The Power of Cities

Canada’s cities are part of a new global force for social, economic and environmental change.
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Introduction

Increasingly the media, urban thinkers, politicians and publics see cities, especially larger cities, as a new international force and a new player in international diplomacy. Some think that Canada’s biggest cities, with their diverse populations and global connections, have the potential to play a bigger role – one that would bring great benefits to Canadians and also extend Canada’s influence abroad. Others view Canada’s cities at the nexus of where many of our ‘new realities’ – communications revolution, indigenous rights, diversity, climate change – will be played out. They are less sure that our cities can take on a larger role, at least not unless pressing urban problems are addressed.

Canada’s urban centres, representing 80% of the population, could join networks of other leading global cities emerging as a new international force. Or they could carry on in a ‘business as usual’ mode, missing out on global opportunities and struggling to address systemic problems. Canadians all want their cities to thrive and contribute, but people have different ideas about how to make that happen and about the best balance between local actions and globally-focused actions. There are a range of possible answers to the following questions:

What role could Canadian cities play at home and in the world? What choices might Canadians be prepared to make to support the actions needed to give cities a stronger global presence? Will Canadian cities offer a model for others or fall behind in a competitive and globalized world?

Cities are powerful: most of the world’s wealth is generated in cities, and they house the majority of the world’s population. They also require up to 10 times their land area to support their population and activities and have other profound impacts on the environment.

More than half the world’s population now lives in cities: in some countries, the ratio is more than 90%. The UN HABITAT reports that large cities, especially mega-cities of more than 10 million, have changed the dynamics of urbanization and are hubs of economic activity that drive globalization. Cities like Tokyo, Frankfurt, New York, Hong Kong, Sao Paulo, Dubai and Bangalore have greater international prominence than many large countries. Acting as economic, cultural and economic engines, these mega cities have become powerful city-states. With high productivity and key assets, they can be
more nimble in responding to opportunities and challenges than their parent nation-states, and have more flexibility in arranging favourable agreements with other global partners than national governments in state-to-state negotiations.

There are no Canadian cities among the 60 largest global cities. Some see this as a simple and appropriate reflection of Canada’s history and relatively small population. While acknowledging this historical reality, others think that our cities could be stronger global players and contribute more locally, nationally and internationally provided that their most serious challenges are addressed.

Some urban analysts think that Canada’s cities are at a crisis point. The Japanese ideogram for the word crisis combines the concepts of danger and opportunity. The danger is that through inaction and lack of capacity, cities will have diminished quality of life and be less competitive. The opportunity is that Canada’s cities could realize their development potential and contribute more to the international community, (provided that they address the most serious problems in a timely way.

This discussion guide provides an overview of cities as the emerging dominant form of human settlement. It describes the state of Canadian cities within an international context, and then invites readers to consider approaches to shaping a future for Canada’s cities as players on the world stage.
BACKGROUND

Cities as the New Primary Human Habitat

For the first time in human history, over 50% of the world’s 6.6 billion people live in cities. This astonishing shift has taken place in a relatively short time. One hundred years ago, the figure was only 10%.

- Globally, this urban population grows at 1.8% every year – three times faster than rural populations.
- Over the next 30 years, 93% of this growth will occur in cities located in developing countries.
- By 2040, 20 of the 30 largest cities will be in developing countries.
- Growing numbers of poor people will live in cities – and, without remedial action, slums will grow faster than efforts to provide decent jobs and housing for new urban immigrants.
- Cities account for a large and growing percentage of the Gross National Product of countries – up to 85% in high-income countries.

As engines of economic growth, cities also form creative, educational and cultural hubs, improving the lives of residents and contributing to regional, national and international vitality.

Large cities have a massive impact on the environment through consumption of energy and resources, greenhouse gas emissions, and the production of more waste than they can absorb (resulting in its export to other regions and countries). The Federation of Canadian Municipalities reports that the ecological footprint of Canadian cities ranges from 9.86 hectares for Calgary to 6.87 hectares for Greater Sudbury. Collectively, at 8.84 hectares Canada has the third largest ecological footprint in the world, after the United Arab Emirates and the United States.

What is an ecological footprint?

A resource management tool that measures how much land and water area a human population requires to produce the resources it consumes and to absorb its wastes under prevailing technology.

http://www.footprintnetwork.org/gfn_sub.php?content=footprint_overview
With the 1987 publication of the UN Brundtland Commission report (“Our Common Future”), the concept of ‘sustainability’ emerged as a development goal in urban planning and analysis. A sustainable city is one that exists in balance with the natural world while supporting and sustaining its human population and economic base for current and future generations. Sustainable cities attend to four key aspects of a sustainability framework – economic, environmental, social and cultural well-being. People use different descriptions for sustainable cities: livable, vibrant, beautiful, safe, creative, diverse, interesting and inclusive. They are attractive places to live, work, learn, play and raise families.

Many cities around the world do not measure up well on the sustainability scale, particularly on social inequities and environmental impacts. Too many cities worldwide suffer from decaying infrastructure, inequality, inadequate health and social services and deteriorating natural environments. As cities grow, these economic and social inequities and negative environmental impacts tend to grow also, as the resources to address problems usually lag far behind the growth.

On the other hand, the aggregation of people in large cities also provides global opportunities. The International Centre for Sustainable Cities, convener of the global city PLUS network (Partners for Long-term Urban Sustainability) headquartered in Vancouver, describes cities as ‘acupuncture points’ – places where critical intervention can most efficiently and effectively affect the well-being of the largest number of people and have some of the greatest impacts on the environment. These interventions have significant impacts on the well-being of provinces and countries, and ultimately on the environment and human well-being globally. For instance, some believe that cities hold the key to remedial climate action.

**Cities and Globalization**

The recent and rapid urbanization is usually considered inseparable from the phenomenon of globalization. With its dependence on knowledge-based economies, globalization has supported and even required the emergence of the global cities, city networks and city regions as major engines of innovation and economic growth. Cities hold the primary resource on which global organizations depend – namely, dense concentrations of human capital, as well as leading-edge telecommunications infrastructure.

Characteristics of global cities include: rising urban density, international transportation linkages, the presence of international business firms and synergistic relationships among universities, as well as private and public research institutes. Another key characteristic is the capacity of these mega-cities to cater to the needs of global firms, including information, communications and technology, legal,
financial and human resources services, advertising, insurance and consulting.\textsuperscript{13}

Global cities also stimulate the creation of new international networks and new types of institutions that support and serve the new urban realities; for example:

- The biennial UN World Urban Forum, taking place in Nanjing in 2008,
- The International Council for Local Environmental Initiatives (ICLEI) with more than 750 member cities and a leading-edge program for helping local governments cut greenhouse gas emissions, founded at the 1990 World Congress of Local Governments for a Sustainable Future.
- United Cities and Local Governments (UCLG), a global organization of local government associations from 127 countries, representing more than half the world’s population
While urban experts debate the essential or minimum characteristics needed for a city to be considered global, there is some consensus that Canada’s largest cities are at least in an emergent stage. Canada’s three biggest cities—Toronto with 5.4 million people, Montreal with 3.7 million, and Vancouver with 2.2 million— together hold one third of Canada’s population. They seem tiny beside the world’s largest city, Tokyo with 35.3 million. Only one of the top ten cities is in North America—

- New York/Newark, at 18.5 million.
- London comes in 23rd with 12 million.
- Toronto ranks 63rd,
- Montreal 95th, and
- Vancouver 188th.  

In spite of its rank, Toronto has been described as a city where “the globalization of urbanization has been manifesting itself … since the mid-1970s.” Each of Canada’s nine largest metropolitan hubs (see State of Cities section) has some of the characteristics of global cities.

The growing power and complexity of Canada’s big cities have led to the emergence of new types of alliances and collaborations. For example, the three levels of government worked together to support Vancouver’s leadership in taking on the 2006 World Urban Forum and the 2010 Winter Olympics. Multi-level governance approaches recognize that cities must have a seat at the table side-by-side with federal and provincial/territorial governments to create the conditions for coordinated and integrated planning and implementation. Some urban analysts see these types of multi-level and multilateral collaborations as foreshadowing an increasingly major role that cities will play—no longer passive recipients of senior government funds, but architects of their future.

Although they are not the largest, Canada’s cities have great assets and some rank among the best places in the world to live. Some are noted for their diversity, livability and sustainability and have gained international recognition for outstanding achievements. For example:

- In 2000, Hamilton received the Dubai International Award for Best Environmental Practices, for its Air Quality Initiative involving partnerships between public private and civic sectors.
- In 2003, the Greater Vancouver Regional District, comprising 21
municipalities, won the International Gas Union’s international competition for a Cities PLUS Sustainable Urban Systems Design for its 100-year sustainability plan for Greater Vancouver. This award came a year after receiving the Dubai award for the Livable Region Strategic Plan.

• In 2003, Calgary received a Light Pollution Abatement Award from the International Dark-Sky Association. The city achieved a substantial reduction in light emission intensity, along with energy savings and greenhouse gas emission reductions, through its retrofit of more than 35,000 streetlights on residential roads.

• In 2004, the City of Charlottetown received a UN Habitat Women’s Safety Award for a Family Violence Prevention program.

• In 2007, Waterloo was recognized by the Intelligent Communities Forum as the World’s Top Intelligent Community, for its deployment of broadband communications in support of promotion of digital democracy and enabling a knowledge workforce.

Canada’s cities have the potential to become international leaders in modeling the values and practices of sustainable development. They also face some challenges which could limit their status in the international arena, or perhaps trigger their decline. One important indicator of urban well-being is the financial capacity of cities. On this measure, Canadian cities are well behind their US and European counterparts, relying primarily on property taxes for financing. This point is further explored in the next section on the state of Canadian cities.
THE STATE OF CANADIAN CITIES

Like most developed countries, Canada is heavily urbanized: more than 80% of Canadians live in urban areas, and almost two thirds of those live in 27 large and medium-sized cities of over 100,000 people. These urban areas (Census Metropolitan Areas or CMAs) are not all the same – some, like Calgary, Oshawa and Toronto, are growing rapidly while others are growing slowly (Sudbury), and some are shrinking (Chicoutimi-Jonquiere). Other differences among them create stresses caused by shifts in demographics and access to economic resources, particularly between the eight large provincial/regional hub cities (Vancouver, Calgary/Edmonton, Regina/Saskatoon, Winnipeg, Toronto, Ottawa/Gatineau, Montreal and Halifax) and the others. A key premise in this discussion about the future of Canada’s cities is that large cities with their special challenges and opportunities, require a focused strategy that includes new resources and tools.

As noted earlier, Canadian cities generally receive high marks internationally for their livability and sustainability. They offer good public services (including potable and plentiful water, good waste disposal systems, public transportation, clean and safe streets and parks, income supports), feature diversified growing economies, and promote cultural diversity. Their populations are well educated and healthy by international standards. However, a closer look reveals a darker side: inadequate financial resources, infrastructure in need of upgrading, social services under stress and insufficient long-term planning. These weaknesses pose serious challenges for at least some of our cities, particularly in the context of a changing climate. More extreme weather and continuing environmental degradation will put increasing pressure on resources to meet cities’ needs, including energy, land for food production, water, and waste management. In this context, their futures as global cities are debatable.

Using the four elements of a sustainability framework, some strengths and weaknesses of Canadian cities are outlined to help inform our thinking about what roles they might play at home and abroad.

1. ECONOMIC WELL-BEING

Canada’s cities are, by some measures, prosperous and well-maintained, but they also have some underlying economic weaknesses. Here are some issues affecting cities.
Mismatch in responsibilities and funding: Federal, Provincial and Municipal Governments

In their origins, towns and cities served as support centres for agriculture and resource development and as administrative centres for government. When Canada was created most people lived in rural areas and so it made sense that the Constitution deemed cities to be ‘creatures’ of the provinces. In 1851 only 13% of the population was urban; the balance shifted only after 1921 when the urban population reached 50%. While the role of cities in the production of national wealth has changed dramatically, the distribution of revenues has not been updated and remains at about 50% federal, 42% provincial and only 8% municipal. Urban analysts refer to this allocation as the municipal fiscal imbalance: addressing it has become the focus of inter-governmental advocacy by many groups, organizations, cities, and by the Federation of Canadian Municipalities.

With their manufacturing, commercial, financial and knowledge industries, cities generate most of Canada’s GNP but cannot access this wealth directly. Canadian municipalities have limited powers to raise funds and, with some exceptions, the majority of their income is dependent upon property taxes. In some provinces, cities are required by law to balance their budgets, restricting their ability to borrow to meet long-term infrastructure investment needs.

Over the past decade, the federal and some provincial governments have accumulated surpluses – in some cases returning money to taxpayers through tax credits and reductions, including reducing the GST. In contrast, Statistics Canada reports that local governments went from a neutral position in 1989/90 to a $3 billion deficit in 2004/5. Although debate continues regarding the imbalance between federal and provincial revenues, some argue that the real fiscal imbalance today is between municipalities and senior levels of government. The 2006 report of the federal External Task Force on Cities and Communities recommended a double devolution of revenue and responsibilities from the federal government to the provinces and from the provinces to the local level.

Another dimension to the revenue-sharing debate is the intertwined and sometimes contentious relationship between rural and urban communities. Tensions are due in part to the belief among rural dwellers and politicians that cities get preferential funding treatment from the provinces and the federal government. New fiscal, social and environmental policies need to take unique rural and urban circumstances into account. In particular, the vulnerability of communities dependent on declining industries presents special challenges for governments. A related issue revolves around the needs and capacities of smaller cities and towns, which differ from those of big cities –
this too needs to factored into urban policies.

**Stressed Infrastructure**

Many cities have ailing and aging physical and social infrastructure: roads in need of repair, inadequate public transit, faulty water systems, under-funded police and community services, lack of affordable housing, diminishing public spaces, and parks in disrepair.

While there is no simple way to measure the size of the infrastructure deficit, the TD Bank (2004) estimated it at between $61 billion and $125 billion dollars and growing by $2 billion per year. To the TD economists, the consequence for business investment in Canadian cities is no less alarming than the consequences for the quality of life of Canadian citizens. In response to this gap, in 2004 and 2005, both the Liberals and the Conservatives in turn pledged to address it.

- The Liberals’ *New Deal for Cities* provided municipalities with tax relief from the GST (this continues for a total of $5.8 billion), and agreed to share revenues from the federal tax on gasoline in the amount of about $2 billion per year.
- The Conservatives have extended this to 2014, bringing the Gas Tax Fund to a total of $13 billion since its inception.
- The 2007 federal budget pledged $2.275 billion in equal amounts per jurisdiction over the next seven years ($25 million per jurisdiction per year).

This predictable funding base is viewed positively but experts also warn that the $33 billion total falls far short of the $61-125 billion municipalities need to address their infrastructure requirements.

**Shifting Employment Patterns**

Most of Canada’s cities are growing at annual rates that vary from less than 1% for Saint John, NB to more than 3% for Abbotsford, BC. For a big city like Vancouver a 2.25% annual rate of growth translates into 50,000 new residents per year (Figure 1). At the same time, employment patterns and job mixes are changing in response to global economic shifts.

Within most cities, jobs in the manufacturing sector have not increased, in contrast to job growth in the generally lower-paid personal and commercial services sector and the higher-paying business sector. The latter sector attracts people with higher education and offers earnings about 25% more on average than in those in consumer services. Between 1986 and 2001, employment in manufacturing grew only 1%, while employment in business services grew 72%. These changes are not uniform across cities: for example, 10 central Canadian cities experienced losses in manufacturing jobs between 1989 and 2003, while western cities showed gains.
Population growth has been associated with expanding urban footprints which bear other economic consequences for cities. More jobs are being created farther from city centres, increasing the need for public transportation. The growth of suburbs has introduced a new demand for more transportation between suburbs, in addition to travel to and from the city core.

2. Social Well-Being

Good social relationships, which contribute to quality of life, are more difficult to establish and maintain in larger, more anonymous urban areas such as the 27 Census Metropolitan Areas with more than 100,000 residents. Sustainable cities have neighbourhoods where residents have social networks that they can draw on in time of need; the cities gain strength and resilience from these interactions. In rapidly growing cities, a number of factors combine to work against the development of these supportive relationships, including:

- High rates of immigration and migration that put more stress on community services.
- Increasing income inequality and a growing income gap between rich and poor.
- Increasing segregation of communities based on economic circumstances.

Canada has the highest per capita immigration rate in the world.\(^{32}\) During 2006/7, Canada admitted 238,000 immigrants – a population equivalent to the city of Saskatoon. Cities differ greatly in terms how many of their residents are recent (second generation or more recent) immigrants, ranging from less than 5% in Trois Rivières to over 70% in Toronto (Figure 2). Based on the 2006 census, 69% of immigrants settle in the biggest cities (Montreal, Toronto and Vancouver), a small decline from 73% in 2001. Almost half of all newcomers settle in Toronto, while the highest proportion of refugees goes to Montreal. In recent years, the socio-economic background of immigrants has become more varied, with skilled workers representing 54%, family class 27%, refugees 11%, and business class 6% (2001).\(^{33}\)

Even though municipalities do not have primary responsibility for immigrant settlement services, the impact of high immigration on municipal services is considerable. For cities where significant growth is largely due to immigration, as for Toronto and Vancouver, the stresses on the social systems can be great.

Income Inequality

Historically, immigrants overcame the initial gap between lower wages at the outset and higher wages after a period of adjustment; most were able to catch up to the average wage for similar work. However, for some newcomers this is no longer the case. Current trends indicate a rise in the number of well-educated immigrants who remain in low-income
jobs requiring little skill or training. Among the population of university-educated men employed in moderate or low-skill occupations, a significant majority are immigrants. Despite higher levels of education, the low-income rate among recent immigrants was 35% in 2000. In a study of urban poverty in the same period, the poverty rate for immigrants (52%) was found to be double that for all city residents (25%).

Over 2 million Canadians work for less than $10 per hour, representing about 24% of all jobs. In addition to recent immigrants, the most economically vulnerable populations in our cities are Aboriginals, single mothers, and people with disabilities. Single mothers have a high probability of working in low-income jobs and lack access to child care. Their children are among the most at risk according to a number of social, health and educational indicators. A worrying development is the rising rate of high school drop outs among African Canadian youth in Toronto. Urban Aboriginals have a lower employment rate than non-aboriginals, and more aboriginal people now live off-reserve than on-reserve. Income inequality affects all urban residents, as individuals and families living in state of acute or chronic financial stress are unable to contribute to the fabric of healthy, vibrant communities.

All these economically vulnerable groups require some form of support, either temporary or permanent, to meet basic needs, but cities lack adequate resources to respond. The past few decades have seen reductions in social budgets and downloading of services at the time homelessness and housing affordability have worsened.

3. Cultural Well-being and Diversity

Canadian cities are among the most culturally diverse in the world. The composition of newcomers to cities in the post WWII period has changed greatly. For example, in 2001:

- 39% of immigrants came from East and South Asia, up from 18% in 1981,
- only 8% of immigrants came from North America and Western/Northern Europe, down from 28% in 1981.
- By 2017, when Canada is 150 years old, Statistics Canada predicts that more than 50% of Toronto and Vancouver residents will be visible minorities.

City residents enjoy the economic and social benefits of rich cultural diversity and take pride in their multiple cultural identities. Canadian ethnic diversity contributes a richness and creativity to the social fabric of our cities. Canada’s cultural values are said to include tolerance and inclusiveness. Numerous communities support multicultural expression and multiple identities. The cultural values of Canada’s First Nation, Métis and Inuit peoples (projected to represent more than half of the population of some prairie cities like
Regina and Winnipeg) also contribute to our rich national tapestry, even though they are often overlooked or undervalued.

There are worrying signs of ethnically-based neighbourhoods (both rich and poor) becoming more isolated, making cross-cultural interactions more difficult. Unfortunately, low-income population segments, both native Canadians and immigrants, are becoming increasingly concentrated in defined neighbourhoods in some cities, leading to a phenomenon described as ‘poverty by postal code,’ and often associated with ethnic segregation. With less and less contact among people of different incomes and backgrounds, there is less empathy for others experiencing different circumstances, leading to some intolerance and conflict.

Culture has another meaning – one involving the cultural industries (electronic and print media, the visual and performing arts). Canadian cities are home to many of these industries and to artists. Research shows that many companies seek a skilled and well-educated workforce, and that workers are increasingly choosing to live in interesting and creative places – places that value artistic and cultural diversity and expression.

Canadian public funding for the operation and maintenance of cultural facilities, organizations and artists is low in comparison with some other countries, particularly in Europe. A 2005 study by the Canada Council for the Arts revealed that Canadian public arts spending as a percentage of GNP was 0.21%, compared to 0.47% for Finland and 0.36% for Germany. The Canada Council for the Arts per capita budget for 2003-2004 was $4.73, compared to more than $20 for the arts councils of England and Scotland. Comparative spending for the arts among Canadian cities ranges from $2.56 per capita in Calgary to $6.42 in Toronto.

4. ENVIRONMENTAL WELL-BEING

The impacts of urban industrial development and sprawl have been well studied and there is consensus on the value of minimizing these impacts. Canadian cities have been recognized for their efforts to address serious industrial pollution and for clean environmental initiatives dealing with air, water and soils. They also have implemented land conservation strategies to protect the few remaining natural habitats and agricultural reserves within urban boundaries. Some municipalities have adopted an integrated approach to their environmental stewardship, incorporating ecological footprint analysis into their sustainability planning. Whistler’s Sustainability 2020 initiative based on The Natural Step framework is one example.

The impact of cities on the climate system has only recently become a concern with greatest attention being paid to greenhouse gas emissions. We
now know that cities and communities are responsible - directly or indirectly - for over half of Canada’s greenhouse gas emissions. Although more than 100 Canadian cities and communities participate in the Federation of Canadian Municipalities’ Partners for Climate Protection Program, Canadian cities, in general, have been slower than their European and US counterparts to reduce their impact on the climate. Within cities, the biggest contributors to GHG emissions are transportation and buildings – in Toronto accounting for 35% and 53% of emissions, respectively (see Figure 3 in the appendix).

By redeveloping existing neighbourhoods and former industrial lands in the urban core to increase their housing variety and density along ‘smart growth’ principles (see text box), cities in Canada and elsewhere have found that their existing infrastructure and public transportation can serve more people at a lower per-capita cost while reducing their environmental impact.

While cities have a significant effect on climate change, climate change will, in turn, have dramatic impacts on cities and their economies. Extreme weather-related events (floods, fires, ice storms, hurricanes, tornados, droughts and hot spells) will increase, requiring cities to rethink their emergency preparedness. Protecting vulnerable people and property is a municipal responsibility, although, in a crisis, senior level governments will step in with support. One of the lessons from Hurricane Katrina’s effect on New Orleans is that the cost of failing to prepare for emergencies is very high in human and financial terms, and much higher than the cost of prevention and emergency preparedness.
**What is ‘Smart Growth’?**

These are the principles that are being used to create the Smart Growth Canada Network Primer E-Course:
http://www.smartgrowth.ca/home_e.html

1. **Housing Choice**  
   Principle: Create a range of affordable, quality housing choices.

2. **Vibrant, Walkable Complete Communities**  
   Principle: Foster development that creates vibrant, unique, walkable complete communities where uses like residential and commercial are mixed to create attractive places to live, work and play.

3. **Smart Building Design**  
   Principle: Encourage building designs that contribute to the context of a pedestrian-oriented neighbourhood and use green building technologies.

4. **Renew Existing Communities**  
   Principle: Direct development away from unsettled areas and encourage growth and renewal in existing communities.

5. **Green Infrastructure**  
   Principle: Utilize green infrastructure to save money and protect the environment.

6. **Green Space, Farmland and Ecologically Sensitive Areas**  
   Principle: Preserve and enhance green spaces, farmland and environmental sensitive areas.

7. **Broad-Scale, Integrated Planning**  
   Principle: Undertake broad-scale planning for cities and towns in adjacent regions and towns in adjacent regions and towns in a way that integrates land use and transportation planning for the entire region.

8. **Transportation Options**  
   Principle: Provide varied transportation options and infrastructure for walking, bicycling, car pooling, car sharing, scooters, public transit and other.

9. **Community Involvement**  
   Principle: Encourage effective community involvement early in the process to find unique solutions that fit with the community’s vision of itself.

10. **Focus on Implementation**  
    Principle: Utilize planning processes, tools and incentives to facilitate private sector investment and ease of navigation in achieving smart growth solutions.
FUTURE DIRECTIONS

This section presents three broad, value-based approaches as a starting point for your deliberations on what actions you think Canadians should consider to shape the future international role for Canadian cities as models of sustainable development.

For each approach a brief overview and some arguments in favour and against are provided. These are intended to stimulate your own thinking and discussion about the issues and possible actions. They are not exhaustive or mutually exclusive. You are not asked to pick one approach. Rather, we invite you to use these approaches as a starting point and think about variations and new ideas that may emerge out of your explorations.
Under this approach Canada’s cities would have the financial capacity and tools to play a much larger role in addressing the needs and realizing the opportunities of their residents and communities. The federal and provincial governments would routinely collaborate with municipal governments in developing and implementing domestic policies, being seen as a source of expertise. Internationally the provinces and Ottawa would involve urban politicians and officials in deliberations on priority-setting and implementation. Many of Canada’s cities are already world-class urban centres. This approach builds on strengths and looks outward, investing in our cities to enable them to become leaders in international urban diplomacy.

A key action to be taken would be to address municipal fiscal capacity shortfalls through the creation of a new tax-sharing and revenue-sharing model developed jointly by municipalities, with the federal and provincial governments. Other actions could include: the transfer of federal tax credits and 1% of the GST to the provinces, designating them for municipal programs and expenses (similar to the Green Infrastructure Fund and the Gas Tax Agreement); shift some of education and social service costs from property taxes to the provincial level; amend provincial legislation to allow Canadian cities to raise money by means other than property taxes and increase funding for large cities that receive the lion’s share of new immigrants without adequate funding and that subsidize outlying communities through services.
**Arguments in Favor**

✔ With new financial powers, Canadian cities would be able to play a larger role in trade and investment missions of provincial and federal governments, strengthening Canada’s economic prospects. Our newly empowered cities would be more attractive to innovators and entrepreneurs, increasing Canada’s international competitiveness.

✔ With the ability to undertake longer-term strategic planning and freed from the demands of constant crisis management, Canadian cities would be able to make a much larger contribution to priorities like climate change and capitalizing on the assets of their diverse populations with links to the world.

✔ With the power to raise revenues in proportion to needs, Canada’s cities could adopt policies and planning standards to ensure that actions and investments made today follow best long-term sustainability practices. This would strengthen Canada’s capacity and credibility to transfer knowledge to the developing world’s cities and create the opportunity to market urban expertise internationally.

**Arguments Against**

✖ Given the history of intergovernmental relations in Canada, prospects for new federal-provincial-municipal revenue and expenditure arrangements are slim. Better to focus on negotiations with the province or the federal government – this will take less time and energy and is more likely to deliver results.

✖ The federal and provincial governments already recognize that cities require additional funding to meet their needs, particularly in infrastructure planning, and have shown their commitment to provide funding as needed. It is not necessary to insist on a formal new agreement.

✖ We run a risk of deficits at the provincial level with the transfer of tax powers and revenues to the municipalities. Better to upload some responsibilities for services, especially income assistance, to the provincial level.

**Questions**

1. Many analysts, including private sector financial specialists, warn that urban infrastructure in Canada has been neglected and is now in urgent need of investment for repair and replacement. How do we prioritize and plan for this work? Do we need a national urban inventory with risk factors identified so that we avoid dangerous situations like the 2006 Montreal overpass collapse?

2. Where does the responsibility lie for recognizing that Canada’s cities are in a financial crisis, not only with respect to the physical infrastructure, but also in the provision of social services including social housing?

3. In addressing the disparity in funding among the three orders of government, what needs to be done so that Canada’s rural and remote areas (also in need of infrastructure and economic renewal) are not left behind? Does it make sense to support declining cities and small communities that face poor economic prospects? Are Canadians and governments ready to make tough choices about public priorities?
**APPROACH 2**

**EMPHASIZE REGIONAL, NATIONAL AND INTERNATIONAL NETWORKING STRATEGIES TO ADVANCE URBAN AGENDAS**

This approach emphasizes the creation of new and strengthening of existing urban strategic alliances and networks as the most effective method to realize opportunities and address common problems. Tapping into knowledge and expertise available at the municipal level across continents offers greater likelihood of finding solutions to urban problems that are practical and tested. Canadian cities, especially the nine largest cities with more than 500,000 population, would reflect a strongly internationalist perspective. This approach puts faith in the creativity of cities to address on-the-ground urban needs.

Under this approach, key actions would include: adapt existing regional city networks to strengthen an existing international focus, or to develop one; form alliances among cities with similar needs (e.g., housing, immigration, infrastructure, private and public financing requirements); expand the scope of existing city networks to include engaging with other international city networks; and create municipal units specializing in network and alliance building.
ARGUMENTS IN FAVOR

Cities have demonstrated the benefits of networking across national boundaries. A good example is the Seattle Mayor’s launch of U.S. Mayors’ Climate Protection Agreement (2005) to advance the goals of the Kyoto Protocol, despite his government’s refusal to participate. By November 2007, there were 710 signatory cities tackling climate change together, including some Canadian cities.

City networks are a logical and effective international engagement strategy within Canada’s international development policy. They can provide stability in the face of political instability at the national level. Given Canada’s positive track record for appropriate international development and our cities’ reputation for livable environments, we have good opportunities to forge a new kind of foreign diplomacy at the city-to-city level.

Canadian cities already actively participate in national and international city networks which work to share urban expertise and technologies, especially for sustainability and climate change. These networks could play an even larger role, if properly supported (e.g., the Federation of Canadian Municipalities Institute for Governance, the International Council for Local Environmental Initiatives - network of over 750 cities working on sustainability, and the 30 member PLUS Network of the International Centre for Sustainable Cities, which includes the global north and south).

ARGUMENTS AGAINST

Focusing on building Canadian city alliances, especially with an international focus, would divert much needed resources and energy away from local issues requiring urgent attention. Considerable time is required to build these networks – time better spent focused on local pressing priorities.

Working through Canadian city networks to address municipal governance issues could undercut existing processes underway with provincial and federal governments to fund Canadian cities’ needs. They cannot afford to dilute their focus by lobbying for foreign cities with the federal government.

Ambitious international urban strategies that emphasize urban leadership developed in city networks risk confusion about who speaks for Canada in the international context. City networks could find their initiatives at cross-purposes with specific federal policy objectives in some developing countries.

QUESTIONS

1. What is the value of Canadian investment in a new track of city-led diplomacy?
2. How can cities make the most of their participation in city networks?
3. As cities grow in strength and power through networks and alliances, how do we make sure that Canada’s rural regions and unincorporated communities thrive as well?
4. Canadian cities have no legal or political powers, and few regulatory and administrative tools to negotiate and implement deals with other cities. What practical steps could be taken to address this gap?
This approach focuses on maximizing existing assets and strengths while working with provincial and federal governments in combination with local stakeholder engagement to develop practical strategies with concrete doable initiatives to strengthen cities. It emphasizes pragmatic, incrementalist and opportunistic steps that build stakeholder commitment and collaboration. World-class status for leading Canadian cities can be achieved only through federal-provincial-municipal collaboration and coordination. This approach reflects the view that progress does not require formal new powers for cities but rather looks to revenue-sharing agreements, such as the existing Gas Tax Agreement, Infrastructure Canada agreement and various housing agreements. Its focus and priorities are local, which means that there would much less emphasis on an international urban agenda as a way to address problems.

The focus is aggressive action to address the biggest challenges cities face through priority initiatives, including: making ‘smart growth’ a condition of future urban development, linking land use, transportation and other service needs; create private and public sector partnerships to finance and implement infrastructure renewal (public transportation, water, waste, housing and other services); renew and invest in relationships with community-based non-profit organizations for provision of innovative social services; increase collaboration with the federal and provincial government to formulate long-range plans for urban sustainability.
ARGUMENTS IN FAVOR

✓ A collaborative approach that brings all governments to the table – federal, provincial and municipal – is essential to address urban issues and realize new opportunities. This sensible and non-confrontational approach promises much better prospects for advancement than intergovernmental posturing and bickering.
✓ This approach recognizes the tremendous resource pool that stakeholders in the private, public and not-for-profit sectors represent. By harnessing that power, providing leadership around a concrete vision and building trust, cities can find new ideas, energy and innovative ways to identify and seize opportunities and solve existing problems. These successes and learnings can then be applied to the international level.
✓ Giving priority attention to the most important problems first will reassure city residents and boost business confidence needed for economic growth and investment. Such a measured response will alleviate public and business concerns about the danger of catastrophic infrastructure failures.

ARGUMENTS AGAINST

✗ Cities are already doing all they can to address their urgent needs with the limited tools and resources available to them, often working creatively and effectively with numerous stakeholders to forge new alliances and funding mechanisms. For a breakthrough on the scale needed, cities need substantial changes in revenue, financing and administrative powers.
✗ The combined challenges cities face cannot be solved one city or one problem at a time. Transportation, for example, must be addressed on a regional scale within a national strategy with cities having a significant role in the identification of solutions.
✗ By focusing inward, Canada is neglecting its responsibility as a global power to play a proactive role in transferring its considerable knowledge and expertise in urban management to the urbanizing global south.

QUESTIONS

1. How should we think about the role of not-for-profit organizations within cities? What are the ways in which they can contribute to planning and implementation? How can cities best work with these stakeholders to address key challenges? What is the best possible role for non-profits in a well-functioning city?
2. The private sector is an untapped source of financing for cities. How can cities best work with the private sector at home and abroad to meet civic needs while protecting the public interest?
3. How can cities capitalize on their ethnic diversity to tap into its strengths and help create cities that are truly inclusive and supportive of our residents? What policies, support services and structures need to be in place to manage the integration of newcomers without destabilizing mature neighbourhoods, recognizing that building relationships requires time, care and a sense of security?
4. What collective responsibility do city dwellers have to reduce greenhouse gas emissions and mitigate climate change? Given that climate change will affect individual cities in different ways, is a city-based approach the best way to formulate actions and responses to climate change?
CONCLUSION

So, now it's your turn. What do you think?

As we noted above, the information and the approaches outlined in this guide offer a starting place for your discussions. They are intended to stimulate questions about how Canadian cities affect the world and how global issues affect Canadian cities and communities.

As you begin to develop options, consider some of the following questions: What is the role of the municipal government in Canadian foreign policy? As other cities across the globe start collaborating to address social, environmental and economic issues, should Canada’s cities do the same? Is there something unique about Canadian cities that could provide a model for others? What actions do we need to take as a country to enable our cities to engage globally?

This issue, like any foreign or domestic policy issue is complex. Cities are growing in size and importance. They will be a formidable actor on the international stage in the coming years. How does Canada want to position itself in relationship to this new reality? We can decide not to do anything and get swept up in the current or we can set sail in a direction that we have mapped out and defined. Imagine you are the Prime Minister or the Minister of Foreign Affairs for the weekend. What ideas, insights, questions and options would help you in making decisions about what actions Canada should take.
FIGURES

**FIGURE 1**

Population of Canada’s CMAs (Source: Statistics Canada, 2006)

**Figure 2**

Figure 11: Percentage of CMA residents with ‘ties to immigration’, 2001

![Bar chart showing percentage of CMA residents with ties to immigration in 2001](image)


Published in: Heisz, Ten Things to Know About Canadian Metropolitan Areas, September 2005
Figure 3
Greenhouse Gas Emissions by sector, City of Toronto

Source: http://www.toronto.ca/changeisintheair/images/gas_emissions_800.gif (080112)
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