto, 15 percent in Vancouver, and 12 percent in Montreal. By 2001, the proportion of immigrants of European origin had fallen to 17 percent while the number of immigrants from Asia constituted 63 percent.[8]

The influx of new population has placed heavy pressures on the cities. Unemployment and poverty have constituted a major problem: "Poverty has become more concentrated in urban Canada. Between 1990 and 1995 the poor population in Canada's Census Metropolitan Areas grew by 33.8 percent." As a result, the mayors of Canada's largest cities have declared homelessness a "national disaster," and it is currently estimated that over 30,000 people in Toronto alone rely on shelters for the homeless.[9]

Faced with burgeoning populations and mounting operating and infrastructure deficits, Canada's cities have struggled to meet their needs. Their fiscal distress has resulted from poor revenue growth due to lack of diversity in tax options and cuts in operating grants.

On January 24, 2004, the mayors of nine major Canadian cities met in Toronto to petition the federal government for specific tax relief and new financial assistance. Among their major demands was a 100 percent rebate on the federal GST taxes paid by municipalities and their agencies, an acceleration of a $2 billion federal grant for urban infrastructure expenses, and a new revenue source of 5 cents per liter from the federal fuel tax.[10]

In the February 2 throne speech, Prime Minister Paul Martin indicated the federal government would support the GST rebate proposal, and he called for speeding up the delivery of $2 billion in infrastructure funds. However, since the Federation of Canadian Municipalities estimated that the infrastructure deficit was already $50 billion, this would only provide a small fraction of support in terms of their financial needs, and it would still leave the cities "at the bottom of the governmental food chain."[11]

In addition, during their most recent January summit, the mayors did not emphasize the need to strengthen their legal powers. The omission was strange since this had been an important issue at previous urban summits. In 2001, the Federation of Canadian Municipalities had launched a campaign to give Canada's cities "21st century" powers.

In June 2002, a meeting of Canada's major hub cities in Montreal had called for major changes in the way Canada's largest regions were empowered and financed. In April 2003, the Toronto City Summit Alliance proposed major initiatives to secure the area's social and economic future including enhanced powers.[12] However, these previous efforts had failed to generate widespread support. Hence a key question still remains. What future actions, if any, can Canada's cities take in an effort to change the current situation?

The United States experience

Surprisingly, one of the important models Canadians would be wise to study is that of the United States. The United States Constitution of 1787, like the British North America Act of 1867, does not provide any inherent powers or authority to local units of government. Instead, these units are totally subservient to the American states just as Canada's localities are subservient to their respective provinces. Yet, unlike the case in Canada, many American cities can exercise substantial local powers which the states have granted directly to them or codified in their charter provisions. What explains this significant difference between the American and Canadian experience?

The most direct answer is the application of political pressure during the American reform era which began in the 1870s and still continues today. In order to understand this development, it is important to appreciate the origins of this political pressure.

The key point is that the pressure was not initiated by the general public. Participation in local elections is generally quite low in both Canada and the United States. Voter turn-out in the Toronto election of 1966 was 36 percent, and it only reached 40 percent in the most recent 2003 election. One analyst of Ontario's politics has noted "debates over limited funds does not seem to stimulate strong electoral interest. Overall voter turn-out averages only 30 percent in city elections, versus about 70 percent in provincial elections and an astounding 74 percent in the 1984 federal elections."[13]

In the United States, the situation is even more dismal. Voter turn-out is well below Canada in federal elections, and it is equally weak at the local level.

Since electoral turn-outs have been so minimal in the United States, it is fair to question how America's cities were able to gain significant reforms. The key factor was action by interest group lobbies, and the most important of these groups were the local business interests.

Alarmed by the growing power of the 19th century urban political machines, business groups realized that it was in their own self-interest to launch a variety of reforms that would enable them to regain political control of their cities. The business community realized that such reforms were designed to enhance their own power, but in a clever public relations move the businessmen labeled them "good government" initiatives.

Most of the reforms emphasized an "efficiency and economy" approach to local government. Some of them challenged the power of local ward leaders and city bosses by calling for non-partisan, at-large, city-wide elections. Other reforms focused on increasing professionalism through the use of municipal research bureaus and the eventual rise of the city manager movement. One of the most important items on the reform agenda called for General Act charters which provided more flexible powers to local governments. This led to the development of even more lenient "Home Rule" charters which

permitted cities to propose their own charter amendments. Over time, business leaders developed their economic power to a point where they convinced many of the American state legislatures to amend their own state constitutions to guarantee various Home Rule protections for their cities. As a result, many American cities greatly enhanced their political power.[14]

Forging alliances

There are many important political differences today between Canada and the United States. One of the most significant is the fact that the Canadian provinces are much more powerful than the American states, and there is little indication that most provinces would be willing to give up any of their existing controls over Canada's cities. Despite this fact, there is no reason the cities should abandon any attempts to improve their lot. If Canada's mayors continue to press for future reforms, there are at least three political groups they may want to cultivate.

● The first group is the same one that has played such an influential role in the United States. This is the urban business community. Data compiled by the City of Toronto highlights the major role cities currently play in powering Canada's economy:

• Toronto accounts for 44 percent of Ontario's GDP;
• Montreal for 49 percent of Quebec's GDP;
• Vancouver for 53 percent of British Columbia's GDP;
• Calgary/Edmonton for 64 percent of Alberta's GDP;
• Winnipeg for 67 percent of Manitoba's GDP.[15]

During recent years the Toronto Board of Trade has joined with the Federation of Canadian Municipalities to launch advocacy campaigns to strengthen Canada's cities. All the major metropolitan areas in Canada should join Toronto in enlisting the business sector as potential allies.

● A second major group that can make a strong case for promoting Canada's cities is the media. The major newspapers in all cities are aware of the revenue shortfalls and other political problems their cities face. The *Toronto Star,* as one example, provides excellent coverage and commentary on local affairs. Another promising development is the use of the internet web pages by cities to advocate their cases. Canada's major radio and television stations represent an important part of this group. Canada's cities should make their case known through all media sources – newspapers, journals, television and radio stations, plus the internet.

● A third key constituency which has a major stake in advocating the case for strong, healthy cities consists of Canada's environmental groups. The estimated multi-billion dollar strategic infrastructure deficit represents a potential catastrophe of staggering proportions. Major projects, such as sewer lines and water supply systems, are deteriorating because of lack of funding for maintenance and repairs. Other efforts, such as "Brownsfield" projects designed to revitalize contaminated urban sites, are also being deferred.

Conclusion

Today it is clear that Canada's cities face many major problems. The Canadian Round Table on the Environment and the Economy has pointed out that "the provinces have downloaded responsibilities for urban transit, housing, and welfare onto municipal governments without providing them with new fiscal tools ... Cities have been unable to meet the challenges needed to sustain urban environmental quality."[16] Additional shortfalls have resulted from the fact that the federal government withdrew all of its support for new social housing in 1993. Today Canada's federal government does not support either federal housing or national transit investment programs.

In the long run, Canada may well require a major restructuring of its intergovernmental system to provide more resources and powers to its urban areas. In the interim, the cities should seek to expand their base of support by enlisting more allies. This certainly will not be easy, in large part because of strong resistance from provincial governments which want to retain their existing powers.

Way back in 1971, Prime Minister Pierre Trudeau attempted to create more direct links between the federal government and local municipalities by proposing a Minister of State for Urban Affairs, but this plan was blocked by the provinces.[17] Three decades later, in 2001, MP Judy Sgro from Toronto, chaired a new Prime Minister's Caucus Task Force on Urban Issues which recommended a broad federal urban strategy to include a National Affordable Housing Program, a National Transportation Program, and extension of the Infrastructure Canada Program with a special focus on improving municipal water systems.[18]

In its report, the Sgro Task Force underlined the need for cooperative action. Canada's Urban Strategy should provide "a strategic framework for a collective approach ... an opportunity to establish a foundation for sustainable growth in collaboration with provincial, municipal and community partners."[19] Thus far, however, there has been very little evidence to indicate that provincial authorities will embrace any new federal incursions into their existing areas of jurisdiction.

In his landmark book, *Ekistics,* Constantinos Doxiadis observes "in order to reach our goals we must first define our policies ... From the moment we start speaking about policies instead of theory, we are speaking about the possible and the potential ... Once we become policy-makers, we are limited only to what can really be implemented at that time."[20]

Like many other nations, Canada may be running out of time. Hopefully, not many more years will pass before its leaders at all levels will be able to agree on a nationwide urban policy to confront the problems its cities face.

Notes

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2. *Canadian News Facts,* vol. 30, no. 23, p. 5417 (Dec. 1996). Vol. 31, no. 14, p. 5532 (July 1997).
3. Will Ferguson, *Canadian History* (Toronto, Wiley, 2000), pp. 234 and 383.
4. City Solicitor, City of Toronto, *Powers of Canadian Cities – The Legal Framework* (October 2001). Saint John, New Brunswick, is the oldest charter city in Canada having been established by Royal Charter in 1785. The other three charter cities were created later by their respective provincial governments.
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6. Statistics Canada, *A Profile of the Canadian Population: Where We Live,* 2001 Census Analysis Series. F. Leslie Seidle, *The Federal Role in Canada's Cities* (Canadian Policy Research Network, December 2002), p. 3.
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9. Leilani Farha and Ruth Goba, *Access Denied: Canada's Housing Crisis,* UN-Habitat, Human Settlements Program, vol. 6, no. 3. (September 2002). Seidle, *ibid.,* p. 8.
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11. Barridge, *op. cit.,* p. 1.
12. Canada's Cities News, "Unleash Our Potential" (Internet: www.canadascities.ca), January 23, 2004.
13. Wayne Thompson, "Ontario," *Canada 2002* (Harper's Ferry, West Virginia, Striker Post, 2002), p. 84.
14. Frank Smallwood, Government 31, Class Lectures, Dartmouth

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College, Hanover, New Hampshire.
15. Canada's Cities, "Building stronger cities." (Internet: www.canadas-cities.ca), February 16, 2004.
16. National Round Table on the Environment and Economy, "Urban sustainability: Environmental quality in Canadian cities." (Internet: www.nrtee.ca), May 30, 2003.
17. William R. Young, *Municipalities, the Constitution and the Canadian Federal System* (Library of Parliament, October 1991).
18. Seidle, *op. cit.*, p. 5. Prime Minister's Task Force on Urban Issues, *Canada's Urban Strategy: Blueprint for Action* (Sgro Report), November, 2002.
19. Sgro Report, *ibid.*, v.
20. Constantinos A. Doxiadis, *Ekistics: An Introduction to the Science of Human Settlements* (New York, Oxford University Press, 1968), p. 417.

"Hyper-Traditions" is the theme of the tenth conference of the **International Association for the Study of Traditional Environments (IASTE) to be held in Bangkok, Thailand, from December 15-18, 2006.** It will explore how globalization and new information technologies have contributed to the deterritorialization of tradition, thereby challenging the idea of tradition as an authentic expression of a geographically specific, culturally homogenous and coherent group of people. As one aspect of hyper-reality, hyper-traditions emerge in part as references to histories that did not happen, or practices de-linked from the cultures and locations from which they are assumed to have originated. To the degree that they may indicate a search for or re-engagement with heritage conducted by those who perceive its loss, hyper-traditions raise fundamental questions about subjectivity in a globalized world, and change profoundly our understanding of tradition. The conference will investigate the following three sub-themes: **From Simulated Space to "Real" Tradition and Vice Versa, Hyper-Traditions in "Real" Places, and Identity, Heritage, and Migration.**

Scholars from all relevant disciplines are invited to participate. Registration information is available online at http://arch.ced.berkeley.edu/research/iaste/2006%20conference.htm. Inquiries should be directed to IASTE 2006 Conference, Center for Environmental Design Research, 390 Wurster Hall, University of California, Berkeley, CA 94720-1839, USA. Phone: 510.642.6801, fax: 510.643.5571, e-mail: iaste@berkeley.edu.