The Importance of Cities in Canada

• 80%+ of the population is urban
  – Most of the urban population lives in large cities

• Cities of vital economic importance
  – The 10 largest Canadian cities represent 43% of Canada’s GDP
  – Statscan: Canadian cities represent 72.2% of Canada’s GDP [2009]
Economic Importance

• Canada’s GDP was $1.673 trillion in 2016
• The Toronto CMA’s GDP was $324 billion
  – 19% of Canada’s GDP
• City of Toronto’s GDP in 2016: $167 billion
  – 10% of the Canadian economy
Economic Importance

• The Ontario economy was $633 billion in 2016:
  – City of Toronto is 26.4% of that
  – Toronto CMA is 51% of that
### Canada: Urban GDP 2016

<table>
<thead>
<tr>
<th>Urban Area</th>
<th>GDP $BN</th>
<th>% of Canada GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toronto - City</td>
<td>167</td>
<td>9.9</td>
</tr>
<tr>
<td>Toronto - CMA</td>
<td>324</td>
<td>19.3</td>
</tr>
<tr>
<td>Montreal - CMA</td>
<td>170</td>
<td>10.1</td>
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<tr>
<td>Vancouver - CMA</td>
<td>129</td>
<td>7.7</td>
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<tr>
<td>Calgary - CMA</td>
<td>113</td>
<td>6.8</td>
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<tr>
<td>Edmonton - CMA</td>
<td>96</td>
<td>5.7</td>
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<tr>
<td>Ottawa-Gatineau - CMA</td>
<td>66</td>
<td>3.9</td>
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<tr>
<td>Winnipeg - CMA</td>
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<td>2.2</td>
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<tr>
<td>Halifax - CMA</td>
<td>14</td>
<td>0.8</td>
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</tbody>
</table>
GDP of Canadian Cities 2010, in billions

- Edmonton: 53.9
- Calgary: 52.8
- Saskatoon: 9.7
- Regina: 6.1
- Winnipeg: 25.5
- Toronto: 270
- Montreal: 126.4
- Ottawa: 40
- Vancouver: 95
- Halifax: 13.6
Heartland and Hinterland

• Cities (heartland) depend upon their relationship with a broader economic territory
  – The hinterland

• a.k.a. Combined & Uneven Development
Heartland and Hinterland

• Urban relationship toward hinterland is seldom balanced or fair
  – Cities become economically and politically dominant over the hinterland

• Toronto CMA GDP was $324 Billion in 2016
  – Yukon and Nunavut made $2Bn each
Toronto

• **Canada’s most powerful urban area**
  – Largest Canadian urban region
  – Biggest urban economy

• **Canada’s major financial centre**
  – Important for banking, finance, real estate

• **Major biotech** and research centre

• Major media centre
Toronto as a Financial Centre

• HQ for Canada’s 5 largest banks
  – Market capitalization up 42% 2013-17
  – 3 of which are in the top 25 globally

• HQ for 3 top life insurance firms
  – All in the top 15 globally
  – $2 Trillion in assets, larger than Canada’s GDP
Toronto as a Financial Centre

- Toronto is HQ to 3 of the top 60 global pension funds
  - OMERS
  - Ontario Teachers
  - CPP
- Toronto in top 7 global pension fund HQs
- HQ to a big chunk of the $1.8 Trillion in pension fund assets in Canada
Toronto

- **Is the world’s most important centre for mining finance**
  - Mostly for junior mining companies
  - Toronto raises 50-60% of all of the capital invested in Mining globally

- Toronto’s downtown core accommodates the world’s experts in mining finance
  - A centre for vital information, **industry conferences**, **mining investment**
Toronto

- Crucial to financing badly-behaved mining companies
Tech Sector

- Toronto the fastest-growing for tech sector employment in North America, 2017
- September 2018: $1.2 Billion in fresh tech sector investment in Toronto, a monthly record
- Toronto now in the top 2-3 tech sector cities in North America
- Toronto-Waterloo corridor #2 globally for tech startups
Tech Sector

- Toronto has 50% of Canada’s FINTECH workforce
- Rapid growth in artificial intelligence (AI) investment
  - Canada ranks #4 globally for AI investment
- Toronto has more higher degrees/100000 than any major N. American city
- Rapidly expanding its production of STEM graduates
Flows of Global Capital

• C19th down to 1914:
  – Canada part of a London-centred global economy.
  – But accumulating its own capital
Flows of Global Capital

• C20th North America accumulates its own capital
  – Locally-owned industries, businesses and real-estate
  – New York emerging as a local metropolis
Toronto & Montreal

• Both cities in the economic orbit of London and New York
  – Able to balance the two
  – London’s influence stronger in Montreal than in Toronto
Toronto & Montreal

• In 1867 Montreal is Canada’s dominant banking centre
• But by 1887 Toronto is a close rival
  – Aggressive banks
  – Better access to local capital
  – Major stock market trading in bank shares, and major companies
Opening of Western Canada

• Political, territorial but also economic expansion
  – Long-distance railroads

• Eastern and central Canada gains western Canadian markets
  – And will control the eastwards export of Western farm produce
Opening of Western Canada

- Benefits both Montreal and Toronto
  - But benefits Toronto more
- Halifax loses out
  - Royal Bank moves to Montreal 1900
  - Bank of Nova Scotia moves to Toronto 1907
  - Maritime Provinces transition to Hinterland
- Toronto becoming an important national metropolis
  - In finance, manufacturing
Opening of the West

- Rossland BC copper rush of 1896 raises investor interest in mining in Toronto
- From late 1890s Toronto emerges as an major market for Canadian mining shares
- Northern and western hinterland getting much of its capital through the Toronto market
  - Some from USA
Rise of Toronto

- Toronto stock market starts small in 1851
- TSE Develops a specialty in bank and loan company stocks, major companies
- Mining boom of the later 1890s adds a lively junior equities market to Toronto, outside the TSE
- Toronto becomes the major entry point for US capital into Canada
Stock Markets

• Toronto and Montreal have the important stock markets in late C19th Canada
• Toronto becomes a better C20th gateway to US investment in the Canadian market
  – Mining, banks, pulp & paper
C20th Toronto

• Overhauls all other Canadian cities as a national banking centre
  – Bank assets rival then exceed Montreal after 1950
  – Dominates bank clearings after 1932
  – Dominates and absorbs rival stockmarkets

• In the 1970s separatism crisis the remaining big Montreal banks shift HQ to Toronto
Toronto vs Montreal Bank Assets
Bank Clearings

[Graph showing the increase in bank clearings over time for different cities, including Canada Clearings, Montreal Clearings, Winnipeg Clearings, Toronto Clearings, and Ottawa Clearings.]
Stock markets

• Toronto’s important stock and mining exchanges combine in 1934
  – Under the TSE
• By 2002 Toronto has absorbed the Montreal, Winnipeg, Vancouver and Calgary exchanges
Global Capital

• From the mid 1970s the growth of Toronto’s financial sector intensifies
  – Bank assets
  – Stock trading, capital markets
TSE/TSX trading volume

Toronto Stocks sold $
Toronto Stocks sold #
Canadian Stock Markets

- Used to be dominated by the Toronto Stock Exchange (TSX) which owned:
  - TSX, Toronto, senior equities
  - TSX-V, Toronto, junior equities
  - NGX, Natural Gas Exchange, settlements
  - MSE - Montreal, owned by TSX, derivatives
  - VSE – Vancouver operates as a branch of TSX
Canadian Stock Market

- But new exchanges emerging:
  - CSE – founded 2001 owned by NY/Toronto/Israel based OTC
  - NEO - founded by Barclays Bank 2015
  - CNQ - Toronto, junior equities
  - NASDAQ Canada 13 Nov 2017
Toronto Stock Market

- **TSX**: 1528 companies, $3.0 trillion in market capitalization
- **TSX-V**: 1695 companies, $54 billion in market cap
  - Most of the mining companies are here
- **CSE**: 370 companies, around $8 billion in market cap
Gunter Gad on Downtown Toronto

- The late 1980s downtown core a vital place for information flow
  - Downtown a communications hub
  - Information centralised
  - Places for the important people to socialise
- Financial information electronic after 1977
  - But face-to-face meetings still vital to high-level business deals
Landscape linkage

• Changes in the city’s relationship with its hinterland tend to be expressed in changes in the landscape
  – Within the city
  – Within the hinterland

• Changes within the urban landscape are often a sign of a change in the city’s relationship with its hinterland
C19th Canada

• Part of a London-centred financial universe
  – Reflected in Toronto’s London-style commercial architecture
Early C20th

• Early C20th London ceases to be the financial centre of the global economy
• Emergence of local pools of capital in North America
  – New York, Chicago
• Canadian cities affected too
Toronto’s Gets Skyscrapers

• Built by outsiders to Toronto’s London-centred capitalism
• Built by local capital
Toronto’s First Skyscraper Boom

• C. 1905-1930
• Mainly financed with N. American capital
• Architects, promoters, leasing experts, tended to be Americans
  – And outsiders to the Toronto elite
Toronto’s First Skyscraper Boom

• Toronto’s downtown economy being transformed by US capital in this period
• Toronto banks, stockmarket become the entry point for US capital exploiting the 1920s resource boom
  – Mining, pulp & paper
The Toronto Skyline and Seaman-Kent Hardwood Flooring

Back in 1901 when Toronto’s Skyline “From the Bay” revealed only two buildings of 10 storeys or more . . .

In the rapidly altering skyline of Toronto we have had our share.
Downtown Toronto 1920s

• Gets its first crop of skyscrapers because of changes in the flow of global capital
• The skyscrapers accommodate the businesses which flourish in the new environment
Downtown Toronto 1960s-1970s

• Changes in Toronto’s status as a financial centre
  – Gaining banking, finance, corporate HQs from Montreal in 1970s

• Bring another phase of high-rise construction to downtown
  – TD Centre, Commerce Court etc.,
Downtown Toronto 1990s-2000s

• Toronto emerges as a major secondary city within the global economy
  – Financial core remains vibrant

• Manufacturing shifts to Asia, but Asians invest their profits in the global banking system
  – And the Toronto condo boom
Downtown Toronto

- A succession of landscape transformations
  - Phases of high-rise construction
- Linked to changes in the flows of capital affecting Toronto
- Urban landscape change probably essential to those flows of capital
Other Canadian Cities

• Demonstrate similar principles
Alberta

- Alberta’s oil and resources boom transforms the urban landscapes of Calgary and Edmonton
  - Surging clusters of down-town high-rises
  - Sprawling suburbs with fake lakes
  - Exurban acreage hobby farms for those with high oil-patch incomes
  - Increasing multi-ethnic immigration
more giddyup.
less whoa.
Two moose are standing on a construction site in front of a house under construction.
Calgary: Tuscany
DANGER
THIN ICE
Stoney Trail
Calgary’s Fake Lakes

- Most new Calgary subdivisions are built around artificial lakes
- Appears to be a design fashion
Calgary

• A city of booming suburbs
• An economic boom fuelled by development of petroleum and natural resources
• Profits on the oil-dependence of other regions
• Suburbs built by an influx of capital
Vancouver

- Vancouver’s economy booms on Asian and Pacific Rim investment
- Vancouver’s real estate market booms and busts on the waves of investment
  - Condo sales boom and another
- Vancouver’s population transformed by Asian immigration
Hamilton

- Hamilton prospers as an industrial city on post-1945 boom
  - Becomes steel-town
- Hamilton’s manufacturing base declines with the rise of the Asian economies
- It’s future lies in becoming an industrial suburb of the GTHA
St Catharines

• Boomed as a manufacturing centre post-1945
  – Three big GM auto plants etc.,
  – Large tracts of workers’ housing

• Decline of manufacturing
  – Closure of most of GM
  – Worker’s housing gentrified by refugees from Toronto’s overheated housing market.
Conclusions

• Importance of the Canadian cities to the economy, geography of Canada
• The city is connected to broader economic space
  – Changes in one bring changes in the other
  – Heartland and hinterland are linked together
• The connections reach well beyond the classical regional breakdowns