The New Urban Canada

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• Making the Case for Urban Autonomy - Paul Reed, Derek Burleton, Bryan Schwartz and Glen Murray

• A New Canada for the 21st Century - Alan Broadbent
For the last several years Ideas that Matter has been exploring the need for Canada's urban regions to assume more control of their destinies. In October 1997, at the conclusion of a month of activities which gave birth to the name we have used ever since, Jane Jacobs uttered what may have been unthinkable for many: that perhaps it was time for Toronto to separate from Ontario. It was for us and our Executive Publisher, Alan Broadbent, whose concern for the fate of cities was already firmly established, the beginning of an extended consultation. Small discussions led to larger meetings, first in Toronto, then across the region and eventually across the country. The momentum has steadily grown. As convener, we’ve had the benefit of bringing together a wide range of expertise from across the country. In a previous issue, Vol. 2, No. 1, we reported on the economic challenges facing five of Canada’s largest city-regions, what we have called the C5.

In this issue we reflect on the fiscal and governance arrangements large urban regions need to provide the wealth creation that Canada depends on. Paul Reed and Derek Burleton lay out the respective demographic and fiscal realities very clearly. Bryan Schwartz questions whether municipal leadership in Canada, so accustomed to brokering special grants from provincial and federal governments, is willing to ‘give up pork and demand power!’ While it is increasingly clear that we need significant changes to the way in which powers and public resources are allocated, this is not a quick fix. Alan Broadbent suggests several principles upon which the ‘re-constitution’ of Canada could be built.

We’ve also included snapshots of three city initiatives where complex urban challenges are being addressed at the most local level without ‘seeking permission’ from any other level of government. And finally, two pieces of inspiration. Noted urban planner Joe Berridge shares his thoughts on Lyon and Winnipeg. Mayor Glen Murray speaks on the values of a civil society, a passionate entreaty which brought his audience to Toronto Artscape’s recent conference to their feet.

Jane Jacobs continues to inspire us. We know that innovation and creativity are spawned at the most local level. This year’s Jane Jacobs Prize recipients, Uzma Shakir and Margie Zeidler, featured in this issue, join previous recipients as extraordinary examples of the contribution one person can make in creating and strengthening communities.

In addition to our urban work, ITM has spent the last year convening on Canada’s relationship with the United States since the events of September 11th (see previous ITM issue, Vol. 2, No. 4). Our cities, particularly our largest urban regions, are pivotal to any discussion we have about Canada’s place in the world. As we enter the new year we anticipate our focus will be on ways to engage Canadians in creating the kinds of institutions and vehicles for community-making that more clearly reflect the face of Canada now and in the future.

Mary W. Rowe
Editor
November 2003
editor@ideasthatmatter.com
Introduction

The Evolution of the City Autonomy Movement

The place of cities in Canada begins with the ideas of Jane Jacobs. In her book, Cities and the Wealth of Nations, she describes how large cities, supported by their surrounding supply regions, are the economic, social and cultural centres of society. This is especially relevant in Canada, where there has been an active discussion about the relative importance of the cities and their hinterlands. In 1997 an event called Jane Jacobs: Ideas that Matter was convened in Toronto to explore the wide range of Jane’s work, starting with her work on neighbourhoods and cities, through economics, to observations on the natural world and ethics.

The following year, a two-day meeting of academics, planners, former mayors and activists was held to look into questions of the place of cities in Canada. The results of those proceedings were published in a book, Toronto: Considering Self Government (Ginger Press, 2000). Discussions continued over the following months with a working group to consider how greater autonomy for the City of Toronto would help to meet the challenges for the future. There was remarkable consensus on what the problems were, and a fairly quick identification of the need to broaden the awareness of them. After a few meetings the idea of a city charter document arose, much like those adopted by the European Union and the Federation of Canadian Municipalities.

The resulting document, Towards a Greater Toronto Charter, is a statement of some basic principles of authority and accountability for a city region, as well as a description of some of the powers proposed for the Toronto region. It was not very difficult to come up with these powers; they are roughly the powers of a province in the Canadian context. A number of local municipal governments endorsed the document, including the GTA Committee of Mayors and Chairs, chaired at that time by Mayor Peter Robertson of Brampton. It was clear that there was, and is, much more that unites citizens and governments across the Toronto region than divides them.

After participating in a meeting in Ottawa with Jane Jacobs at the invitation of the Privy Council Office, we convened the first meeting of the C5 mayors in Winnipeg in May 2001. Jacobs felt it was important to bring together the leaders of the five Canadian cities she identified as having the most vibrant, diverse economies which act as gateways for interconnected regional areas. She thought that Canada had created too few of these kinds of urban economies to meet the needs of a country of this size. She also saw a need for changes in municipal relationships with provincial and federal governments to include greater autonomy for cities. The need for these changes stem from her belief that strong, economically healthy cities drive the prosperity of a nation.

An account of the Winnipeg meeting and the subsequent C5 meeting held in Vancouver in January 2002 is available in past issues of this journal and from the Ideas That Matter website, www.ideasthatmatter.com. One of the strategies adopted for the C5 group was to have each city represented by the mayor and by people outside of the political or government sphere. Over time, these have tended to include representatives of the United Way as the proxy for the social sector, the Board of Trade or Chamber of Commerce as the business proxy, and either heads of regional labour councils or other recognized union leaders as the labour proxy. The C5 Mayors last met in Montreal in June, 2002. There has not been a strong call to meet again for two reasons: for some, its pointed agenda risked their traditional suppliant relationships with other levels of government; and for others, the agenda was perceived to undermine their allegiance to the Federation of Canadian Municipalities which has been the traditional vehicle for the city voice in Canada.

There was, however, an immediate and sharp reaction from the non-mayoral participants, representatives of the social, economic and labour sectors. They insisted on meeting independently when the mayors’ meeting in January, 2003, slated for Toronto, was abruptly cancelled. This meeting became known as the C5 Civil, short for C5 Civil Society. The three presentations by Paul Reed, Derek Burleton and Bryan Schwartz in this current issue of Ideas that Matter laid the groundwork for two days of discussions on building a joint strategy for city autonomy. Again, as in the first meetings in Toronto in 1998, there was remarkable consensus on what currently ails Canada’s major city-regions and that the current fiscal and legal framework within which they operate are not sustainable. What is not as clear is how to create a road map towards a new framework which would enable cities to have greater autonomy and responsibility for their own development.

The C5 Civil met most recently in October 2003. There we heard about initiatives in Vancouver, Winnipeg and Toronto where cities have begun to take direct action in addressing complex challenges without the prior sanction or approval of the provincial and federal governments. Several of these community-based initiatives are highlighted in this issue.

Canada, with its rapidly changing demographic structure, needs new forms for the 21st century. Informing and educating ourselves is part of the responsibility we have as citizens to help shape sound collective decisions and create a ‘tipping point’ for change in how Canada is governed.
Fault Lines and Enclaves: The Rise of City-Regions in Canada
Dr. Paul Reed

A presentation by Dr. Paul Reed, Senior Social Scientist, Statistics Canada at the meeting of the C5 Civil Society Leaders in Toronto on January 15, 2003.

“Without quite realizing it, we Canadians are in the process of building a new country within the old one. The new country is composed of the large cities, especially the great metropolitan centres of Montreal, Toronto and Vancouver; the old country is all the rest. Life in the former bears little resemblance to life in the latter, whether it is a question of cultural expression, crime, the sense of neighbourhood, price and income levels, traffic or the pace of life.”

(David R. Cameron)

For several years I’ve been involved in a research project examining the situation of city regions in Canada. An overriding picture has emerged of a radical and fundamental change in the demographic structure of Canada over the last five decades. However the perceptions and policies that Canadians hold about their country have not changed accordingly.

First, some underlying premises. There is overwhelming evidence that there are now three Canadas. There is metropolitan Canada in which roughly 64% of the population lives in twenty-seven census metropolitan areas. The second part of our social fabric is that portion of the population living in what we might call our ‘middle cities’, 25,000 to 100,000 roughly. The third component is the very small and rapidly shrinking part of the population that lives in small towns and rural areas.

The second premise is that a general policy for cities is not needed; rather policies are urgently needed for large city-regions. I’m not sure that Lethbridge needs a major change in policy anywhere near as much as Calgary and Edmonton or the two together. City-regions are new and different and they must be recognized for their distinctive characteristics.

Lastly, in this set of underlying premises, while there is a most pressing and clear need for radical change on the fiscal side of things, fundamentally what is needed is the building of a case for a revised political division of responsibilities and resources - all of those things that go together and are necessary in the long run for our cities to remain both vibrant and civil. How to make and sell this case needs both creative and focused thinking.

The sense of Canada being a very large country with a small number of people who are spread out largely in small towns and rural areas is long gone. Canada’s new urban reality is that more than half of our population now lives in four city-regions: Vancouver and the Lower Mainland; Calgary-Edmonton; the Greater Toronto Area; and Montreal. Within each province where they’re locat-
ed, these city-regions far and away dominate the population. Fifty-nine percent of Ontario’s population now lives in the Greater Toronto Area. When we expand this to the Golden Horseshoe area, the number is in the vicinity of 75% and by the year 2010, approximately 85% of Ontario’s population will live in this area. Secondary city-regions in Canada are Halifax-Dartmouth (which is a dominant presence in the Maritimes but is much smaller than the main four), Quebec City, Ottawa-Gatineau and Winnipeg.

The two curves of Figure 1 show the very dramatic way in which Canada’s population is becoming urban. Furthermore, the concentration in our large centres is rising at an accelerating rate and it’s doing so primarily because of immigration. By the year 2021, we’re looking at a potential situation in Toronto where more than 50% of the population is a visible minority. However there are very significant differences between our city-regions: Toronto and Vancouver receive the greatest proportion of immigrants, Montreal very modestly and Winnipeg far less so. Furthermore the flows of immigrants into Canada which were once dispersed across the country are now increasingly concentrated in three cities: Toronto, Montreal and Vancouver. (Figures 2 & 3)

Several things that are happening in our large cities and city-regions are socially very significant and not particularly visible. One of them is increasing neighbourhood economic inequality. (Figure 4) Earnings in low-income neighbourhoods have been declining and at the same time, rising in high-income neighbourhoods; the wealthy are becoming wealthier and the disadvantaged and the economically stressed are becoming relatively poorer. When we look at the proportion of family income represented by social transfers we see that it has been rising and this rise is occurring more sharply in some cities than in others: it’s almost a quarter greater in Winnipeg than it is in Toronto. (Figure 5) Another significant transformation which is still not very visible is changes in commuting patterns. Instead of commuting from the periphery of our large cities into the central area, there is a large increase in commuting between suburbs - people in Pickering driving to North York, people in Oakville driving to Mississauga or North York. (Figure 6)

Let’s briefly look at the current fiscal situation of cities. Statistics Canada in a June 2001 publication noted, “For a fourth consecutive year, the federal government posted a surplus; it reached $9.1 billion in 2000/01. Provincial and territorial governments recorded a surplus of $11.4 billion, up from $2.2 billion in 1999/2000.” Cities have fared less well with deficits of $443 million in 2000. Now there are ups and downs in all of these numbers from year to year, but fundamentally cities are very much at the bottom of the pecking order.

With this background we move to the City-Regions Study. The starting point for this was a lecture given by a colleague of mine, David Cameron, a political scientist at the University of Toronto, a number of years ago in which he commented that people in Chicoutimi may well have more in common with people in Sault Ste. Marie than they do with the people who...
Fault Lines and Enclaves

Paul Reed

Ways in which the GTA differs significantly from the rest of Ontario

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Little growth occurred in commuting from suburbs to Toronto, but there was a large increase in commuting between suburbs.

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As a case study I have used the Greater Toronto Area compared with the rest of Ontario which illustrates how we are examining the relationships and the differences between a city-region and its surrounding periphery (essentially the province in which it is located). When you look at the GTA/Ontario ratio, (Figure 7) if the number is above 1, it means that the Greater Toronto Area has more of that characteristic. If it's below 1, it means that the rest of Ontario has a larger amount of the characteristic compared with the GTA. For example, the GTA/Ontario ratio for widowed individuals is 0.80, therefore there is a larger proportion of widows and widowers in Ontario's population than in the GTA region. This is fairly standard in that populations in city-regions tend to be younger. The seniors' dependency rate, the next variable, shows that the proportion of seniors in the population is much higher in the GTA than it is in the GTA. On the other hand, the percentage of the population that is immigrant is 3.7 times as large in the Toronto region as in the rest of Ontario. Similarly, with population per nurse, Toronto has a much larger density of medical support than in the remainder of the province.

Moving on to family and household structure: lone-parent families are about 20% more numerous in Toronto than they are in the remainder of Ontario. On the other hand, the proportion of husband/wife families where there are no children (this can mean both young couples as well as elderly couples where there are no children) is substantially greater outside Toronto as is the case also with common-law couples. Health and social services are more extensively available outside Toronto with a ratio of 0.78. It's interesting to see that people associated with religious organizations are about three times more numerous in Toronto as they are elsewhere in the province. This obviously has to do with Toronto being headquarters for a very significant number of religious organizations.

Extreme poverty is far more concentrated in Toronto than in the outlying area of Ontario. Toronto has about 1.7 times more...
families with income under $10,000, far below the so-called ‘poverty line’. On the other hand, the same thing holds true for single person households with incomes over $50,000, the beginning level of affluence. In the area of human capital, generally speaking, we find a standard pattern of people in Toronto being substantially more qualified than in outlying areas. Lastly (I think we all understand this intuitively) people spend money very differently in metropolitan or city-region areas compared with outlying areas. Eighty percent more people rent in the GTA compared with the rest of Ontario. Interestingly enough, people in the outlying areas of Ontario, people who have much larger distances to cover, spend more on automotive fuel. Also, of course, the use of public transportation reduces expenditure on auto fuel. These are some examples from the substantially larger number of characteristics that we looked at. The conclusion our analysis is pointing to is the fact that city-regions really are socially and economically unique. They have very distinctive characteristics on the Ontario landscape.

One of the big questions is what kind of changes are taking place over time? Is there convergence or divergence taking place in our city-regions versus the peripheries? Again, we’ve looked at these two hundred different characteristics and have been able to identify where differences are getting wider and where they are converging. (Figure 8) The population that is foreign-born, for example, in the Toronto situation, is diverging. The percentage of single adults is growing in the Metro Toronto Area. On the other hand, the proportion of families in which the parents or partners have separated is converging. When we look at where convergence is taking place, the next question is, which of the two is moving toward the other one or are they both moving together? A very clear pattern emerges: where convergence is taking place, the peripheral area is becoming more like the city-region. The way city-regions are now, it could be argued, is the way the country is going to look like more in the future.

Where is the convergence and divergence happening? Well, interestingly enough, Quebec is the province or region where there is far more convergence taking place than anywhere else in the country. That means that the periphery is becoming more like the Montreal urban community. The reverse is the case in British Columbia; there is very little in the way of convergence; there’s stability, a status quo, in terms of the relationship between the Lower Mainland-Victoria and the rest of the province.

In which characteristics are the convergences and divergences taking place? Is it in income or in the ethnic composition of the population? Briefly, it would appear that the greatest amount of divergence is taking place in income, significantly greater than on any of the other measures for divergence. On the other hand, convergence is most concentrated in the form of human capital and expenditures. Figure 9 shows the regions where there was the greatest and least difference in each group of variables. For example, in the field of income, the differences between metropole and periphery areas were
most pronounced in Ontario and least pronounced in Quebec, whereas in population, it was Atlantic Canada and Quebec, respectively.

There are a number of conclusions that can be supported by the analysis. First of all, city-regions dominate our society. They are a new unit of social organization and I don’t think that is appreciated, because it’s a fact that we all live with. The characteristics of city-regions, particularly diversity, the extremes of poverty and wealth, the extreme rates of growth and change, and the interlocking complexities, present an enormous challenge in terms of managing the public household. City-regions and their peripheries are becoming slowly more like each other, fundamentally and primarily, because the non-metropolitan areas are becoming more like the city-regions rather than vice versa. Our city-regions however are not all the same. What’s happening in Montreal for example is very, very different from what’s happening in Toronto. What’s happening in Winnipeg and in Halifax-Dartmouth bear very little comparison with what’s happening in Vancouver. So distinguishing important issues and characteristics among our city regions is essential.

What are the implications? First of all, the demands that diversity and extremes of socio-economic conditions place in city-regions on policy-making are just enormous. The issue of balancing the need for social infrastructure to support and maintain the quality of life for all citizens, while at the same time looking to improve the circumstances of the disadvantaged and doing so in a way that is politically palatable as well as fiscally responsible, is a challenge of a very high order. Maintaining and improving existing physical infrastructure is an enormous challenge that very few Canadians recognize. The need to rebuild sewers that were first constructed a hundred years ago will cost billions and billions of dollars in several of our large cities in addition to building new infrastructure and raising the necessary capital. It’s an extraordinary challenge.

We come back to David Cameron’s reflection that we began with. We’re talking about building a new country within the old one, a country that has a fundamentally different structure and a fundamentally different set of requirements and conditions to be met. I think that’s what the C5 group is centrally concerned with.

Dr. Paul Reed is Senior Social Scientist at Statistics Canada, and a faculty member in the Departments of Law and Sociology/Anthropology at Carleton University. Currently he is a Fellow at The Centre on Governance at the University of Ottawa, and is a frequent consultant to the Supreme Court of Canada, the Ontario Department of the Attorney General, the Ontario Law Reform Commission, the Federal Task Force on National Unity, the New Zealand Department of Justice, the Prime Minister’s Office, and the Privy Council Office.
The Challenge of Raising Canada’s Standard of Living: Making a Case for More Autonomy for Canadian Cities

Derek Burleton


The Toronto Dominion Financial Group has made our voice quite clear that the current funding arrangement for Canada’s cities is not sustainable and that it is essential for private sector leaders to speak out prominently on this whole issue. I think that’s one thing that really separates us from the U.S. who did face a crisis about two decades ago. We’re hoping that it’s not going to take a crisis here in Canada to convince more leaders like our past President, Charles Baille, to come forward and get involved. The Toronto Dominion hosted a forum on living standards in October 2002 where Mr. Baille spoke about the need to raise Canada’s standard of living. The whole idea is not just to make the rich richer but to raise the bar for the whole population and then focus on the income distribution aspects as well. We can have our cake and eat it too!

One of the goals Mr. Baille put forward - and it sets the stage for the whole cities issue - is raising our standard of living above that of the United States within fifteen years. Figure 1 shows you how tall an order that’s going to be. Right now, [the Canadian GDP per capita is] at 83% of the U.S., so to get there is going to take about 1.5% growth per year. It’s not absolutely impossible but obviously it sets the bar very high. We’ve done it over smaller periods: the ’60s were a fabulous time for Canada, we were outpacing the U.S. by a long shot. Normally when you talk about raising our standard of living, it just turns out to be a tax rant from the right side and as we’re learning, it’s a lot more complex than that. Living conditions in cities form a very important aspect to raising productivity.

It’s not just the U.S. we’re lagging behind. Figure 2 shows you that there are a number of countries ahead of us in terms of gross domestic product (GDP) per capita. For what it’s worth, we do have some room to make up and not just with the U.S. The GDP per capita one measure but we can also take it down a notch by explaining that the gap in income per capita is really a productivity problem here in Canada vis-à-vis that of the United States (Figure 3).

Figure 4 illustrates where our C5 cities stand in terms of personal income per capita, another way to look at living standards. We’re sitting at the bottom of the totem pole. We looked at a number of U.S. cities and once we convert purchasing power into U.S. dollars to make the measure fair, then we’re sitting well below San Francisco which is at $50,000. Most U.S. cities are around $35,000, Toronto and Calgary stand at the top of Canadian cities around $28,000 in US dollars. Now one can say,
“Well, it’s a Canadian dollar issue” but I think that the Canadian dollar also reflects this productivity problem and is a major reason why the Canadian dollar has depreciated so sharply over the past ten years.

Now it’s not all bad news, because in terms of employment growth we’ve actually fared reasonably well. (Figure 5) Most of the C5 cities have ranked right up there. Over the past decade, Calgary ranked number two among the cities we looked at in North America; Toronto is number four. Vancouver ranked in the top half as well, not in the last few years, when it hasn’t fared as well but it’s done quite well vis-à-vis the U.S. Montreal and Winnipeg are a little weaker. The point here is that we’re creating the jobs but because of weaker productivity levels, just to maintain a certain rate of economic growth we are employing more people. This is a good thing but if we can improve our productivity and still create jobs, again, we’d have our cake and eat it too. Most recently, we’ve heard the news this year about our phenomenal employment performance. I think this is something to be very proud of. Figure 6 shows you where we’ve stood very recently. Montreal, in fact, is leading the way among the C5 cities over the past twelve months. Only Vancouver has been fairly flat.

On the non-income side we have a lot to be proud of. We rank right up there in terms of overall living standards – ‘quality of life’ – among the 215 cities studied in that William Mercer annual survey (Figure 7). All the C5 cities fare very well. Ottawa is also included in this survey and ranks very favourably. What we’re concerned about here is that things are fraying at the edges. Without productivity and without income growth, we’re going to run into problems down the road.

Now bringing the urbanization theme into this whole idea of productivity, there’s been a lot of work done about the positive benefit urbanization has on productivity. The Ontario Task Force on Competitiveness, led by Roger Martin, has done a fair amount of work on this issue. It finds that half of the gap we’re seeing in income per capita actually results from the lower urbanization rate in Ontario than the U.S. median. This might come as some surprise when we know that Canada and Ontario are becoming more urban. Still, based on the Task Force research, we’re not quite as urbanized as the cities looked at in the study. The benefits of urbanization, in terms of productivity, fall from the idea of economies of scale and from clusters of very tightly dense labour market skills. All of this raises productivity.

As Paul Reed emphasizes in the previous article, immigrants do tend to head to the cities and that’s something that isn’t going to change. Looking forward, the trick is going to be to continue to attract immigrants to our cities. Quality of life factors are very competitive internationally, and as long as we can ensure that quality of life remains high, we should continue to attract immigrants to Canada; it’s a very circular argument. Figure 8 shows the fact that 95% of immigrants head to our 25 CMAs and among the C5 cities, it’s close to 80%. So, again, the idea is going to be to keep the quality of life improving - or at least not allowing it to diminish - in Canada to attract individuals and by
attracting individuals to our cities, increase urbanization and boost productivity.

Part of the issue we’re talking about is some of the roadblocks that we’re facing. I think all of us would agree that Canada has a competitive advantage in the area of healthcare. It’s something we don’t want to lose. On the other hand, we’ve got the challenge of trying to control healthcare costs given the fact that it’s eating up an increasing share of public funds. Figure 9 shows health care expenditures as a share of provincial spending, healthcare being a provincial responsibility. The federal agenda continues to be dominated very much by healthcare as well through the transfer mechanism.

There’s been a lot of talk about the fact that the federal government is swimming in cash and obviously is in by far the best shape of all three levels of government. The recent Speech from the Throne outlined about twenty-one areas in which the federal government wants to increase spending; direct infrastructure for cities and transit through the infrastructure program is only one area. So again, we are seeing crowding-out happening at the federal level. In terms of the surplus estimates we’re looking at, based on our projections of revenues, if you take a stab at estimating the cost of all these promises in the Speech from the Throne, you’re left with virtually no additional money for cities. We’ve factored in the federal government ramping up infrastructure funding to $1-$1.5 billion per year by the sixth year because we do feel there’s going to be a gradual increase in this area given the fact you’ve got pressures such as defence and the Kyoto Accord.

It’s important to point out that a lot of these issues overlap in terms of cities. The Kyoto Accord is obviously going to play out largely in the cities and some of that funding within infrastructure will be focused on the environmental side. So we do see overlap and cities will benefit, not surprisingly, given that the majority of voters live in cities. When the federal government spends, a lot of that spending is done in the cities. However, in terms of a targeted strategy to help cities with transportation, which is an area that we know is grossly under-funded, that is getting watered down. In the infrastructure program, we don’t see a big increase above and beyond the monies that have been poured in – effectively $1 billion a year – over the last five or six years.

On the provincial side, among the C5 representation, Alberta’s in the best shape fiscally, given the fact energy prices have rebounded and they’ve got very low debt. Among the other provinces, there’s very little fiscal room for capital spending when one factors in the pressures from healthcare. In fact in Ontario we’re looking at the Ontario government hovering very close to a balance if you look at any reasonable estimate of healthcare funding and all the other pressures as well. So the point I’m trying to make is that we are seeing ‘crowding out’ and we have to lower our short-term expectations, particularly for the 2003 budget year, for additional help on the funding side.

In Figure 10, we look at capital spending and again, much of this happens in cities. In the last decade, the federal government

![FIGURE 6](image-url)

**FIGURE 6**
Employment Gains

![FIGURE 7](image-url)

**FIGURE 7**
World-Wide Quality of Life Survey*

![FIGURE 8](image-url)

**FIGURE 8**
Canadian Immigration Percentage of total by destination

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The Challenge of Raising Canada’s Standard of Living
has actually pared back its capital spending. They're not a huge player on this front; it's mainly provincial and lower levels of government. The increases we've seen on the capital spending front have been very moderate and below that of inflation. A lot of our infrastructure was put in place in the '50s and '60s and we're now beginning to realize that much of this infrastructure needs to be rehabilitated and replaced.

Education is another area that's been crowded out because of healthcare and deficit cutting generally. Figure 11 shows you that in the U.S., public spending per student has increased about 20% over the past twenty years whereas in Canada, education funding has declined by about 30% over the same period. As we know, education, which is a provincial responsibility, has enormous implications for what happens in cities. The talent pool requires skilled workers; for a deeper look at this idea read Richard Florida's The Rise of the Creative Class. Obviously the education system is probably the most important thing with transportation ranking a close second.

Figure 12 shows federal, provincial and local government revenues over the last ten years. Governments spend billions in cities. If we were to try and coordinate spending so it's spent effectively, that's one thing. The difficulty which this figure illustrates is the fact that we're seeing responsibility shifted down. There's a good argument for that to happen, because the government that's closest to the taxpayer should be able to spend the money the most effectively. We also know that needs across the country vary from city to city. Calgary is facing enormous growth while we've got other cities which aren't growing at all. So the best approach is for a city to have the ability to earmark resources best tailored to their needs.

However if you're going to shift responsibilities down, obviously you should give cities the tools they need. The property tax has not worked very well as local governments' number one revenue source. There's always the argument that the property tax is the most stable tax. [In a cyclical downturn] growth-related revenues that the federal and provincial governments have will not grow as well as a stable property tax base. However we do tend to expand more than we contract and we've been on this cyclical boom for quite some time. So if anything, when we talk about sustainability, the gap between responsibilities and funding is just going to grow over time without any changes in the current arrangement.

Figure 13 is a very simple chart. We often compare ourselves to the U.S. We've got to be very careful about comparisons because obviously there is a different way of delivering services in the States. Nonetheless, we know that they've got a wider array of growth-related revenue tools than we have. The property tax base which drives Canadian local government revenues has really flattened out, so the gap between the two countries is growing. The U.S. is much less reliant on the property tax base which, it can be argued, is regressive to a certain extent. About a fifth of their revenues are property tax based compared to half of Canadian local government revenues. U.S. municipalities have a much wider array of tools to use and they have the decision-making flexibility to tailor their tools to their specific circum-
stances. (Figure 14) That’s something that we’re going to learn from; not that we want 20% of revenue from user fees like they have, because again I don’t think they’re the perfect models either.

Now, on the positive side, we’ve seen some funding models emerge across the country, many of them affecting our C5 cities, which I think is good news (Figure 15). Some of them are quite good. For example, the Greater Vancouver Transportation Authority has quite a wide array of revenue sources: 11 cents a litre from a gas tax goes into its coffers and is used for transportation in the region. I think that’s quite a good model. It’s not perfect because you don’t have full reliability; you’ve got to go to the provincial government for approval each time you want to raise the gas tax. Most of the other models are revenue sharing models, which we’re trying to move away from. Calgary and Edmonton receive .05 cents of the gas tax but again it’s a transfer from the provincial governments to the cities. It’s better than the property tax, but still it falls short of where we would like to see cities headed in the long term with a reliable, accountable revenue source. Another fairly good example: Montreal is given 1.5 cent per litre gas tax and a portion of the registration fee to raise revenues for its transit. Again, the more tools the better; there’s no one right answer. You want to be able to diversify.

In the short run cities are facing an uphill battle. Even on the federal front, only some funding proposals are likely to be implemented. The obvious one is a longer-term commitment on infrastructure. The current year-to-year model (because the federal government now includes these expenditures in general spending) is very difficult for city planners. We would like to see that money used not just for Kyoto-related items but to include a broader range of items such as social housing and transit. The bottom line is that federal spending is experiencing enormous pressures and the expectation is that any new infrastructure program will only be increased very gradually over time, as healthcare dominates. Still, if you’re a city, the money is going to come in handy and at least you have a longer-term funding commitment.

Longer term, in general, we would like to see more authority for cities, not just on the taxing side. Taxes can be shackles: in certain areas cities have to apply to the provincial government to raise certain taxes. Cities don’t currently have free reins. The more freedom the better is the longer-term strategy. Give cities a wider array of revenue tools such as a motor fuel tax and hotel tax.

Another proposal that’s a little bit unrelated is the reverse transfer - the GST/PST that cities pay on buying goods? That should go. I don’t think it’s going to happen soon. The federal and provincial governments aren’t going to get a tremendous political bang for their buck in doing that but that’s something that should be eliminated eventually.

User fees as a funding source are a bit of a political time bomb but we’re seeing a bit of a shift in this direction. The whole funding problem is not necessarily just the federal and provincial governments passing down tax points. I know in Ontario with Hwy 407 and with the environmental issue becoming front and centre in government thinking, tolls on roads would be a good way...
The Challenge of Raising Canada’s Standard of Living

Derek Burleton

FIGURE 15
Funding Models

- Greater Vancouver Transportation Authority: partially funded by an 11-cent-per-litre gas tax and a parking sales tax. (Tax rates set by province.)
- Victoria: a 2.5-cent-per-litre gas tax is collected for transit.
- Calgary and Edmonton: receive 5 cents per litre of province’s fuel tax. Latest budget reduced this share to 1.2 cents. Cut postponed to March 2003 and will likely be forgotten.
- Manitoba: allocates revenues worth two percentage points of personal income tax and one percentage point of corporate income tax to its cities in form of per capita grant.
- Montreal’s Agence Metropolitaine de Transport (AMT): partially funded by a 1.5-cent-per-litre gas tax and a $30-per-car registration fee.
- Municipalities in Nova Scotia and Quebec: have authority to levy a land transfer tax on the value of transferred property.

FIGURE 16
Canadian Government Interest Payments on Public Debt

As a final point, Enid Slack, an expert in municipal finance, has observed that our local governments have tremendous needs on the capital infrastructure front and that there is more room for borrowing. Right now, there’s a real reticence of local governments to borrow (Figure 16). That isn’t surprisingly if you’re unsure about how you’re going to repay the debt down the road because you’re relying on property tax which isn’t growing all that rapidly. Also, obviously the level of sophistication hasn’t been there. I know in Ontario we’re now moving - we’re later than most provinces - towards a provincial financing authority where borrowing will be done through the province. There are tremendous advantages in doing that. Effectively, it’s going to help cities borrow more. We’re not encouraging cities to run up debt through the roof - already there are limits in place - but we do know that cities are well below borrowing limits. With debt service charges of 5 percent of total revenue, they are well below any other level of government. Nonetheless, for capital spending, on which you’re going to have a twenty-five or thirty year life, there’s a good argument to say that you should spread out the costs over time through borrowing and perhaps use things like user fees to provide better revenue sources that grow over time to help repay the borrowing. So, it’s not all a question of passing down tax points. Perhaps cities should look at some of their longer-term needs through more of a borrowing mechanism. The federal and provincial governments could also help cities learn more about the borrowing process. I think that’s a positive thing as well.

Derek Burleton is Senior Economist at the TD Bank Financial Group. In the spring of 2002, Derek co-authored two reports on Canadian cities which garnered considerable media attention across the country: “A Choice Between Investing in Canada’s Cities or Disinvesting in Canada’s Future”, and “The Greater Toronto Area – Canada’s Primary Economic Locomotive in Need of Repairs”. For more information, see: www.td.com/economics/standard/standard.html.
As large urban regions across Canada grapple with the complex issues which they face, a number of cities have developed initiatives in social policy areas which have been traditionally within provincial and federal jurisdiction such as immigration and drug policy. Two initiatives in Vancouver and Toronto are highlighted here.

## City Initiatives

### Framework For Action: A Four Pillar Approach to Vancouver's Drug Problems

As a major seaport, Vancouver is one of North America’s main entry points for drugs. Its Downtown Eastside, one of Canada’s poorest neighbourhoods, has become infamous as the site of the highest HIV rate in North America, primarily among injection drug users.

Over the last two decades Vancouver has struggled as a community to deal with drugs and addiction, a staggering number of drug-related deaths and in particular, the entrenchment of substance abuse and related health, housing and crime issues within the Downtown Eastside neighbourhood.

In part the creation of a coherent drug strategy is also the story of a city-region organizing its own roadmap to solve a complex problem. In 1993 Chief Coroner, Vince Cain, was appointed to head a provincial task force to investigate the large number of deaths in the province due to heroin use. Nothing happened. The City of Vancouver subsequently declared a public health emergency in 1997 and in the past six years has taken a leadership and advocacy role in creating interventions that work despite a lack of jurisdictional authority.

The drug crisis brought together an unlikely mix of allies:

- the Fraser Institute, a conservative economic thinktank, who organized a set of conferences in April, 1998 and later published a book entitled, Sensible Solutions to the Urban Drug Problem, noting that drug prohibition, ‘the war on drugs’, had been singularly unsuccessful in eliminating the supply and the consumption of illegal drugs.
- VANDU, the Vancouver Area Network of Drug Users, an activist group of users and non-users formed in 1998 to improve the lives of active drug users;
- The City of Vancouver, who hired a Drug Policy Coordinator in 2000 to provide leadership and coordination in drug issues and, as part of the work of the Coalition for Crime Prevention and Drug Treatment, issued and approved a report entitled A Framework for Action: A Four Pillar Approach to Drug Problems in Vancouver;
- former Mayor Philip Owen, a low-key conservative politician who was dumped by his own political party, the Non-Partisan Association, for his championing of the four pillar approach to drug reduction: prevention, treatment, enforcement and harm reduction;
- British Columbia’s medical health officer, Dr. Perry Kendall, who chaired the Federal Safe Injection Site Task Force in 2001 and developed criteria for a pilot program of safe injection facilities;
- current left-wing Mayor Larry Campbell, a former RCMP officer and BC coroner, who campaigned and won a landslide victory in November, 2002 on the issue of safe injection sites proposed for Vancouver.


### Toronto Region Immigrant Employment Council (TRIEC)

In June 2002, the Toronto City Summit was held to develop a broad consensus from approximately 150 leaders in the civic community on an urban agenda for the next decade. The Summit was an initiative created by a non-partisan group to respond to growing concerns that Toronto does not have the appropriate economic and political resources to manage its own destiny and that issues of long-term development and infrastructure funding in the city were being ignored by senior levels of government.

The Toronto City Summit Alliance, a coalition of over 40 civic leaders from the private, labour, voluntary and public sectors, was formed following the Summit and in April 2003 the Alliance released its action plan, Enough Talk. One cornerstone of the plan was to establish the Toronto region as a centre of excellence in integrating immigrants into the labour force.

As one of its first initiatives, the Alliance established the Toronto Region Immigrant Employment Council (TRIEC). Employers, labour, post-secondary educational institutions, immigrant associations, community agencies, occupational regulatory bodies, and all three levels of government have now agreed to participate in the TRIEC. The Council met for the first time in September 2003.

What will the Council do?

- Broadly champion the labour market integration of immigrants;
- Facilitate the provision of accurate and relevant information on Toronto Region labour market issues to immigrants through existing portals;
- Work with employers from the private, public and voluntary sectors proactively and strategically in the integration of immigrants in the labour force;
- Create a regional environment of collaboration in the delivery of effective and innovative labour market integration programs for immigrants;
- Provide a regional perspective in areas of federal, provincial and municipal policy and program development as it pertains to labour market integration of immigrants;

For more information on the Toronto City Summit Alliance and its report, Enough Talk, see www.torontocitysummit.ca. For more information on TRIEC, see www.triec.ca.
Making the Case for Urban Autonomy:  
The Legal Framework

Dr. Bryan Schwartz

Excerpts from a presentation by Dr. Bryan Schwartz, Constitutional Expert, Professor, University of Manitoba to the C5 Civil Meeting in Toronto on January 16, 2003.

From the point of view of someone who has taught in Canadian law school for a long time, Canadian constitutional law courses typically don’t even address the role of municipalities. We have no compulsory courses on constitutional law courses typically don’t even address the role of municipalities. We have no compulsory courses on municipal law at any Canadian law school I know of, which gives you some indication of the disconnect between academic theory and the down-to-earth reality that municipalities are important and don’t get the kind of attention that they deserve.

First of all, there seems to be a consistent, and to me compelling, line of diagnosis in all the recent literature on municipal reform: public expectations of city governments and what other orders of government expect cities to do, are not commensurate with the actual authority and resources of funding which cities have. You get a picture of cities that are, to some extent, stymied by their excessive reliance on the property tax and are being downloaded with more and more responsibilities. The comparative picture isn’t a pretty one either. There has been much more public investment in infrastructure in the United States than in Canada. And, while there will be disagreement on the details, there’s actually some agreement in the literature on the remedy: cities should have more legal authority. Perhaps even more importantly, cities should have the ability to raise money that’s commensurate with their responsibilities. There seems to be a general agreement that the excessive reliance on property tax is problematic: it doesn’t grow fast enough and it has inequitable distributive effects. You have rich suburbanites being subsidized by people who live in apartment buildings downtown. You have people outside cities not paying property tax but still using the city.

The long-run solution seems to be a revised legal regime which creates a more expansive definition of powers to provide cities with more diverse tools for revenue-generation. Not all of these tools require tax increases. It can be things like public/private partnerships and other mechanisms so that cities can invest and grow and then reap the rewards.

Constitutional Amendment

So, how do you get there? Option number one: change the formal constitution of Canada. Let me premise what I’m going to say by saying, forget it; it’s a waste of time. Even if you could do it, you wouldn’t want to do it. If you wanted to do it, you’d be wrong to want to do it. It’s very hard to put things in the formal constitution of Canada; it’s even harder to undo them. If you had entrenched the powers of cities in the 1960s, you would have greatly regretted it. Is it theoretically possible to change the Canadian Constitution? Yes, you can do anything with the support of the federal level of government, and between seven and ten provinces depending on the issue. Practically can you do it? Absolutely not. The operators of the Canadian Constitution are the provinces and the federal level of government and provinces aren’t really enthusiastic about coalescing around an agenda of devolving powers to municipalities and making that irrevocable. If you put this on the table, other people who have demands for more power would also be there and would be there with more clout. So the provinces would say, “Well, as long as we’re recognizing orders of government, we’d like more powers,” which is the typical pattern of constitutional reform. And then if you’ve got one federal government and ten provinces at the table, First Nations will say, “Well it’s time for our order of government to be constitutionally entrenched.” Your item will be pushed off the agenda. So it’s not going to happen by the constitutional amendment route and talking about it is a waste of time.

A Provincial Constitution

Is there such a thing as a provincial constitution? Can you entrench what you’ve done so it can’t be undone? There are provincial constitutions although, frankly, it’s hard to explain exactly what they are because they’re not generally set out in one single, official, formal text. If you asked me what the Constitution of Manitoba is, I’d say, a couple of things that are in the official Constitution of Canada, like the Manitoba Act; a few obscure provisions of the Constitution Act, 1867; and then mostly stuff that is in ordinary statutes such as The Elections Act, The Legislative Assembly Act, the Municipal Act and the City of Winnipeg Act. They’re ordinary statutes and you can change them in the ordinary way. Good news! It’s not that hard to do. If you want a Charter, any province can do it by an ordinary act of the Legislative Assembly. The bad news is, they can undo it anytime.

Is there a middle ground between having your charter completely subject to legislative whim and entrenching it in the formal constitution? Yes, there are ways that you can give some statutes more status than others. It’s technical but I’ll try and identify them rather than going into all the detail.

One is a manner and form requirement that we do sometimes in Canada. You can say that no provincial law can take away a power in the City of Winnipeg Act unless a statute actually
says, “this is passed notwithstanding the City of Winnipeg Act.” This is some deterrent to a provincial government casually or inadvertently intruding on the powers that they gave to the City of Winnipeg. It sounds like a little, it’s actually quite a lot. The requirement to formally label your legislation, taking away powers you previously gave in another document, is something that’s rarely used and is in practice, a significant inhibition.

Secondly, you can have special process requirements. You could say, before you change the City of Winnipeg Charter Act, you have to have the consent of the Council of the City of Winnipeg or you have to have a report from City Council or you have to have an impartial body issue a report on whether the change is consistent with certain basic principles: accountability, growth, whatever. Now the legislature could ignore the report but the fact that there has to be a report with defined criteria would be an inhibition. We do this, for example, with our election laws, which are not based on the unilateral dictate of whoever’s in power. We set up independent election commissions and they issue reports which are not legally binding but provinces generally follow them.

A third route is you could require some sort of plebiscite or referendum before you change The City of Winnipeg Charter Act. It has many advantages in theory, although, practically, referendums are extremely expensive and difficult to operate. The province may not want to go that route. Who’s voting? Everybody in the province or just the City of Winnipeg? If it’s just people in Winnipeg, they’re self-interested. If it’s everybody, that’s awfully expensive. There’s at least three routes you can take using Winnipeg as an example.

**Federal Funding**

What can you do by way of more federal funding and more direct contact with the federal government? What I say may be startling and controversial but I see a potential for major dissidence here. The underlying objective is for city-regions to have a reasonable degree of autonomy, independence and integrity. At the same time cities want more federal spending on infrastructure. There’s a tension here, perhaps even a contradiction. And, in terms of integrity - a word I’m quite taken with - there’s a lack of integrity in the way discretionary spending programs tend to be operated by governments generally.

It’s politically advantageous to have the discretion to hand out money as you see fit; to reward your friends, punish your enemies; to win votes by putting the money in the area where it’s most likely to reap political rewards. However, there has been a large amount of waste and unfairness in the federal system because of discretionary spending. I’m not convinced that, on balance, things like western diversification or Atlantic development have been money well spent. This is as opposed to money being spent on block grants or tax reductions where autonomous decision-makers - be they cities, universities, whatever - make the decisions rather than having discretionary federal spending.

What is the principal argument for federal spending on infrastructure? There’s a practical argument which is the municipalities don’t have enough revenue bases of their own. What’s the principal argument for somebody in Ottawa deciding whether you can build a hockey arena or a street? I can see arguments in other areas, like transportation where you’ve got one unified network. It makes sense to have a reasonable degree of policy integration if you’re talking about roads and bridges. However there’s a lot of other issues where I’m not really sure why somebody in Ottawa should be deciding who shall thrive and who shall wilt. Politically, as someone from Winnipeg, I come from the bottom rung, the smallest city and the least prosperous city of the C5, I don’t think we’re going to do well politically in a contest over discretionary federal spending. Those who have the most will probably get the most. If you’re from Toronto, you got a much better chance of getting a disproportionate share of discretionary federal spending than if you’re from the City of Winnipeg.

This links to the question of how to lobby the federal government. Winnipeg is not going to do well in a lobbying process where it’s competing with a bunch of other cities at the federal trough. The best chance that Winnipeg has is to coordinate efforts with the Province of Manitoba. The Province of Manitoba is one of ten, not one of twenty, or one of 4500 municipalities. The province also has a constitutional status that the cities don’t have which includes an equalization formula. So the federal government is under some legal constraints as well as constraints of tradition and political constraints against treating the Province of Manitoba badly as opposed to treating the City of Winnipeg badly.

If you want to fund municipalities, don’t ask for another discretionary federal spending program. Federal governments should specialize in areas where the federal government has a necessary and legitimate role. We don’t really want the federal government deciding who gets hockey arenas. If you want to give cities money, one suggestion is that an equivalent amount of money would be better spent in giving a GST or PST break so that the municipalities can decide how to spend the money, rather
Making the Case for Autonomy: The Legal Framework  
Bryan Schwartz

than some minister of whatever deciding how much pork goes to the City of Winnipeg. Cities could astonish the people of this country by saying - in the Nancy Reagan spirit - "just say no to pork."

Yesterday I heard that the mayors may be diffident about speaking out right now because there's a federal budget coming. Well, isn't that the problem? If you want integrity in the federal system, you have to have reasonably autonomous governments: federal, provincial and municipal. You want to make a case to the Canadian public by articulating the long-term case for autonomy: integrity and checks and balances. That's much more persuasive and powerful than positioning yourselves as one more piggy at the trough.

Federal – Municipal Relationships

Legally, can you have direct contact between municipalities and the federal government? I'm not absolutely sure in all cases, but my guess is, yes, you can because the federal government is either exercising a federal policy-making function or the federal government is spending money. The Supreme Court of Canada has basically said there's no limit on how the federal government can spend its money. There is federal paramountcy as a matter of law in our system. So if the federal government wants to talk to municipalities, they probably can as a matter of a hard law. As a matter of political convention, is there some sort of convention that you can't go under or around provinces? Maybe, maybe not.

You want to make a case to the Canadian public by articulating the long-term case for autonomy: integrity and checks and balances. That's much more persuasive and powerful than positioning yourselves as one more piggy at the trough.

You don't want a federal government with most of the money and most of the discretionary spending power and everybody else in the position of a supplicant who cannot take strong advocacy positions or strong policy positions because they don't want to offend the federal government. We don't have enough checks and balances in our system as it is. We have the federal government involved in so many spending areas that, with respect to unprosperous provinces like Manitoba, it has way too much policy leverage.

You want to make a case to the Canadian public by articulating the long-term case for autonomy, integrity and checks and balances. That's much more persuasive and powerful than positioning yourselves as one more piggy at the trough. That is not an easy thing to do. Figuring out how you get to this long-term goal when there's constantly going to be short-term pressure to play the game is going to be quite a challenge.

You'd have to look at an awful lot of history to find out what the tradition actually is, in the federal government going around a province and talking directly to the municipality in an area that only involves spending power. I think it would be hard to establish that there's a convention that they cannot do it. They probably can. I think there are practical disadvantages in doing that and I've identified some already with a city like Winnipeg.

I'll identify several more. If everybody's at the table, nobody's at the table. For example the federal government said, "You know, to have coherent discussions with First Nations, we want to have an organized and adequately subsidized national organization, The Assembly of First Nations, and we want regional organizations like the Assembly of Manitoba Chiefs. Then we'll help coordinate and coalesce opinion." The problem for the federal government was that it worked. And now the federal government is in the course of trying to divide and conquer again and un-fund these regional and national organizations because they were too effective. They realized that they could get their way much better by dealing bilaterally with everybody. If you have forty-five hundred municipalities or eighteen big cities at the table with a bunch of provinces, it doesn't matter what anybody says because nobody's saying anything. There's an old maxim from military strategy: if you defend everywhere, you defend nowhere. Unless you have superior forces, if you attack everywhere, you attack nowhere. The way that a relatively under-resourced protagonist succeeds is by selectively choosing where they want to pursue their objectives.

Practically speaking, there's nothing that stops provinces from bringing the mayors of their big cities to conferences. Practically, almost anything can be done. Offending the symbolic sensibilities of provinces and getting the federal government worried about provincial autonomy by trying to go over or around the provinces and having a backlash from the provinces where they say, "Good. You want to talk to the Feds, that's great. They gave you ten million bucks. Well, we're cutting your grant by ten million bucks." Where is that really getting you?

I think there's room to have cities at the table. I think practically, as well as in terms of any theory, the best course is to have them at the table with the provinces. That doesn't mean the province has to be at every meeting. The province might say, "You know what? We were at the first meeting, you go talk to the City of Winnipeg for awhile and let us know how it's going." Frankly, as a practical and policy objective, great problems will not be solved by a direct federal and municipal relationship that goes around the provinces. It's theoretically possible. It's not going to happen. I'm not actually sure it's desirable that it should happen.

Making The Case for Municipal Autonomy

In terms of public 'sell-ability', what you're worried about is the one-line headline: "Bigger tax grab by cities: The city wants to tax you more." The interesting thing to me is that it is not just about more taxes, it's about a variety of revenue-raising devices. That case has to be made: more diversity, fairer taxation. Also, I would say the slogan is: "it's not
about ‘tax and spend,” “it’s about ‘invest and grow.” That case is made in some of the literature, but when it’s made in public, I think that has to be made clear. If you’re putting money into infrastructure, you’re not flushing it down the drain, although I suppose if you’re building a sewer system, you are! But the point is that you’re spending money to make money. You’re spending money because you’re going to attract people; you’re spending money because you’re going to keep people – a huge issue in Winnipeg. Of course, all our issues are huge in Winnipeg!

If you want to attract and keep people in the long run, you have to spend some money. If you do that, then you’ve got more taxpayers and you have a bigger revenue base to do all sorts of good things, including redistribution and wealth creation. The point that has to be made in any public debate is that infrastructure spending by municipalities is more long-term investment than it is short-term spending which just builds up more debts and more problems. I think downsizing for a very long time and a lot of policy planning people left government. They left because the pay was bad, they left because they were bought out, they left because they were laid off. Governments don’t have big policy-making capacity because they said to themselves, correctly, what’s the point of strategic planning? We have no money to implement any plans, even if we had a plan. So the amount of capacity for deep and long-term thinking within government now is not, to put it mildly, tremendous. If you want the province to do something for you, you have to pre-do an awful lot of the work for them. You can’t just say, “Give us a bunch more powers and here’s the list.” The more you can put in place everything they need – “This is exactly what we want, this is the draft statute. We’ve actually written up something for you. Here are the spreadsheets where we show the long term impact.” – the more likely you are to succeed. I would say that’s true of almost any negotiation. Just coming to the other side and expecting them to do your homework for you is not going to happen. It may happen rarely. It’s certainly not going to happen in the current set-up of Canadian government.

What are some other techniques that can be used? Theoretically, referendums are an attractive way of galvanizing public support. Municipalities can always conduct their own referendums. They were done in Manitoba against the will of provincial governments, during the French language crisis, for example. However there are always very serious problems with phrasing questions, the sheer cost of a referendum, and the potential divisiveness. So it is one option. Sometimes the threat may be better than the execution. You can say to a province, “Well, if you really want to find out what people think, we always could run a referendum.” Maybe that will get you somewhere. Worst comes to worst you might actually have one. It won’t be legally binding, but it can have quite a powerful effect and the process of having the debate in the course of a municipal referendum forces you to articulate the case and raise public consciousness of what the issue is. Somebody mentioned, “Maybe we should be attacking on all fronts simultaneously?” With respect, I don’t think that’s actually going to succeed.

It seems to me that we are in an area of public policy where flexibility and evolution is desirable. The path forward is for different cities to experiment with different arrangements: find out what works, what doesn’t work. What’s works will become an example which eventually will be emulated elsewhere. The first city that has a big change which seems to be visibly successful because the municipality has more powers and does good things with it, is going to be the spur that will call other cities to reform. Trying to get five different big city mayors to agree on everything is going to be tough. Getting the whole lot of them across the country to agree, even tougher. Getting them to get all the provinces to agree, impossible. A sequential approach using different cities as laboratories of democracy is the most likely to succeed in practice. So, in a distilled form, rightly or wrongly, I’ve tried to express what to me is a very interesting and stimulating body of literature.

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The path forward is for different cities to experiment with different arrangements: find out what works, what doesn’t work. What’s works will become an example which eventually will be emulated elsewhere.
Lessons Learned

Some of the central ideas which have emerged from the discussions with the political, economic, intellectual, labour and social leaders of Canada’s main urban areas.

1. **Canada’s large urban regions are the principal economic, social and cultural engines of our country.** The international competitiveness of Canada and its future growth depends on the ability of our largest cities to compete on the international stage. They are also the most concentrated repositories of social and cultural innovation.

2. **Not all cities are the same; size matters.** A public policy that tries to find one size to fit all is doomed. Size increases the complexity of problems, and greater complexity often calls for more complex solutions. In particular, the largest of Canada’s city-regions—Vancouver, Montreal and Toronto—have distinctive characteristics that require distinctive approaches.

3. **There needs to be a better match between what cities are expected to do and their authority to do it.** Cities are currently creatures of the provinces; anything they do can be undercut or overcalled by a provincial government. Our cities have had to rely on the kindness of strangers, of being the beneficiaries of what Jane Jacobs calls “opportunistic begging.” Cities are being held accountable for areas in which they have inadequate resources and depend on the province for funds. Or, as in the case of homelessness and lack of affordable housing, of having to pay for symptoms (through policing, shelters and social services) without having the capacity to put a better policy (housing) in place.

4. **Downloading has been financially devastating to our large cities.** It may have balanced federal and provincial budgets, but it is a “shell game.” The TD Bank, in its report on these issues, says that the federal and provincial governments should do “less with less” and accordingly, should transfer to cities the tax room they have vacated. One of the positive effects of downloading is that the responsibility for some goods and services is now more appropriately assigned to those governments who are best equipped to deliver them.

5. **Cities need new and secure revenue sources.** The numbers are well-known: Canadian cities rely on property tax for about 50% of their revenue; in the US it is about 20%; in Europe it is just over 5%. With all sorts of new responsibilities, cities need a share of consumption and/or income taxes in order to design and manage long-term growth.

6. **This is not a ‘zero-sum’ game.** Empowering Canada’s city-regions does not mean disadvantaging other parts of the country. Our cities need appropriate powers and resources to continue to plan for and generate wealth that is then available for redistribution. Cities require capital investment to create and sustain this wealth.

7. **Politics may be the path to change.** What is lacking now is political will at the political level. The population of the C5 is over 40% of the Canadian population. The C9, adding Ottawa, Edmonton, Quebec City and Hamilton, is well over 50%. In post-amalgamation Toronto’s first election, the winning candidate got more votes in an election for public office than anyone ever in Canada. The losing candidate got the second most. Those who live in Canada’s most populous urban regions can empower their politicians to advocate change so that cities serve their citizens better.

8. **We need to re-imagine Canada.** We are no longer a sparsely populated agriculture and resource-based society. While we value our rural resources, we are a highly urbanized country requiring public policies that reflect our diverse needs. There are no unique ‘special interests’. This is in every Canadian’s interest and the future of Canada depends upon it.

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The C5 Civil group consists of representatives of the Board of Trade, Labour Council and United Way of Canada’s five city regions: Vancouver, Calgary, Winnipeg, Toronto and Montreal. The group has met in January, May and October of 2003. Ideas that Matter supports the initiative by convening meetings and providing travel support.
If the Fathers, and Mothers, of Confederation were meeting at the start of the 21st century to create Canada, they would design a very different government from what they agreed on in 1867. In the 136 years since the union of Upper Canada, Lower Canada, New Brunswick and Nova Scotia, Canada has grown incrementally to include ten provinces and three territories which not only differ dramatically from each other in size, nature, culture and economy, but in many cases contain significant internal differences which are increasingly hard to accommodate.

In 1867 Canada was a rural country with few towns and villages. Its economic pursuits were the harvesting and export of natural resources, and agriculture. Its towns and villages were primarily way stations and trading posts, some with military garrisons. The population of 3 1/2 million was spread out, although small centres were beginning to develop along the St. Lawrence River and Lake Ontario. Wealth was in the hinterlands, in furs and trees, so the ability of the state to encompass territory was useful.

Canada at the start of the 21st century is a very different place; 80% of its population of 31 1/2 million now live in cities. The vast majority of Canadians live in or close to one of the big urban regions of Toronto, Montreal or Vancouver, or the second-tier cities of Ottawa, Calgary, Edmonton, Winnipeg or Quebec City. The bulwarks of the Canadian economy are the modern industries of information and design, located primarily in our major urban centres. Traditional resource-based industries now account for less than five percent of the economy. By sheer bulk, our large city regions are where most of our economic, social and cultural activity takes place. And most people live there.

This is not to make an argument about quality. Canadians can have a lively debate about where it is preferable to live. Some people prefer rural living, some towns and villages, and others the big city. Some people have no choice and are forced by circumstances to live one place or another. It is an undeniable fact that most Canadians live in cities.

But our system of government has not kept up with where we live. In two important ways, we cling to old structures that make government less and less relevant to Canadians.

The Vote

First, the electoral distribution of parliamentary seats favours rural areas over urban, both federally and provincially. The average urban seat has 118,835 voters; the average rural seat has 86,463. An urban vote is worth less than three-quarters of a rural one and it gets reflected in what MPPs talk about in parliament. Urban strategist Joe Berridge did a study of Hansard to see what they talk about in Federal Parliament. He found they talked about:

- the “farm income crisis” over 700 times, and housing 119 times;
- foot and mouth disease 172 times and HIV/AIDS 50 times;
- the Farm Credit Corporation 252 times and urban transportation 31 times;
- grain transportation 71 times and public transit 30 times;
- agricultural subsidies 162 times and air pollution 19 times.

There are many Canadians who think we must address this electoral disparity. Some are looking at a Charter challenge under the Charter of Rights and Freedoms.

The Provinces

The second way we cling to old structures is through our provincial substructure. If anything, Canada has been thrown into gridlock in recent years by the provinces. The dominant political dynamic in Canada is “federal-provincial”. The annual conferences of the provincial premiers have become a paradigm of failure. The provinces get together to demand and some time later the Prime Minister refuses. The truth of it is that differences between provinces are profound enough to render much substantive agreement rare.

The increasingly obvious empty seats at this predominant table of discussion are the large urban regions. Half of the provinces and all three territories have no big urban regions. None of the provincial governments have their political base in the big cities due to the mal-distribution of votes. Nobody is speaking for the places where most Canadians
live, where our economy is overwhelmingly based, and which are our principle vehicles for competition in the global economy.

You might expect our municipal governments to step in to fill the void, and some attempt to do so. We have had, in many of our cities, very able mayors and councillors. But in Canada, cities are creatures of the provinces and find themselves regularly undercut or over-called by their provincial governments. Provinces do this for various reasons: to fix their own budgets, to put in place their own policies, and in some cases out of spite. They have the power and use it, even to the extent, as in Ontario, of dismissing elected councils and mayors.

What Can We Do?

Well, you would think that it might be a good idea to fix some of these structural inequities. To do so, you would face massive problems. The first would be confronting the “fed-prov industry” in Canada, a crowd of experienced experts (Meech Lake, Charlottetown, and points between) who know exactly why nothing can be done. The second would be the entrenched interests of both the federal and provincial governments, who rely tremendously on the huge tax revenues that come out of these urban regions. Toronto alone, by conservative estimates, sends $17 billion more per year in taxes to the federal and provincial governments than it receives back in goods and services. Thirdly, you have the timidity of many mayors who rely on smooth, supplicant relations with their provincial governments to keep money coming back to pay for municipal services.

If you were able to sit down with a group of clear-sighted people and design the country for the 21st century, what might Canada look like? Would it have provinces at all? Would it have city-states? If so, what might qualify one place as a city-state over another? What would be the relative roles of the federal government, provincial governments and the municipalities? Would there be massive municipal amalgamations with large regional governments? And importantly, what effect would the re-design have on the democratic access of citizens to their governments?

Some Design Principles

Several principles should guide any reconstruction of Canada.

- The democratic access of citizens to their governments should at least be retained at current levels, if not enhanced.
- Size matters. Any public policy that tries to find one size to fit all urban areas is doomed. Size increases complexity, and greater complexity often calls for more complex solutions.
- The Canadian system of transfer payments (the sharing of wealth created in one part of the country with less wealthy areas) should be continued in some form.
- Subsidiarity is a useful concept. Powers should either flow up to the national government (particularly the setting of standards and the protection of rights) or down to local governments (particularly fiscal capacity and accountability for program and service delivery).

In addition, three sets of considerations are part of any change scenario: population, powers, and money.

Population

Prince Edward Island is smaller than 27 cities in Canada yet still enjoys all the powers of a province. If the city of Toronto were a province, it would be the second largest province in Canada, but it currently has almost no secure powers. PEI has 135,000 citizens. Toronto has 4,683,000, 35 times the size of PEI. The Toronto Community Housing Corporation, with over 160,000 residents, represents more people than PEI (and would make it equivalent to Canada’s 20th largest city).

Putting aside the three territories with a combined population of only 93,000, it is notable that six of the ten provinces have populations of about a million or less, with only Manitoba and Saskatchewan being close to the million mark. Ontario is overwhelmingly the most populated, with Quebec having about 2/3 of Ontario’s population. B.C. and Alberta are significantly smaller. Figure 1).

What might combining some provinces achieve? A Maritime union of the four Atlantic provinces would produce a political unit of about 2.3 million people. A Prairie union of Manitoba and Saskatchewan would total 2.1 million. You would then have six political units of over two million people. You would still have the problem of disproportionately big Ontario and Quebec. What if you then created separate political units of the three big urban regions in Canada, Toronto, Montreal, and Vancouver? If you simply took the census metropolitan areas out of the provinces, you would begin to level the numbers. Quebec would become a province of about 3.8 million, and Montreal a city-state of about 3.4 million. Ontario would be 6.7 million, and Toronto 4.6 million. BC would be 1.9
million and Vancouver slightly bigger at 2 million.

With Maritime union and Prairie union, and the creation of three new city-states with provincial powers in Toronto, Montreal and Vancouver, Canada would have 9 provinces/city-states and 3 territories (Figure 2). Without provincial union, but with the creation of city-states, Canada would have 13 province/city-states and three territories.

Why does size matter? Size permits diversity. Size also allows for greater resilience in economic cycles. The closer political units are in size, the easier it is for them to share solutions, create common activities, and wield power.

The biggest advantage of such a redesign is the creation of our three large urban regions as city-states with provincial powers. It is a very simple way to put into their hands the necessary powers and revenue tools to control their destinies. It is a simple way to rectify the electoral imbalance issues, at least below the federal level. And it is the clearest and most direct way to combine both accountability and responsibility at one political level, a problem which is serious in current municipal/provincial relations, where cities are accountable to citizens but lack the necessary powers to act.

**Powers**

It makes sense to give cities greater powers, but not all cities need the same powers. The Federation of Canadian Municipalities has over 1000 members, and its Big City Caucus has over 20 members. In fact there are only nine cities in Canada with over a half million people, only four with over a million (Toronto, Montreal, Vancouver and Ottawa). A one-size policy will not fit all.

An argument can be made that the big cities, at least the big three, need the powers of provinces. Public health experts will argue, for example, that the nature of Toronto, with its large immigrant population, presents specific health care issues that don’t occur generally outside of the city. Both in terms of pathologies being treated and the protocols of care, there is a uniqueness. The recent SARS outbreak in Toronto spoke clearly to the unique challenges of health in dense, diverse communities.

Similarly in education, the city has unique conditions. Toronto absorbs 110,000 – 125,000 immigrants each year from a broad and changing linguistic, cultural, and educational experience. Large city schools have a wide economic diversity among students as well as various social challenges. They need the capacity to develop programs geared to student needs. And they need stable funding to pay for them. Averaging out programs and funds to meet some median need in a less diverse province doesn’t work. And it surely doesn’t work if there is a rurally elected government which resents both teachers and the city.

Surely if a province the size of PEI (135,000) or one of the other Atlantic provinces can handle the powers they have, then cities of two, three, and almost-five million (Vancouver, Montreal and Toronto) can handle them too.

**Money**

The large urban regions, as the seats of the new economy, are Canada’s principal generators of wealth. They export large amounts of capital to the rest of the country, in Toronto’s case over $17 billion net per year. Why would Ontario, Quebec and BC agree to see their big cities achieve some independent status? Why would they give away the cash cow?

The only realistic answer would be as a result of irresistible political pressure from voters which would have to come from the leadership of mayors and councilors. Given the recent municipal amalgamations, which have created large political blocks (the mayor of Toronto received more votes in getting elected in 1997 than any politician in a Canadian election), there now exist very large ‘bully pulpits’ for mayors to occupy. Sooner or later, one will do so effectively.

One of the principal flaws in the current financial arrangements is that cities hardly share in their wealth creation activities. For example, if a city like Toronto puts in a new convention centre, all it collects from it is property tax, as it would from any other development on the site (if it hadn’t bargained away property tax as an incentive to the developer). The province, on the other hand, would collect sales tax on any activity or good sold there, as well as sales taxes on hotel and restaurant business associated with the convention centre. The federal government, similarly, would collect GST on all related goods and services, as well as income tax from the jobs created by convention centre activity. Meanwhile the city would not only be limited to property tax, but would have the additional costs of maintaining the public infrastructure related to the convention centre.

In any reform of arrangements regarding cities, they must be allowed to collect a share of income and consumption taxes which relate to their wealth creation, similar to other levels of government.
A New Map of Canada

Recommending any changes can be a mug's game. Any detail can be pounced upon for extended criticism or, worse, accusations of naivety. Nothing is more vulnerable than any discussion of boundaries, or combining of jurisdictions which threatens traditional identities. It might be useful to look at some different reformations of Canada which would include:

- Status quo plus the creation of three city-states with provincial powers;
- Maritime and Prairie union with the creation of three or four city-states;
- The elimination of the provinces and the creation of city-states of various sizes and with differing powers;
- An incremental increase in the powers of urban regions.

Status Quo + 3

This would be the easiest change to make. The ten existing provinces would be retained, but Toronto, Montreal and Vancouver would be created as city-states and granted all the powers of a province. That is, they would control their own health and education systems, participate in the tax collection and distribution system, have an equal seat at the meetings of provincial leaders and first ministers, and generally have a high degree of autonomy to manage their internal affairs. Exact boundaries would be labourious to determine but would attempt to encompass the dynamics of the urban region.

For example, in creating the city-state of Toronto, the boundaries would be set as closely as possible to represent the urban agglomeration of the Golden Horseshoe; that industrial area around the west end of Lake Ontario from Oshawa to Hamilton, and stretching from Kitchener-Waterloo in the west to Alliston-Shelburne in the north. Some thought has been given, by Jane Jacobs and others, to the creation of a new province of Southern Ontario, which would draw a line between Oshawa and Midland, and treat all of the Golden Horseshoe and south-western Ontario as a new province. This would have the advantage of including almost all of industrialized Ontario, including London, Windsor and Sarnia, but would also include a lot of rural Ontario, particularly its prime farm land. However, on the principle of including similar areas within boundaries, this proposal does not work as well as a Golden Horseshoe-based city state.

There might be some concern about Ontario, Quebec and BC losing their “cash cows”. However, there is considerable opinion in the non-urban regions within those provinces that, in fact, it is the hinterland subsidizing the cities. They point to the harvesting of natural resources, and to the higher social service costs experienced by cities as evidence. As such, they should be happy to shed these burdensome areas. At any rate, whatever loss there might be to the hinterland would be redressed through participation in the national system of transfers.

If the intention is to have the city-states encompass urban form, there is the issue of the growing footprint of cities to consider. Areas outside of the current urban zone could well be developed, or could develop in the future, industry which would make them, dynamically, part of the urban region. A process could be developed which would permit such regions to negotiate their move from one political unit to another, say from the Province of Ontario to the city-state of Toronto, if they were part of the contiguous urban region.

2 Unions + 3 or 4

A second option is union of the Maritime provinces plus union of the Prairie provinces. A Maritime Union could include either three or four provinces, a matter of some delicacy given Newfoundland’s strong independent self-image. Prairie Union could encompass all three Prairie provinces, or just Manitoba and Saskatchewan. In the first instance, there would be a political unit of five million people, making it in size equivalent to the new Ontario (minus Toronto) and the new Quebec (minus Montreal). In such a case, there might be a good argument to be made for the creation of a fourth city-state, Calgary-Edmonton, which would have a population just under two million people. If Alberta remains its own province, there is less of an argument for the creation of the Calgary-Edmonton city-state in that it currently makes up two-thirds of Alberta’s population.

No Provinces

This option would recognize provinces as an anachronism, and create a central government with a number of governments beneath it:

- The three or four largest urban regions organized as city-states with most of the current powers of provinces;
- Five or six cities with populations between 500,000 and a million, with many of the powers of the large urban regions;
• Ten or so cities with populations between 150,000 and 500,000, with fewer powers, but still a considerable capacity to control their destinies;
• Forty or so cities between 50,000 and 150,000;
• The remaining municipalities (900 or so) dealing with the federal government in much the same way they now deal with their respective provinces;
• Rural areas dealing with the federal government as they now deal with their provincial governments.

Of course, the federal government would have to organize itself differently than it does now, and become operationally more decentralized. Canada, in its current federal-provincial structure, is already one of the most decentralized countries in the world. Operationally the federal government is somewhat decentralized, but the primary factor in our current decentralization is the power residing in the provinces. To govern effectiv e-ly without provinces, the federal government would have to devolve powers, as well as revenue-raising capacity, to municipal governments.

As has been noted above, size matters. The larger urban regions would need a full set of powers to govern themselves. Smaller cities, though, should have a smaller array of activities under their jurisdiction, for the simple reason that they lack the capacity to deal with fluctuations in economic cycles. Welfare systems, debt load management, and other such matters are better housed at a level of government which has access to a broad, diverse, and resilient economy. Smaller cities benefit from having a larger governmental unit manage these areas.

A basic principle here is that one size does not fit all. There should be room in such new arrangements, no matter which option is chosen, for ongoing negotiations between governments with the aim of optimizing successful governance for each unit of government.

Incremental Reform

Realists, members of the “fed-prov industry”, and other skeptics will look at the above options and conclude that not only can nothing be done, but nothing should be done, nor will be done. Such a reconsideration of Canada is beyond the capability of the country. And they are probably right. Part of the problem is that such changes present the risk of not working or of such a protracted adjustment period that we fall even further behind. But doing nothing is a recipe for the continuing decline of our large cities, the key economic engines of Canada.

There is a way to put our collective toe in the water. For example, by an agreement between the federal and provincial governments, the Golden Horseshoe might be recognized as a sovereign state for the purpose of implementing and operating its own welfare system. Or its own education system. Or health care. If, over time, this worked, then another set of activities would be added. Initially, each separate program would be governed by a special council, related only to its work, but over time an over-arching government structure could be developed to manage all of these programs, becoming the first form of a new city-state government.

Breaking the Gridlock

Canada’s cities are under-powered and over-exploited and continued provincial and federal ignorance is contributing to a spiral of decline, both of individual cities and in the final analysis, the country as a whole. A restoration of generous grants and programs for housing and transit might help in the short-term but a smart devolution of revenue sources and powers is a better long-term solution. Ultimately giving our large urban regions control of their own destinies will enhance their wealth creation capacities and benefit all of Canada.

The headlock on the nation by federal-provincial tensions is blocking our ability to empower our cities. If the provincial and federal governments can’t begin to think creatively about our large urban areas, then more radical steps must be taken, steps which begin to break down the power of the provinces as they now exist. Given that 80% of Canadians now live in cities, it is high time that the reality of our geography is reflected in our government structures.

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Photographs courtesy of Max Allen, producer of the CBC Radio One program, Ideas. Max has photo-chronicled the construction of the new Sharp Centre for Design, an expansion of the Ontario College of Art and Design currently being built in downtown Toronto for an Ideas program, Building in the Sky, which will be aired on Ideas on February 4, 2004.
The most important thing that we never talk about in politics is values. What we don't understand and we don't talk about, (though the creative community and artists have to relate values to their work), is that we need value-based government. ...What are the value sets of politicians and do those value sets fit with your value sets? And what are the polarities that are emerging? I really do believe that the world evolves between competing ideas that synthesize and detach and conflict and compete and harmonize. As change occurs, polarities become wider and then we get consensus and we move forward. We are living in a period of time of incredible conflicts and tensions, in a world where very little writing is occurring on political ideas. We still think of socialism and capitalism. Politics has evolved to something much more different than that.

...I believe that active citizenship is the absolutely fundamental foundation of a civil society. A civil society isn't something that is invented out of osmosis. It is the personal decisions that you make. If you see yourself as a consumer and not as a citizen, you will not live in a civil society. If you see yourself as a taxpayer and not a citizen, you will not live in a civil society. If you see yourself as a voter and not a citizen, then you will not live in a civil society. And a civil society is important and essential to a creative society. So if you are not out knocking on doors for a candidate, if you are not out asking tough questions at town hall meetings, if you are not drafting the most brilliant treatise on art as a regenerator of community and forcing that in the face of every candidate you come across, then you're not yet being a citizen. We live in this privileged era which we inherited from our parents and grandparents who suffered through holocaust and war and poverty and displacement. We are the generation that is living with the greatest amount of material wealth, education and health of any generation to occupy our country's history. That doesn't mean we're all included but it does mean that we should be able to pass on a massive legacy to our children and grandchildren given how much we inherited from people with so little. And if we cannot use our creativity to redefine this country and becoming a shining example of what democracy, inclusion and social justice can mean, then we have failed and we have really let down our children because we have no excuses.

...I think by 2057 [Canada] will be an even more different world than it is now. If you look at the integration in Europe, the North American Free Trade Agreement, and the importance of cities, the other end of globalization is localization. It is this idea that community capacity is the most essential determinant. We have gone from governing from the edge to governing from the centre. In the last century, and during most of my lifetime, how big your armies were, how strong your tariffs were, and how you reinforced the edge of your country, determined your economic and military security. Today that doesn't matter. We can move capital in a split second on the internet; billions of dollars around the world. People can move across borders like never before with migration. Cities have to be places of choice to live in. Increasingly we have to compete for citizenry, for talent, for creativity and for investment like never before because of the mobility of ideas and of people and our information technology capacity, which is instantaneous. Creativity is universalized and localized all at the same time. So in this century, strong universities, strong downtowns, great cultural institutions, healthy children, clean water, clean air, safe communities, strong entrepreneurial capital and human resources and support for diversity and human imagination become absolutely critical components. So rather than governing from the edge, we now govern from the centres of excellence, the clusters of human imagination and innovation, and they are very urban. And cities are the most important tool nations have to build quality and success and prosperity in this century. We don't think that way. We still have governments that are nation states; that are embedded in the ideas of governing from the edge and not governing from the centre. We have to change that in our generation.
I want to talk about the other polarity that affects creative cities and the ability to create arts and culture. There are two sets of ideas. One is the new dynamic isn’t socialism and capitalism; it’s consumption politics and what I call intergenerational politics. In a consumption-based political system, you measure success by how fast the economy grows. In intergenerational politics you look at how much you have developed. Consumption-based politics is based on increased consumerism. The people who tell you every time there’s a downturn in the economy, “Shop.” Intergenerational politics is citizen-centered. It’s get involved, become more involved, create change, become more engaged, become more creative, add value without necessarily adding increased consumption of resources. Consumption-based politics fragments us as consumers, as taxpayers. Intergenerational politics treats us as a whole person, having a complex relationship with government, not simply the payer of government bills. Consumption politics is all about how much we consume today. It’s an instant gratification politics and works well in four-year terms. Intergenerational politics is tomorrow-centered. What do we want to pass on to tomorrow or to our children in water and air quality? How much is our deficit? How do we deal with how much of the money we’re using today is being taken from future generations? How do we rebalance our consumption in government to rebalance it? What are the deficits in education of children? What are the dropout rates? What do we pass on to the next generation? It is thinking in terms of tomorrow because everything that we do in government today has little impact on you. The big impact is on the next generation of Canadians and citizens of other parts of the world.

The other piece is what I call the polarity between utilitarian and creative value sets. If you have a set of utilitarian values that drives politics and politicians, all non-essential spending goes right down the tube, because it’s non-essential. Sewage treatment plants yes, but no more art. If you impoverish city governments, you impoverish cultural values and the economic possibilities for change, and you create a utilitarian set of values. Utilitarian is price-based. Creative cities are value-based. Utilitarians, as Oscar [Wilde] would say, are the people who know the price of everything and the value of nothing. I would argue that they run much of our governments today. By saving 10 percent and building it ugly, you are not leaving a legacy that anyone is going to celebrate. When you think of the cities in the world that you want to go to and live in, where you’d want to spend your money, where you want to participate in the creation of wealth and ideas, they’re the beautiful places.

If you have a utilitarian value set, the ethos of your city doesn’t matter because you place no value on your history and you do not understand your present. What you want to be is just like everybody else. Utilitarian values are necessity-built. Build things that are only functional, the things that are necessary. A minimal cost to cross a water - that’s all a bridge is.

Creative values look at beauty. As my friend Garry Hilderman says, “Make beauty necessary and make necessity beautiful”. It’s not a price value. You can do ‘cheap ugly’ and ‘cheap beautiful’. And God knows, if you go to artists, they can do anything on a shoestring. Utilitarian values are about fear of difference. Creative values are about the celebration of difference. To be creative you have to entertain difference. If you are building utilitarian structures and only function, difference doesn’t matter. As a matter of fact, it’s annoying.

Utilitarianism is about homogeneity, and creativity is about heterogeneity and diversity and mosaic as opposed to melting pots. When you see the impoverishment of cities, where every city government’s major focus in Canada is trying to get through the next budget without raising property taxes and trying not to build up more broken streets and insufficient policing, there’s no creative capacity there. There’s no long-term planning, there’s no long-term engagement. The horizons are extremely short and your entire political process becomes gripped with crisis management. You cannot eventually sustain even the growth and development levels that you have now. Tax pressures become the huge focus and that changes the relationship between elected officials and the public. They become taxpayers – the only relationship – because you can’t provide them with anything else but a huge backlog of un-repaired streets and broken-down parks. So distrust sets in. People want referendums so city governments can raise taxes. The entire thing becomes a cynic-based taxpayer-based approach to government as opposed to a citizen discourse and about citizen engagement, about values and about opportunity and about hope and partnership.

So how do you create that creative capacity? If we have a utilitarian value set, and we don’t challenge it, then immigration is only to grow the economy, art is only propaganda, discourse and dissent interfere with efficiency and discipline and government. To all of you, look around the room. Look at each and every one of you. Look at your capacity. Look at the special gift that you have, whether you’re a politician, an artist, a public administrator, whether you’re a candidate or whether you’re a voter, you’re all citizens and you all have an unending imagination, an unending capacity for change and creativity. You can go back to your communities and be the drivers of a vision that can transform your community. And if you are infectious – I know, so many of you are – and if you can communicate as artists in your own personal sense, you can transform the dialogue in your community and create something extraordinary. We are on the edge of a new renaissance in cities. This is the urban age. You are the architects of the new renaissance.

For more information on Artscape and the Creative Places + Spaces conference, see www.torontoartscape.on.ca.
The approach we have taken [in Winnipeg] has a number of ideas. We currently have a utilities budget, a capital budget, and a current budget. We created one budget and figured out we had 18 broad areas in which we provide services. We divided those services into 136 actual service lines, and then looked at how each service was paid for and how it should be paid for.

For example currently police response is funded 91% percent by business and property tax, 3% by grants from the province, 3% in fines and 3% in user fees. So we said, “Well, is that really the way to be able to pay for police response?” “No.” We proposed a series of principles and decided that we’d take a very different approach to taxes. Not what we have or what could we spend or what could we increase, but what are the values of taxation? There’s a qualitative issue to taxation, not just how much money you can raise. These principles became the value base.

So we go back to police services and apply those values. Does it really make sense to have property tax cut? Police isn’t primarily a service to property. Police is primarily a service to people and then additionally has a property component. So we looked at our services and revenues and we had a rationale for each of them.

Under the new system we wanted to achieve a certain numbers of things. We wanted lesser reliance on property taxes and grants because it really made no sense. There wasn’t much accountability there. Taxing the value of someone’s home and taxing the price of someone’s shelter is not a good way to pay for the police. We left the property tax at 50% because a lot of police response is property-related crimes – roughly half is ‘break and enter’ into people’s homes.

A lot of police services are services to non-residents: people get into accidents visiting your city; people who live outside the area where there’s no police service; everything from vice to major crime units to internet pornography. City sales tax is one tool. We have 14% percent sales tax, lower than in Ontario. We’re proposing to harmonize the tax to 15% and take the additional 1% and put it into the services that affect residents. So sales tax should pay for part of police services.

We found out that 80% of our policing calls are alcohol-related. We have a 7% liquor tax we’re proposing. We also looked at a certain charge on telephones and a per telephone cost. We actually have one, but it’s collected by the phone company which keeps it. It’s a 911 charge. All of these taxes are growth taxes. Our police budget grows year-by-year and our property taxes have declined but sales taxes are growing per 6% per year. So that’s a tax that’s likely to keep up with the growth of police costs without having to raise property taxes. Sales taxes are also exempted from food and children’s clothing so there’s some social equity. Property tax is a tax on everyone’s shelter no matter how
The model of analyzing your services and revenues over time is critically important, and analyzing what businesses you're in relative to what revenues you have. I think that exercise forces you to come to certain conclusions about service choices: what governments should be doing and what revenues you need to pay for which services. I think the focus on the tax tools is the wrong thing to do. I think you should focus on service-based budgeting both on the revenue and cost side and disentangle them because I think that makes more sense.

There have been a couple of things that are starting to emerge in our discussions with the province that I think are going to be very challenging. One is social equity issues. You realize that city government is not in the business of wealth redistribution. In Canadian federalism, the provincial and federal governments have all of the powerful tools for wealth redistribution. We are discovering that we're not as progressive as a city as we would like to be. What it comes down to is that the ability of people to pay is related to their income. And even when these services are reasonably priced, there are social equity issues that come up because of how poor some people are. Richard Florida points out that some of the most successful cities have the greatest income gaps. So eventually people are going to say, “Well, that’s not fair; that doesn’t deal well with social inclusion.” Maybe the mechanism for that has to be more wealth creation, an overall fairer tax system and wealth distribution.

...I think the radical ideas that are coming out of Winnipeg aren’t going to be the application of city taxes. I think everyone's going to quickly figure out with 6.8% of all taxes, cities are not a big factor in social justice and social inclusion or in business and investment ... Those two concepts are not as foreign to each other as one may think. Wealth creation is very, very important to lifting people out of social poverty. I think that there are a lot of people in the province who are afraid that someone is going to turn the light on them and say, “Well, what about that kind of clarity in your budget? Or the school board?” And I think that’s going to create a lot of tension.

I think the other problem is that eventually this is going to be a discussion that moves beyond municipal taxation into the total tax equation in this country. I think that Canadians have the potential to get very engaged on this issue. People are getting the sense of the magnitude of the under-investment in cities in the last 40 years. This is a runaway train right now. That $50,000 repair job on a street in four years is now a $500,000 street replacement. There’s a wonderful piece by Lloyd Axworthy in the Free Press where he talks about the new deal beyond taxes. There’s a people crisis, there’s an education crisis, there’s an immigration crisis, there’s an R&D investment crisis and a lack of capital for business and a lack of research and development. There’s a critical mass of clustering kinds of anxieties that Canadians have to deal with that are all urban-related. There has to be a discussion of a larger deal and there’s simply not the power or the capacity in the community or local government or local business to create the change. I think that this is going to quickly develop into a much larger national debate. It’s going to start with taxes because that’s where we always gripe the most. But this lens through which we’re now looking at city government is going to be looking at a larger equation and I think that’s going to be healthy for Canadian federalism.
I was asked recently to give a paper at an urban planning conference in Lyon and decided, homage to my father, to try for the first time to give a speech in French. Lyon is the classic centre of France; an ancient, dense, prosperous bourgeois town sitting at the confluence of the rivers Rhône and Saône. Very much the city of those rivers, all its many urban squares have recently been re-designed to incorporate major water themes, with modernist, kinetic fountains playing against the formalism of the surrounding architecture. Where the rivers meet, now a railyard and industrial site at the tip of the peninsula on which the city sits, is its major new design and development challenge. A spectacular new museum, the Musée des Confluences, is proposed, along with a new residential district on the former railway yards, though no one was too precise as to what the museum might actually exhibit. Like most large French cities, Lyon is already well supplied with art galleries, opera houses, cultural buildings and historic sites. Lines of well-ordered school children pass attentively before their country’s great patrimony, rigorously explicated by their teachers.

It was for these very qualities that my father believed that everyone was born with two countries; their own, and France. France was the great alternative to Anglo-Saxon culture, a place where living well, life itself, was the object. Raised on the close Methodist pieties of South Wales, a region pervaded by fear of the body, fear of food, fear of pleasure of any kind beyond choral ecstasy and rugby football, honouring France was his act of freedom from the dank strictures of the rainy coalport where he grew up.

My father learned his French during months in hospital in Strasbourg, victim of a mysterious infection. It was the French of 1929, a formal French reinforced by years of concentration over grammar texts. The ultimate armchair linguist, he book learned German, Spanish, Italian and even some Portuguese, perfecting his accent through piles of heavy 78 records of language instruction. Despite his declarations of man’s universal French citizenship he never returned until the eighties, where the exquisite anachronisms of his syntax drew gasps of admiration from waiters and hotel clerks.

None of his aptitude rubbed off on me. I barely passed French at school and failed at University, though when I moved to Canada I was immediately categorised by the civil service as bilingual. But if not the cradle then the pillow. I had the good fortune to marry an American brought up in France, who came with a whole marvellous extended family, at whose extended dinner table I came to realise that my father might be right.

The new Europe is now a culture of conferences, with easy money from the European Union washing through the universities and bureaucracies as inducements to the networking essential for the creation of this remarkable new pan-European entity. A dedicated urbanist
could make a life attending such sessions. Several do.

The speech went fine. I should have realised that in the new Europe a good few Spanish, Italians and Germans are also hacking their way through French, each from their different linguistic starting points. What was different was everything else. The conference was as far removed from the pinched environment of North American hotel meeting rooms as can be imagined, taking place in the grand salons of the Préfecture, a sumptuous belle époque palace befitting the seat of government of a town as utterly French, as utterly self-possessed, as Lyon.

It was also the first time for me that a chairman of a conference session – here grandly M. le President – took and made cell phone calls at the podium, ducking under the table in a forced mumble – going out at one point went out a smoke - leaving the next speaker stranded in mid-flight, but not before getting into an argument with him about how long he’d been going on. None of the questions lasted less than five minutes, each prefixed by an extended statement of the position from which the question was being put. In debate at least the French show little interest in information but have a huge regard for theory. Happily not the case when it comes to the significant events of the congress. This being Lyon, there is the food. And the wine. And what a French colleague charmingly described as la garniture, the perfectly soignée and omnipresent hostesses in their suits, chignon and pearls. I’m not sure I can ever go to another conference in Canada again.

Ah, yes, the content. It was the most interesting conference I had been to in a long time. The subject was the extraordinary number of major comprehensive urban regeneration projects now underway in the new Europe – the establishment of Lille as the hub of Europe’s high-speed train network, the search by Marseille to become the capital of the Mediterranean, Berlin’s passionate urban re-unification in the scar between east and west. These were presentations mostly not by architects – who tend to regard urban regeneration solely as the process of designing the perfect building – but by the actual people responsible for making the projects happen, the heads of the development agencies, the project managers, the directors of economic development activity, even the political chieftans who got the votes and secured the money. The topics ranged from the always strained relationship between an urban development agency and the city in which it is located, the role of ‘star architecture’ in big projects, the different organisational cultures required to meet social as opposed to physical regeneration objectives, the reconciliation of the many different time clocks in any major undertaking – politician’s time, developer’s time, bureaucrat’s time, citizen’s time. Several cities were dealing with troublesome expressways, all with the re-use of rail yards. A lot of theory but much more practice. Set high goals and be pragmatic was the sub-text. Principled flexibility.

Everybody has seen the image of the new Guggenheim Museum in Bilbao, what was fascinating was to hear the story of why and how the building got built and to see the much larger riverfront and regional development context within which this remarkable transformation is taking place. Some things stay the same. The local residents hated Gehry’s building, still do, it blocks their view of the valley and puts all kinds of traffic on their streets.

It was at this point that Raymond Barre, the eighty year old former Prime Minister then Mayor of Lyon and presiding eminence of the conference, intervened. He spoke in slow perfect, limpid
French, French like a bottle of Evian, the only person I could completely understand the whole week. “Matters of urban regeneration are affairs of state, and affairs of state are not to be determined by local residents”. That’s pretty clear.

The new urban Europe is already an impressive place with its wonderful urban light rail transit systems, spectacular new public buildings and highly styled public squares, parks and streetscapes. But this is only the beginning judging by what I saw on the drawing boards. Urban thinking developed in a series of phases after the war. All European, particularly French cities, have hideous sixties and seventies districts – La Défense in Paris, Part-Dieu in Lyon – of huge superblock, multi-level enclosed shopping mall over a rail station with a few office buildings on top projects. In the eighties and nineties their attention turned to the ‘grands projects’, the signature museums, opera houses, libraries and other public buildings. That hasn’t entirely finished, and the vast economic development success of Gehry’s Bilbao masterpiece has certainly spawned a crowd of emulators, but the emphasis now seems to be more on the broad scale social and economic regeneration of urban districts, something that requires a more democratic, consensus approach than the traditional top-down European reflex. How do you best integrate social housing into large-scale projects? What is the right size of development parcels to get private sector interest but prevent monopoly? Retail activity tends to follow the market, so how do you get interesting, active streets in an evolving new district? How far do you finance infrastructure out in advance of development? Too far and you’re broke; too little and you never get off the ground. Each of the conference delegates had wrestled with these issues and had complex answers to these hard questions, worked out on real projects.

All this urban regeneration activity is of course engendered by the seemingly limitless monies flowing down from the European Union, as testified by the array of starred blue flags in the corner of every brochure, announcement and project billboard. It’s very impressive, too much so. It makes me want to put my head in my hands and weep for Canada’s cities. Although to be fair, perhaps only for anglophone Canada. This conference is an annual event, co-sponsored, and well attended, by the City of Montreal. That city, judging by the array of impressive urban projects presented, is setting the pace in Canada on how to regenerate in this rich and qualitatively distinct fashion. Developments on the other side of our language divide, like the Lachine Canal, le Quartier Internationale, the Cité du Multi Média and the World Trade Centre, are establishing a new national standard in sophisticated project management, urban design excellence, complex public-private partnerships, multi-layered funding and clever private incentive packages.

As he got older all my father’s languages slowly pushed English more and more from the centre of his speech. I would get letters from him in an impossible melange, with Welsh and Latin thrown in for good measure. Towards the end the most effective way to make him biddable was to talk to him in French, the language of purity, of rationality, of the nobleness of man, far from the mud-died, fear-filled pool of English.

There is a point of grace in every good French dinner, when the introductory courses are cleared away and the entrée is set down with the slightest of flourish, and the waiter says, “Bonne continuation”. Good continuation. Of the meal, through the necessary progression of the menu. Of the ordered unveiling of the palate occasioned by each course. And of the continuation of life itself. Everyman’s other country. Vive la France.

Joe Berridge is an urban planner and a partner in Urban Strategies.

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Winners of the
Jane Jacobs Prize: 2003

2003 Recipients: Margaret Zeidler and Uzma Shakir

Two Torontonians whose work has quietly changed the face of the city were honoured as the recipients of the fifth annual Jane Jacobs Prize. At a reception hosted by well-known architect, Jack Diamond, Margaret Zeidler and Uzma Shakir received this year’s prize, created to highlight and celebrate the contribution of an individual to the life of the Toronto Region.

Both women bring a passion to supporting diversity of community in urban life. While their backgrounds have been very different, they share a strong practical commitment, like Jane Jacobs herself, to the idea that healthy cities depend on the engagement of a wide variety of groups, from new immigrants to emerging artists and entrepreneurs.

The prize is named in honour of long-time Toronto resident and renowned author, Jane Jacobs. It is funded by Alan Broadbent, chair of Avana Capital, and includes a cash award of $5,000 per year for three years. In addition, each recipient is invited to meet twice yearly with Jane Jacobs and other prize recipients, to discuss their experiences and knowledge of what makes this city work.

Margaret Zeidler: Building Community through Historic Restoration

Margaret ("Margie") Zeidler, is president and creator of 401 Richmond Limited, a vibrant urban community of diverse artists and entrepreneurs, located in the old garment district in the Spadina and Richmond area of downtown Toronto. Inspired by Jane Jacobs’ idea that “old ideas can use new buildings, but new ideas need old buildings”, she has transformed this former tin factory into what has been described as a “a village in a box”.

Formally trained as an architect at the University of Toronto and the University of Westminster, Margie turned away from the emphasis in architecture on “product, esthetics and making a statement”. She subsequently worked for a number of years with the African Medical and Research Foundation (AMREF), raising money and monitoring projects in eastern Africa. Both experiences gave her a strong interest in two ideas which have been central in Jane Jacobs’ thinking: the preservation of historic buildings and importance of community diversity as a generator of creativity.

In 1994, Margie bought the Richmond street property with financial backing from her father, well-known architect, Eb Zeidler. The building, originally constructed in 1899, had been largely derelict since its last major tenant, Continental Can, moved out in 1969.

Having been on the board of Artscape, a non-profit group that develops space for artists, she was aware of the difficulty that artists and non-profits groups faced in access to affordable working space. The redevelopment of 401 Richmond was based on maintaining low rents which would still allow for profitability.
However the creation of a diverse and energetic creative community that has space to meet and interact was also of prime importance. Architectural details such as large windows opening out into corridor space, glass walkways and long wide hallways increased opportunities for people to meet on a daily basis.

401 Richmond is a vibrant workplace which houses a wide range of tenants from art galleries, architects, fashion designers, visual artists, to business consultants, computer companies, and a variety of non-profit organizations. A seasonal roof garden provides organic herbs and vegetables to the Loftus Lloyd Café, located on the ground level and named after the factory manager who spent 51 years working in the building. Studio 123, a day care centre for young children located on the ground floor and sharing the courtyard outdoor area, offers an enriched curriculum with partnerships drawn from the artistically rich community. The building has its own newsletter and website: www.401richmond.net which keeps the community up to date on events. With a long waiting list for tenants, 401 Richmond has become an inspiration for other developments.

In addition to her passion for restoration, Margie is president of World Literacy of Canada, a non-profit organization promoting international development and social justice and supporting a variety of adult and children’s literacy initiatives in Canada. She is also a board member of Foodshare/Field to Table, a Toronto organization which supports education on hunger and access to affordable nutritious food from the field to the table and a patron of the ImagiNative Film Festival, promoting indigenous film, video and multimedia by First Nations peoples.

**Uzma Shakir: Advocating Diversity and Social Change in Toronto**

Uzma Shakir's first experience of Canada, fifteen years ago, was as a young wife and mother isolated in a suburban community. She became involved when a young woman called Uzma’s home to seek advice from her husband who was a lawyer. Recognizing that the woman needed counselling resources rather than legal advice, Uzma began phoning for appropriate help and promptly found herself on the board of directors of one of the agencies, the Riverdale Immigrant Women’s Centre.

She is now Executive Director of the Council of Agencies Serving South Asians (CASSA), a position she has held since 1997. She believes passionately that “democracy is something we live and that Canada is a country worth fighting for”. She is an advocate for
greater representation for all immigrant communities in policy, institutions, service delivery and societal participation on the principles of access and equity. Although CASSA focuses particularly on issues within the South Asian community, Uzma has worked extensively to create alliances among many of the Toronto newcomer communities and is particularly proud of the recent partnership which has been created among the Asian, Hispanic, Chinese and African communities to co-ordinate joint events, strategic planning and research. She believes passionately that one works from one’s differences in background and culture through to negotiated agreements.

Uzma believes strongly that engagement and participation, particularly at the local municipal level can have a strong impact on the quality of life in the city. “Toronto is an exciting experiment in diversity”, she says and with CASSA she works hard to attract civic participation and engagement from the South Asian community.

Uzma was born in Karachi, the youngest of three children, and raised by parents who had both settled in Pakistan after Partition. Although she was raised in a traditional, religious household she speaks of her parents as uniquely progressive in their emphasis on equal education and opportunities for both her brothers and herself. She has degrees from Karachi University, Sussex University, and The Fletcher School of Law and Diplomacy.

She has worked extensively through her research and advocacy to challenge existing notions of research epistemology and develop an anti-racist conceptual framework for research methodology. She challenges the notion of “objective research” through her involvement in domestic issues involving immigrant communities and in particular, the area of mental health. She believes that in order to adequately understand these complex issues it is important to have a personal, emotional investment.

As a community activist, Uzma is involved in a wide variety of other organizations including the Ontario Council of Agencies Serving Immigrants, the Association of International Physicians and Surgeons of Ontario, Coalition for Accessing Professional Engineering, National Anti-Racism Council, Pan-Asian Network, Alternative Social Planning Group, and the Community Advisory Committee of the Family Wellness Centre at Scarborough Hospital and the Riverdale Immigrant Women’s Centre.

Previous recipients of the Jane Jacobs Prize include: food entrepreneur and activist Mary-Lou Morgan, storyteller Dan Yashinsky, urban historian Rollo Myers, community organizer Iria Vieira, Dufferin park bread oven visionary Jutta Mason, real estate developer and affordable housing activist David Walsh, community activist Amanuel Melles and educator Mel Greif.

“My parents migrated from India to Pakistan and spent their entire life trying to create a place of belonging. Then I chose to migrate - it was a moment of insanity - I found someone who lived in Canada and I married him. I thought to myself, here I am an immigrant wife and mother in Scarborough and life has changed. I have to participate in this society, I have to create a home for my children. I remember once hearing Alan Broadbent talking about the fact that Canada is a ‘project in the making’. I thought to myself: that’s it, it’s a project in the making. I can participate in that. We have a possibility here to correct historical wrongs, to identify existing inequalities and take care of them, and to create a future that we can all live with. I can’t do it as a footnote to somebody else’s narrative, it’s just not in my nature; I’ve tried very hard not to be a footnote. I must write the narrative myself and I have to invest my personal being into it.”

Uzma Shakir, on accepting the 2003 Jane Jacobs prize

Jane Jacobs Prize Winners: 2003
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