MUNICIPAL AMALGAMATIONS:

A Made-in-Canada Solution to an Undefined Problem

ABSTRACT

Are amalgamations simply part of a worldwide trend relating to neo-conservatism, globalization, and/or the apparent victory of capitalism over socialism? No, says the author. Canada is alone among western nations to place municipal amalgamations high on the policy agenda. Governments in eastern Canada implemented amalgamations all by themselves for reasons that remain obscure and have offered little evidence that the quality of life in our cities will improve.

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Since the early 1990s, municipal amalgamations have taken place within the following major Canadian cities: Sydney and Halifax in Nova Scotia; Toronto, Ottawa, Hamilton, and Sudbury in Ontario; and Montreal, Quebec City, Hull, and Longueuil in Quebec. The temptation is to assume that, like so many other changes in public policy in this period, such amalgamations are simply part of a worldwide trend relating to neo-conservatism, globalization, and/or the apparent victory of capitalism over socialism. Nothing could be further from the truth. With the exception of controversial municipal amalgamations in Melbourne, Australia and in post-apartheid South Africa, it is only in Canada among western developed nations that municipal amalgamations have recently been high on the policy agenda.

The first part of this article explores the historical background to municipal amalgamation. The second looks at what has been happening in the United States. The third briefly describes the recent Canadian amalgamations and the conclusion examines their potential impacts.

The historical background

Municipal amalgamation is not a new or innovative policy. The Pennsylvania legislature amalgamated 28 municipalities in the Philadelphia area in 1854. Most of the claims, counterclaims, successes, and failures associated with the Philadelphia amalgamation are echoed in all the recent debates we have recently experienced in Canada. Whatever the benefits of the amalgamation, it did not prevent Philadelphia's long economic decline in relation to other major American cities, first New York and later Chicago and Los Angeles.

The best known of all North American amalgamations was the one in New York in 1898. Its approval by the narrowest of majorities in a referendum in Brooklyn was the culmination of a decade of political machinations involving the Tammany Hall machine and urban reformers intent on cleaning up corruption and waste. In the end, the reformers got their amalgamation but lost the ultimate prize: they did not gain control of the amalgamated city as they originally expected. Amalgamation in New York led to increased municipal spending, but this was no surprise because its proponents were anxious to build new municipal infrastructure in the far-flung suburbs of Queen's and the Bronx. Whether these suburban areas were actually better off in the long run in the amalgamated New York is an interesting question. In many respects it is hard to imagine how they could possibly have fared worse on their own.

Unlike Philadelphia, New York (especially Manhattan) did prosper economically in the twentieth century. But much of the large-scale infrastructure that helped insure its physical growth was not built by the municipal government of New York, as any reader of Robert Caro's famous biography of Robert Moses (The Power Broker, Knopf, 1974) can attest. In any event none of the recent scholarly work on "global cities," of which New York, London, and Tokyo are the exemplars, says much at all about the relevance of municipal government. Certainly no one has come close to

suggesting that New York's amalgamation in 1898 had anything to do with its current dominant role in the hierarchy of world cities. One recent study of local governments in the New York area (Gerald Benjamin and Richard P. Nathan, Regionalism and Realism, Brookings, 2001) actually documents how the loss of "smaller-scale government" has negatively affected the quality of urban life.

Canadians often find it hard to believe that New York's amalgamation was the last major amalgamation sponsored by a state government in the United States. In 1910 the Alabama legislature merged municipalities in the Birmingham area, but such action has never occurred since. Most states now have constitutional provisions preventing state legislatures from changing municipal boundaries without some form of local consent, usually expressed through a referendum.

Throughout the twentieth century much thought was given to how best to govern multi-municipal city-regions. The London County Council, and later the Greater London Council, exemplified the two-tier model in which a regional or "upper" level of municipal government was super-imposed on "lower-tier" municipalities that continued to concern themselves with a wide array of local services and regulations. The establishment of the Municipality of Metropolitan Toronto in 1953 transferred this model to North America. Throughout the 1950s and 1960s, Toronto's two-tier system of metropolitan government was the envy of almost all progressive American students of urban affairs who longed for effective local institutions to plan and control the outward expansion of the city. Indeed, its reputation as an innovative mechanism for urban governance spread far beyond North America.

During the 1960s and 1970s, municipal amalgamations were back on the public-policy agenda in many jurisdictions, but not in any part of the United States. Many countries in Europe (but not France or Italy) dramatically slashed the total number of municipalities. There was great confidence among policy-makers that larger municipal governments would ultimately enhance the quality of urban life. There was less thought given to the notion that amalgamations could save money or enhance economic competitiveness.

One of the most dramatic examples in the world of a central government acting to establish a single municipal government for a significant city-region was the decision by the NDP Manitoba government in 1970 to establish a "unicity" model of government for Winnipeg. From one perspective, this can be seen as simply an attempt by the government to model Winnipeg's pattern of municipal government on that which had evolved over time in other prairie cities, notably Calgary, Regina, and Saskatoon. In these cities, the municipal government had extended its boundaries into rural areas more or less as urban expansion occurred. In Winnipeg on the other hand, many new suburban areas had been incorporated as autonomous municipalities, creating a pattern of municipal government much more common in the older eastern parts of North America.

As befitted an NDP government in the early 1970s, initial plans for Winnipeg's unicity attempted to wed the virtues of administrative centralization and a common tax regime with a more radical system of participatory democracy at the neighbourhood level. During the initial legislative process, and for decades thereafter, the original hopes for a dramatically new and innovative model for urban governance gave way to a much more conventional system of big municipal government. Observers today are hard-pressed to find anything that is especially unique about urban governance in Winnipeg. What is perhaps most significant is that, in the early 1980s, the largely rural area of Headingley was allowed to secede, providing a potential model for dissatisfied rural residents of Canada's more recent unicities (or "megacities" as they are now more commonly called). Meanwhile, urban growth in the Winnipeg area is now occurring at a faster rate outside Winnipeg's boundaries than within, much to the chagrin of people who thought the creation of unicity had at least solved this one classic problem of urban governance.

Developments in the United States

It would be misleading to suggest that no one in the United States even thinks about amalgamating municipalities. Some urban experts, notably David Rusk, have such an issue relatively high on their preferred agendas. In some places, most recently Louisville, Kentucky, there have been successful campaigns to merge a central-city municipality with its surrounding county. Canadians must realize, however, that these "city-county consolidations" are implemented only if approved by local voters and that incorporated suburbs within the county are not included. The new "consolidated" city-counties can include dozens of independent suburban municipalities within their boundaries, hardly an amalgamation by Canadian standards.

Considering what happened in Ontario under the Harris government in the late 1990s, it is important to realize that in the United States, market-oriented conservatives are usually opposed to municipal amalgamations. In academic theory, these attitudes can be traced back to the 1950s, particularly to a well-known article by Charles Tiebout who pointed out that having many municipalities in the same metropolitan area created a market-like framework for municipal services and taxes that would enable citizens to closely match their desire for municipal services with what they were willing and able to pay for, thereby enhancing allocative efficiency in society as a whole and generating organizational efficiencies through competition. Such theories were most dramatically transferred to the real world when Ronald Reagan was Governor of California. Faced with a proposal from business supporters to take steps to reduce dramatically the number of local governments in California, he turned to his informal group of conservative academic advisors, whereupon he was told that reducing the number of local governments was a recipe for increasing the size and scope of the public sector, not for reducing it.

In more recent times in California, conservatives in the San Fernando Valley have led an unsuccessful movement to separate the valley from the City of Los Angeles and to establish a new municipality. Their main opponents, apart from Los Angeles politicians based in the central part of the city, were labour unions and organizations representing African-Americans and Hispanics. An impartial



Vancouver, British Columbia – photo courtesy Tourism Vancouver

review of the issue conducted by LAFCO (Local Agency Formation Commission) ruled that, if voters approved the secession, the San Fernando Valley would have to financially compensate the old city, but it also determined that there was no reason to expect total municipal expenditures in the two resulting municipalities to be higher than in the one. In any event, voters in Los Angeles rejected the proposal in November 2002 so, for now at least, it is dead. One of the great questions about recent amalgamation debates in Ontario relates to whether or not conservative Ontario cabinet ministers had any knowledge of what Ronald Reagan had decided two decades before or of what conservatives in the San Fernando valley thought about big municipal government.

Since the early 1990s, American liberals have become quite exercised about the governance of large metropolitan areas. They have been pushing for new institutions – both formal and informal – to facilitate metropolitan cooperation and joint action. Their efforts have generally been labelled "the new regionalism," the implication being that "old regionalism" generally involved state governments imposing structural solutions on unwilling municipalities. Some new regionalists (notably Neil Peirce) are convinced that targeted intermunicipal cooperation can dramatically improve prospects for economic development. Their problem is that throughout the 1990s the economic condition of most American city-regions improved dramatically regardless of whether or not such cooperation actually occurred.

Other new regionalists are more concerned with equity. They want wealthy suburbanites to share tax resources with the central city. Here the main issue is whether central cities still generate suburban growth or whether the creation of new jobs in the suburbs is the best way of easing unemployment in the central city, thereby aiding central-city rejuvenation. Neither side seems likely to prove its case, demonstrating at a minimum that the complex interaction of central city and suburb is not well understood by social scientists. In the absence of such understanding, simplistic public policies based on unproven assumptions are likely to have just as much potential to do harm as to do good.

In any event, the main point about the American experience in the past century is that there have been no municipal amalgamations of the type that eastern Canadians have experienced in the 1990s.

Municipal amalgamations in eastern Canadian cities

Serious proposals for major municipal amalgamations in Cape Breton and Halifax go back to the 1970s. The merger in 1995 in the area around Sydney in Cape Breton was implemented in order to use the growing tax bases in villages and rural areas to support the towns and cities that had been formerly dependent on mining. As a method for redistributing tax bases, the amalgamation has worked. The fact that the merger progressed relatively smoothly in Cape Breton probably encouraged Premier John Savage to proceed with amalgamation in Halifax, even though he had opposed it when in opposition. As a former mayor of Dartmouth, Savage could demonstrate by supporting amalgamation that all had to make sacrifices to pull Nova Scotia out of its apparently desperate financial straits.

Although the Halifax amalgamation was supposed to save money, the most commonly cited justification for it is that it was needed to prevent destructive economic competition among the four municipalities that surrounded Halifax harbour. Since amalgamation in 1996, the Halifax economy has been remarkably healthy, leading recently to proposals that it should partially share its tax base with poorer areas of the province, including Cape Breton. But no one has seriously claimed that amalgamation has been the source of Halifax's relative economic success. It owes much more to the development of offshore natural gas. After a very shaky beginning, the Halifax Regional

Municipality (the municipality's official name) is now relatively stable. At the last municipal election, the former mayor of Bedford, an arch-critic of the amalgamation, was elected mayor.

The merger in Toronto in 1998 was primarily about saving money. Merging the six municipalities within the Municipality of Metropolitan Toronto enabled Premier Harris to appear to be addressing serious concerns about governance and to appear to be reducing the size of government itself. Less obviously, it enabled him to eliminate a significant source of political opposition, the council of the city of Toronto and to install a more sympathetic, suburban-dominated regime headed by the former mayor of North York, Mel Lastman.

It is almost impossible to see any clear benefits from the Toronto amalgamation. Although preliminary official financial analyses pointed to some cost savings, even in late 2002 the costs of wage harmonization are not fully known. The Toronto Computer Leasing Inquiry is currently in the process of revealing the chaotic nature of municipal administration in post-amalgamation Toronto. In its wake it is unlikely that there will be anyone still claiming that amalgamation in Toronto was a financial success.

In 1999, before the full extent of the problems in Toronto had become apparent, the Ontario government pushed ahead with amalgamations in Ottawa, Hamilton, and Sudbury, in each case eliminating the upper- and lower-tier municipal institutions that had been battling each other for many years. Unlike Toronto, each of these newly-amalgamated municipalities contained small towns, villages, and rural areas that fiercely resented being included in the "city." One of the great unresolved issues of these amalgamations – especially in Ottawa – is how fairly to represent rural residents. If "rep-by-pop" is the guiding principle, rural areas have virtually no representation. If they are given more representation than what their population implies, a fundamental principle of democratic governance is compromised and we are left to wonder why such rural residents were included in the first place. Are Headingley-like secessions inevitably on the horizon?

The latest round of amalgamations has been in Quebec. The most dramatic has been in Montreal, but others in the province have caused considerable political turmoil, especially for the Bloc québecois during the federal election of 2000. As was the case in Toronto, the Montreal amalgamation came after a decade of debate about how to govern the wider Montreal metropolitan area. If the Halifax amalgamation was about economic development and the Toronto one about saving money, the Montreal amalgamation was about equity, making sure that taxes and service levels became more equal throughout the island of Montreal. Not surprisingly perhaps, the political motivations of the Parti québecois government were more like Manitoba's NDP government in the 1970s than those of the Harris conservatives in Ontario in the 1990s.

Remarkably, the Montreal amalgamation has been accompanied by a simultaneous effort to establish borough councils throughout the Island. Many of these perpetuate, in a much-attenuated form, the old suburban municipal councils. But totally new ones are being established throughout the territory of the old City of Montreal, a feat of simultaneous centralization and decentralization that is quite unprecedented. Because the borough councils have considerable control over local services, but no independent authority to tax, there remains much opportunity for conflict. As with Halifax and Toronto, the current mayor of Montreal, Gérald Tremblay, has his political base of support in the suburbs.

Conclusion

It remains to be seen whether or not the eastern Canadian amalgamated cities are able to convert their apparent political strength into real influence on the national stage. Claims are frequent that such increased influence in the long term is inevitable. But, as citizens of Toronto know better than most, size brings burdens of its own and size is not immediately converted into the kind of political strength that enables a municipal government to overcome the immense constitutional advantages possessed by provincial governments.

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In any event, suburban politicians have generally triumphed in amalgamated cities (except in Quebec City). When optimists envisioned a new generation of central-city mayors to lead a kind of urban revolution in Canada, did they really expect suburbanites to be in charge? Surely they had in mind somebody more like Vancouver's new mayor, Larry Campbell, who speaks so passionately for the interests of the inner city. Would Larry Campbell ever have been elected in a City of Vancouver that included Richmond, Surrey, North Vancouver, Burnaby, and all the other municipalities of the Greater Vancouver Regional District? Surely not. Whatever one might think of the social-democratic motivations for municipal amalgamation in Winnipeg and Montreal, does the election of Larry Campbell not at least give pause for thought.

As we contemplate the fate of our amalgamated cities in eastern Canada, we can at least free ourselves from the notion that amalgamations were somehow the inevitable result of the increasing pressure of global capitalism. Governments in Nova Scotia, Ontario, and Quebec implemented municipal amalgamations all by themselves for reasons that remain murky and obscure. There is little or no evidence that these amalgamations will improve the quality of life in our cities. If we can figure out ways for central-city residents to maintain some control over their neighbourhoods – as is being attempted now in Montreal – there is at least a chance that the amalgamations will not cause serious harm.