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# **Why Cities Matter: Policy Research Perspectives for Canada**

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## **Executive Summary**

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## Executive Summary

Recently, there has been growing awareness of the importance of cities as strategic spaces and actors in the age of globalization. Contrary to predictions of the “locationless” effects of virtual communications and the “death of distance” in a weightless economy, urban centers have become more – not less – important as places where people live, work and play. Knowledge-based innovation is the critical ingredient for prosperity and well-being in the 21st century, and it thrives in local spaces that cluster economic producers, value diverse ideas and cultures, and include all residents in learning opportunities. Yet, experience shows that cities can be both engines of national prosperity and locales where the risks of social exclusion and environmental degradation are greatest.

In fact, many observers now warn of complacency about the state of cities in Canada, perhaps traceable to the fact that in comparison to the United States, our urban areas historically have performed very well. With lower crime rates, less social disparity and spatial segregation, and more vital downtowns, Canadian cities have provided a good quality of life and welcoming environment for most people to carry on their lives. However, there is concern in many quarters that Canadian cities are living off investments made decades ago and that out-dated governance structures and limited policy imagination block their capacity for renewal. While other countries experiment with new approaches, the danger is that Canada is resting on its laurels. Better understanding is required of the factors that will sustain vibrant Canadian cities and healthy communities in a global age.

This report takes stock of current knowledge about the problems and prospects of our cities. *Its primary goal is the clarification of major issues, differing perspectives, and central debates* in a rapidly evolving and complex field of policy inquiry and action. It seeks to provide a baseline for further public discussion by situating the choices facing Canadian cities today in their historical context, and in relation to contemporary intellectual debates about how cities work and, indeed, how they might work better. The paper ends by mapping an agenda for further urban research, with questions and topics crossing all scales of governance and policy action – local, regional, provincial, national, and global.

The first part of the paper unpacks the complex economic, societal, and political transformations that have put Canadian cities “back on the agenda” of policy communities. Canada is one of the most urbanized nations in the world with nearly 80 percent of its citizens living in urban areas, and some 64 percent of the population living in the country’s 27 large and medium sized metropolitan areas. Its economy is increasingly service-based and these industries are concentrated in urban centres. Canada’s seven largest metropolitan areas now generate almost 45 percent of the country’s GDP. Alongside the urbanizing flows of people and commerce, realignments among Canadian governments have likewise brought cities to the fore. In the past decade, both federal and provincial governments have passed responsibility to municipal authorities for significant aspects of the urban infrastructure, ranging from transportation and communications to social services and cultural programs.

As such, cities are *the places* where today's major economic, social and environmental challenges most visibly intersect. Choices must be made about how our urban spaces will be managed, whether investments will be made in the human resources and physical infrastructure of cities, and what new fiscal tools and financing mechanisms will be available to municipalities. As the first section of the Discussion Paper concludes, Canadian policy communities must scrutinize long held conceptions of policy space in order to develop frameworks attuned to the dynamics of local places in the global age.

The second part of the paper provides historical perspective on these challenges and choices. Certainly, the present day is not the first time that such fundamental questions have surfaced about cities and their role in national life. In the 1960s, activists protested the consequences of Keynesian growth management for city neighbourhoods and hinterland regions, just as municipal leaders now contest what they see as the anti-urban legacies of neo-liberal restructuring and retrenchment. In these turbulent periods, new "social knowledge" about relations between state, market, and communities emerged to inform significant shifts in national political discourse, with evident consequences for cities and their governance. The historical perspective clarifies that Canadian cities are now at another crossroads in their evolution. As in the past, the current round of uncertainty about cities has generated much creativity in social knowledge and collective action.

The third part of the paper maps four distinctive urban-focused mobilizations, all emphasizing the new significance of local places and all advancing strategies to regenerate Canadian cities. These four frameworks are:

- An *economic cluster* framework envisioning city-regions prospering by housing spatially concentrated, smaller-scale firms cooperating with one another and with public sector institutions for innovation in knowledge-intensive production to achieve global competitiveness.
- A *social inclusion* framework seeking full participation of all citizens in the economy, society, and polity, emphasizing that barriers to opportunity are increasingly concentrated in certain urban neighbourhoods, spatially segregating poorer residents already at risk of some form of exclusion.
- A *community economic development* framework focusing on local self-reliance and community capacity building in distressed areas such that the marginalized have the information and resources to access wider support services, learning networks, and housing and employment opportunities beyond their neighborhood.
- An *environmental sustainability* framework using ecosystems planning and concepts such as the bioregion to advocate a more compact built form for the city, and to clarify the manifold costs – fiscal, environmental, and health – of sprawling forms of development that encroach on agricultural lands and ecologically sensitive areas.

Detailed description of the ideas and strategies of each of these frameworks reveals some important commonalities and cross-cutting themes. All four take far more seriously than earlier public policy paradigms, the significance of *quality local places* in generating prosperity and well-being for citizens and nations. Each emphasize the advantages inherent in the “social dimensions” of urban life, expressed in networked forms of relations made possible by the geographic proximity of creative people from all walks of life. Such ongoing, face-to-face contact enables the knowledge sharing and collective investments that generate innovation in the economy, society, and environment. Of course, the precise composition of these social networks vary across the four frameworks, as do policy priorities for renewing the place quality of cities. Another key lesson, therefore, is that widespread agreement about the importance of cities in the global age is not yet matched by consensus on new policies or institutional arrangements.

Indeed, a major political challenge is to bring these distinctive discourses and their respective “advocacy networks” into some kind of *workable policy mix* for renewing cities. Are cluster strategies flanked by community economic development initiatives for poor people? Are sustainability goals embedded in land use planning for business parks and housing developments, or merely mentioned as an afterthought? Are the environmental hazards associated with urban production and consumption concentrated in the same neighbourhoods? If we are to build vibrant cities that are innovative *and* inclusive such questions must be front and center. They speak to the *vision* of the successful city-region, its *governance arrangements*, and *inter-governmental relationships*.

The fourth and final section of the paper builds on the preceding historical and analytical sections to address the possibilities for progress. It begins with a promising new vision of the city. *Community-based regionalism* envisions inclusive urban places where everyone is on the same “map” – city and suburb, business and labour, social movements and citizens, local politicians and planning experts, and provincial and federal representatives. Regional strategies are necessary because the city’s problems of urban sprawl, air and water pollution, social polarization and spatial segregation, transportation gridlock, and decaying economic infrastructure will only be solved at that scale of action. Equally important, however, they must be “bottom-up,” informed and structured by input from the neighbourhoods where people live, where community organizations work, and where vital policy intelligence resides. In this vision, strategic priorities include: regional tax equity, uniform levels of public service, and cooperation across municipalities in planning for ecosystems and economic development, which also integrate “cluster building” with skills formation in local labour markets.

Connecting the vision to practice raises fundamental questions about urban governance. Amidst much recent provincial experimentation with municipal structures, three main models are on offer: the single-tier “mega-city” forged through the amalgamation of municipalities; the voluntary inter-municipal network using region-wide *ad hoc* committees to decide specific infrastructure or planning priorities; and the two-tier advisory structures, where a regional body coordinates or oversees the implementation of joint municipal strategies.

As the Discussion Paper points out, these governance models remain “works in progress” across the Canadian urban landscape, and their relative merit continues to be hotly debated. Each will be judged ultimately on the basis of how well it manages three key urban governance tasks: enhancing democratic accountability; strengthening planning and policy capacities; and

advancing public understanding of the vital interdependence of the city and its regions, from the downtown core to the suburbs and semi-rural hinterlands.

Talk of community-based regionalism and collaborative governance is largely about horizontal issues of networking and partnerships in local places. Perhaps of greater significance are vertical relationships that link the city-region to upper level provincial and federal governments. While regional planning and community involvement may be impressive, these localized processes must “scale up” to those levels of government where critical policy and financial choices are made. Municipalities are without constitutional standing and exist as creatures of the provinces. Economic globalization and political decentralization have increased their responsibilities while at the same time constricting their revenue streams. The result for many cities is an effective end to fiscal sustainability.

Growing appreciation in policy communities of the strategic import of local place quality has certainly called attention to the imbalance. Among the many reforms proposed, two broad thrusts are evident. First, a *power and resources strategy* recommends enhancing the autonomy of cities, contemplating a variety of instruments from constitutional recognition to more enabling provincial Municipal Acts and increased taxation powers. Second, a *mutual respect and partnership strategy* looks to a new set of understandings and relationships among Canada’s three levels of government. In their dealings with federal and provincial officials, municipalities seek to replace “the culture of non-recognition and neglect” with one of “recognition and collaboration.”

For both strategies, the underlying message is the same. Given the increasingly important role of cities in shaping the country’s economic, social, and environmental well-being, expanded municipal participation in federal and provincial policy making is appropriate in many fields. The issue is not simply one of helping cities cope with their growing responsibilities but, equally, one of ensuring that the macro-level policy interventions of upper level governments are sufficiently informed by the locality’s *contextual intelligence* to work effectively “on the ground.” At a minimum, Canada’s new urban agenda must better align federal, provincial, and municipal economic, environmental and social policies with the physical design and community planning of the country’s diverse city-regions. In turn, better alignment of policy and planning will help redress the resource-responsibility gap experienced by local officials, and embed an urban lens in federal and provincial decision making.