Neoliberal Urbanism and the New Canadian City

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Neoliberal globalization has played itself out in the politics of cities over and over again. The internationalization of financial markets, the geographical restructuring of manufacturing, and the consumer debt fuelling retail markets have formed the economic and physical landscapes of neoliberal urbanism. Policy initiatives seeking to privatize water, electricity and healthcare in addition to cuts to social housing and welfare rates have also been political battles over the quality of life in Canadian cities. The resulting crisis of Canadian cities has led to persistent calls by mayors from St. John's to Victoria for a 'new deal.'

CITIES AND CAPITAL ACCUMULATION

As one of the most open economies in the world, it should come as no surprise that globalization has had an acute impact upon Canadian cities. Capitalist development pits urbanization and growth of the world market in a direct and contradictory relationship. This can be seen in Karl Marx's theory of capital accumulation. The opening section of *Capital* points to the tension. The commodity (think any commodity) as a use-value is always worked up from specific resources by the concrete labour of workers situated and embedded in particular communities and social relations. But the commodity as an exchange-value is universal and capitalists seek out the entire world market for its sale. Marx directly links local production and world trade: '*The production of commodities and their circulation in its developed form, namely trade, form the historic presuppositions under which capital arises*.' The particular and the universal, the local and the global, are different dimensions of the capitalist world market.

The dynamics of this capital accumulation directly shape the built and natural environments of the city. The accumulation of capital leads to an intensification and concentration of the forces of production. The mass of fixed capital put in motion by any individual worker increases in its organic mass, technical complexity and value. Simple craft and factory production aided by steam power dominated the 19th century. Today we have robotized, nuclear and fossil-fuel powered, 24 hour-a-day, just-in-time factories consuming acre upon acre of industrial parks. The growth in the army of business professionals defending capitalist interests at every turn has been even more explosive. The former small low-rise offices for lawyers, accountants and bankers have become the massive complexes of office towers for the business bureaucracies that dominate the skyline of the capitalist city.

The growing organizational complexity of capital depends, in turn, upon a parallel process of 'statification.' As the fixed capital required for factories and offices becomes increasingly intricate, and the technical labour required to staff these facilities also grows, government support for infrastructure, research and development, technical training, financing and regulatory intervention becomes necessary. Government revenues and resources become progressively more mobilized in the interests of accumulating capital for the owners and senior bureaucrats of corporations. This is what is meant by the idea that the accumulation of capital is always a production of space as a built environment. Capitalism is always a process of urbanization. David Harvey has argued that '*it is through urbanization that the surpluses are mobilized, produced, absorbed, and appropriated and that it is through urban decay and social degradation that the surpluses are devalued and destroyed*.'

The politics of urban development occupies a central spot on the political agenda the world over. Cities have come to reflect key contradictions of neoliberalism and capitalist development. The recent UN-Habitat, *State of the World's Cities 2006-07*, reveals social processes of world historical proportions. Half of the world's population of 6.5 billion now lives in cities, and is predicted to grow to 5 billion out of global population of 8.1 billion by 2030. There will soon be 500 cities of over 1 million people. An astonishing one in three persons live in urban slums, as migration from rural areas actually begins to lead to a population decline of people living outside cities. Tokyo is now an urban conglomeration of some 35 million, and it is joined by meta-cities of over 10 million on every continent. The largest urban growth is in Africa and Asia, but North America is – and will remain – the most urbanized continent in the world. Canada is more urbanized than the U.S., with the Greater Toronto Area being Canada's meta-city, with a population often tallied at 8 million. The surrounding urban environment spreads hundreds of kilometres from Oshawa to Fort Erie.

If it is difficult to draw out the implications of the raw numbers on urbanism, the social dimensions of urbanization are also demanding. For example, some 4 million people worldwide die every year from urban air pollution. The ecological implications of waste treatment, garbage, water usage and energy needs are under strain and causing major problems everywhere. The failings of urban transportation and development planning are causing a plague of traffic gridlock for cities everywhere. Commuting times for increasing numbers of workers is extending the length of the work-day back to the worst days of industrial capitalism. Key centres of economic power are also emerging, such as Mumbai, Sao

Paolo and Shanghai in finance and Bangalore and Seoul in information technologies. These reflect new dynamics of global capitalism. Canadian cities are implicated in these same social pressures and economic imperatives.

NEOLIBERAL URBANISM IN CANADA

Neoliberal urbanism in Canada can, in some respects, be dated back to the 1970s when the Federal government abandoned playing any direct role in urban development. Housing policy was reoriented to increased support for private sector mortgage markets and developers. The provinces also began to push for merger of cities and rationalization of municipal services at this time, hoping to bolster the attractiveness of cities for business investment. Through the 1980s industrial restructuring drastically increased the population dependent on welfare. Manufacturing deindustrialization both downsized workplaces and shifted many industrial plants to lower-tax, lower-unionized 'greenfield' sites and ex-urban regions. At the same time, financialization led to a huge expansion of the speculative activities and bureaucracies associated with the banking and insurance sectors. With the North American free trade agreements and the increasing inter-penetration of Canadian and U.S. capital, these economic developments intensified. Neoliberalism consolidated as the unquestioned policy framework through the 1990s.

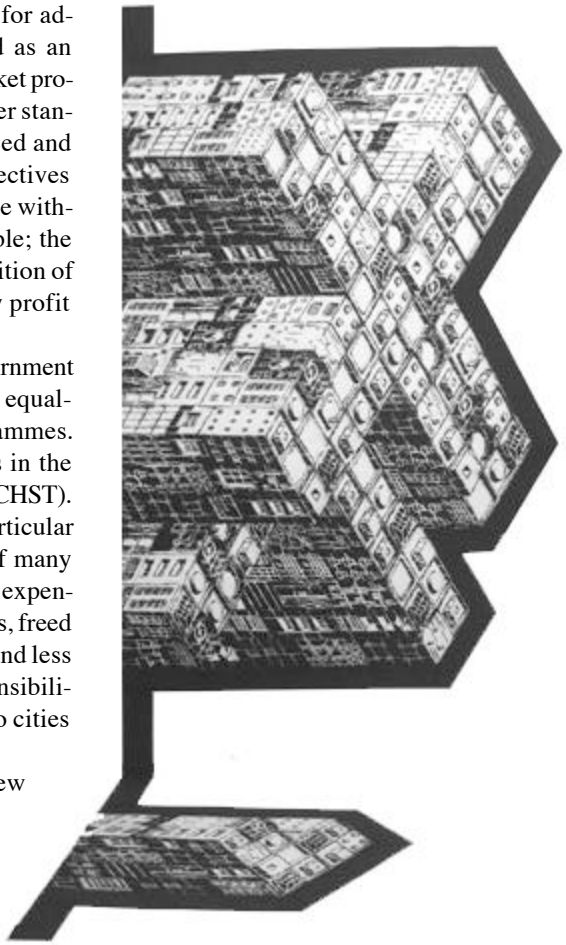
The downloading of service provision and responsibilities from federal and provincial governments needs to be singled out. It has been an important policy and administrative tactic for advancing neoliberal objectives. Downloading has served as an administrative mechanism to move from universal non-market provision of social services, with pressure to advance to higher standards, toward market provided services that are both priced and delivered at lower standards for the average user. The objectives of service downloading has been: the lowering of taxes; the withdrawal of government from the market as much as possible; the lowering of public sector employment and wages; the addition of pressure on private sector wages; and the creation of new profit opportunities for business.

Under Prime Minister Brian Mulroney, the federal government began to limit fiscal transfers to the provinces in terms of equalization payments but also the funding of key social programmes. The downloading process accelerated under the Liberals in the mid-1990s with the new Canada Health and Social Transfer (CHST). The CHST radically cut the level of transfers, and in particular withdrew the federal government from directly funding of many social programmes and influencing provincial government expenditures in these policy areas. In turn, provincial governments, freed from federal fiscal constraints and facing increased costs and less revenue, offloaded more programmes and funding responsibilities on to the municipalities. This included their support to cities and their municipal affairs departments.

Fiscal support to the cities thus failed to match the new demands on city budgets. Cities in Canada are largely dependent upon the property tax system, and have little access to other sources of revenue and none to the major sources of revenue in the income and corporate tax systems. The property tax system, under pressures from business and the logic of neoliberalism, has also seen a decline on business levies and an increase on residential property taxes. By adding to the regressivity of the overall tax system, neoliberals in Canada have sought to fuel a property tax revolt at the municipal level.

The result of downloading and the policy driven tax constraints is that municipal governments have faced intense funding problems. In particular, they have lacked the funds for welfare, transportation, schools and emergency services. In other words, neoliberal policies strapped cities for cash in the main areas of local spending in Canada. The result is that cities have really been hit with mounting problems everywhere you look: lagging infrastructure maintenance; public transit deterioration; crowded schools with facilities shutdown at the same time; community services trimmed; and social polarisation due to cuts to welfare, disability services and social housing. At the same time, police budgets have increased in terms of personnel, new weapons and hardware, and surveillance. This has pushed cities into a fiscal crisis, re-creating aspects of the fiscal disaster of the 1930s in Canada, when services were last downloaded so thoroughly to municipalities.

The fiscal bind and deteriorating urban infrastructure led former Prime Minister Paul Martin to propose a 'new deal for cities.' This was hardly bold stuff: it included some minor sharing of gas tax revenue to support public transport, and recycling →



commitments to social housing and public infrastructure. The quick ouster of Martin from office earlier this year let even these modest proposals fall to the side. The Conservatives under Prime Minister Stephen Harper have said nothing about urban issues, seeing this in strict constitutionalist terms as a matter of provincial jurisdiction. Their voter basis has, moreover, partly been built on an anti-urban agenda. The Conservatives are the central political force maintaining the anti-democratic rural biases of the electoral system at the federal and provincial levels where they have their greatest voting strength. Indeed, the main urban initiative of the Conservatives is law and order, particularly expanding the security state as they seek to align Canadian policy with U.S. views on 'homeland security.' But they also show a willingness to supply fiscal support for the spectacle architecture projects and international events such as the world fair and Olympics that have the backing of business elites, notably in Vancouver and Toronto.

NEOLIBERALISM IN TORONTO

As Canada's largest city, the planning and social disaster of neoliberal urbanism has struck Toronto particularly hard. The cuts of the federal Liberal government were matched by the hard right policies of the Harris Conservatives in the mid to late 1990s at the provincial level. Under Harris, municipalities had to assume greater responsibility for public transit, local airports, libraries, policing, water and sewage, social housing and culture and parks policies. The Tories also pushed through a deregulation of rent controls and urban planning controls over development. While cutting tax rates for the highest earners, Harris also cut welfare rates by more than 21 percent in 1995 and then froze them for the rest of his term and that of his successor – Ernie Eves. While Premier Dalton McGuinty has lifted the freeze, welfare assistance has barely improved. The cuts to social assistance and shelter allowances have directly impacted on cities and their responsibilities for administering many of these programmes. The Ontario government cuts to child care had a similar impact in downloading wage costs, resource centres and special needs programmes onto local governments. Both levels of government have extensively downloaded immigration and settlement costs to cities, a particularly heavy burden for Toronto where the largest portion of immigrants settle. Finally, McGuinty has off-loaded provincial responsibilities of some $380 million to restore municipal employee pensions and $870 million for upgrading water supplies on to the municipalities.

An urban fiscal crisis resulting from policy downloading has been a central characteristic of neoliberalism. But it would be wrong to see neoliberal urbanism as imposed on Toronto from other levels of government. Local ruling classes and many municipal politicians, particularly in the political coalition that came together to support both the megacity merger and Mayor Mel Lastman, have favoured neoliberal restructuring. They consistently supported contracting out of public sector work, privatization of city corporations, more market friendly development and rental markets, and a reorientation of city policies toward boosting inter-urban competitive capacities, particularly for financial and real estate interests. This new ruling bloc in Toronto politics successfully broke the old reform coalition that had dominated city government since the 1960s. Indeed, what remains of the old reform group on city council – mainly representing wards in the inner city core – has accommodated itself to the neoliberal city.

Toronto developments have been characteristic of 'world class cities'. The concentration of wealth on Bay Street and a few residential enclaves has been stunning. It is matched by the spiral of decline that continues everywhere else. From the first 'megacity' Mayor Mel Lastman to the current Mayor David Miller, the list of the failures of the City of Toronto is the same and just as endless: homelessness and the lack of social housing; the endless delays to waterfront revitalization and closing of the Island Airport; one architectural horror followed by another from the deregulation of urban planning guidelines; the lack of a mass transit plan and continual cuts to services; the continued shelving of plans to revitalize union station; the deterioration of city schools and recreational facilities; the fiasco of shipping Toronto garbage to Michigan; the lack of a social policy to address the racialization of poverty; the ever-increasing budgets for a police force that is ever less democratically accountable; and many others.

Several central issues over the term of the Miller council illustrate the grip of neoliberal urbanism. First, although Miller and NDP councillors have been able to deflect some of the rants of neoliberal fundamentalists, the policing pole of addressing social problems is still dominating social policy expenditures. This can be seen in the criminalization of the homeless around City Hall under Miller's watch, and the empty exercise of counting the homeless in order to downplay the levels and needs. Similarly, in dealing with gun violence, it is police budgets that are growing while recreational services in Jane and Finch, Malvern, and others continue to stagnate.

Second, municipal economic policy remains focused on the 'competitive city' model. Public sector cuts are still on the city agenda to maintain promises to keep taxes low. Moreover, Miller supported the steady shift from commercial to residential taxes over the next 10-15 years in order to keep competitive with the 905 district and rival international cities. The waiving of zoning and density requirements in city plans to support real estate developers and bolster urban revitalization, particularly for the housing needs of professionals in the inner city, has become standard fare. Since releasing its major report in 2003, the Toronto City Summit Alliance has acted as key advisory body to the city on various 'progressive' measures to promote Toronto's international competitiveness. The most publicized has been the idea of Toronto as a 'creative city', promoting its social and ethnic diversity and concentration of media and arts, as a means to aid the tourist, high-tech and financial sectors.

Third, the reorganization of governance of Toronto has strengthened executive power at the expense of developing local democracy and popular planning. Miller's initial effort to widen public input into city budgetary policy surely counts as one of the briefest and most minimal attempts at local democracy on record. At the prodding of political elites and the Toronto ruling bloc, he has supported steps in the opposite direction. Even with some amendments, the new City of Toronto Act coming into effect in the fall follows the 'strong mayor' model of concentrating

power in an executive at the expense of council and public input. Similarly, the Waterfront Development Corporation, which is to have oversight of the massive plans for development along Lake Ontario, is an appointed board dominated by business interests, and little transparency over its decision-making or operations.

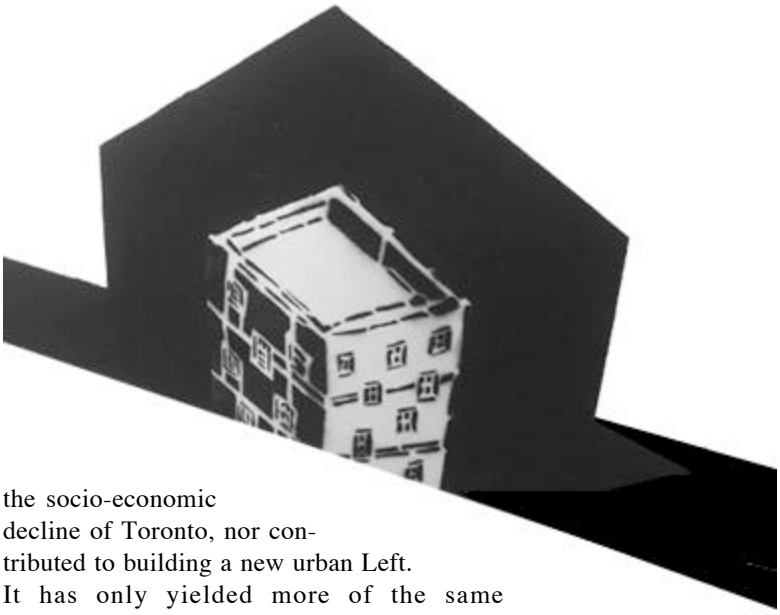
THE LOCAL LEFT

Capitalist development concentrates populations, production and power in cities. This has always posed strategic dilemmas for the Left. The Marxian tradition has focused on the Paris Commune, workers' councils and developing organizational capacities. It has sought the reorganization and decentralization of economic activity. But it has also argued that building up local bases of power and administration had to be connected to projects to transform national state power and to internationalize political struggles and alliances against the world capitalist market. The French writer Henri Lefebvre saw building a new urban space as central to revolutionary prospects: '*A revolution that does not produce a new space has not realized its full potential; indeed it has failed in that it has not changed life itself, but has merely changed ideological superstructures, institutions or political apparatuses.*' An alternate politics depends upon a political capacity to contest the dominant social powers that control existing urban space, but also the ability to command and produce a new space. Such liberated 'red zones' can take many forms in the struggle for a radical democracy. But they cannot be avoided.

In contesting neoliberal urbanism, the Left in Canada has taken up a large number of issues, such as urban poverty, contracting-out of work, racism and migration, defence of public space, and urban ecology. It has largely done so on the basis of individual campaigns of an activist group, the agenda of a Left councillor, or by particular union fightback or organizing struggles. In Vancouver and Montreal (and to a lesser extent Winnipeg) the Left has formed wider political groupings. But these have all been more city-wide electoral pacts than political and campaigning organizations of the Left to develop an alternate agenda for urban space and to contest the capitalist city.

In Toronto, the NDP has a quite loose municipal caucus, and it has been years since a socialist presence on city council making the anti-capitalist case and demanding a more radical local democracy could be identified. The local Left has all but dissolved as an active force contesting local centres of power. The 'Chow-Layton-Pantalone' years of the last decade or so at Toronto City Council have largely been that of an individual alderman attempting to leverage minor social measures out of the latest development scheme and condo complex, negotiating the trimming of municipal services on the least unfavourable terms, and supporting local – preferably green – entrepreneurs and markets.

The obvious still needs saying about the current term of council: despite the mobilization of a large social bloc behind the mayoralty candidacy of David Miller and a number of NDP councillors, the last three years are most notable for how little has changed. This period has been, more or less, one of 'third way' social democracy without anyone calling it as such. The first Miller term has neither offered an alternative to neoliberal urbanism and



the socio-economic decline of Toronto, nor contributed to building a new urban Left. It has only yielded more of the same neoliberalism, but now wrapped in the corporatist gloss of the Toronto City Summit Alliance and the latest 'pop urbanism' of the creative city movement.

The quiescence of the Left at the local level in Toronto is little different than the disarray at other levels of political struggle. The silence of labour, environmentalists and the social left in criticising the Mayor and city council has been deafening. Miller and the NDP councillors will be supported. But this will be because of even less enthusiasm – and justified fears – of all the rest. While the Left has been dissolving as a political force, the neoliberals and business have been organizing and planning to challenge progressive councillors and push their anti-tax, law and order municipal agenda. The challenge for the Left will be to piece together at least some political agenda on a few key items that can act as a pole in the election and serve as a focal point of mobilization afterwards. Neoliberal urbanism has served an ample supply of issues to be taken up. But can a new urban Left begin to form? **R**

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