



The mixed success of Toronto's metropolitan merger

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While the debate on local-government reform rages on in France, Guillaume Poiret looks back at the municipal mergers that took place in Toronto in 1997. Although amalgamation has not resulted in the kind of demergers seen in Montreal, it has not had the anticipated economic benefits either, and leaves the metropolitan question – and the attendant democratic challenges – unanswered.

Since the City of Toronto Act, or Bill 103, of 17 December 1997, the City of Toronto has comprised the former central city (“Old Toronto”) and the five municipalities that used to make up its inner suburbs.¹ This municipality – Ontario’s provincial capital – is home to some 2.8 million inhabitants and forms the core of a wider urban area with a population of over 6 million. As the fifteenth anniversary of this merger approaches, and the debate on local-government reform in France continues, it is perhaps an opportune moment to look back on the Torontonians’ experience of metropolitan amalgamation.

Bill 103 sought to modernise the operation and administrative organisation of the city, and adapt the local municipal structure to the demands of globalisation. This legislative act – the fruit of a promise made by the Conservative Ontarian Premier Mike Harris to reduce the amount of local government in the province – clearly took on board a number of financial and political calculations: the merger weakened Old Toronto’s centre-left parties by diluting support in a larger, and more right-wing, entity. It was also an opportunity for a far-reaching plan for budget savings at provincial level.

The municipalities affected by the law were already grouped together under an upper-tier intermunicipal authority called the Municipality of Metropolitan Toronto (known simply as Metro Toronto), created in 1953 by the Ontarian provincial government in order to manage Toronto’s urban growth more effectively by pooling a certain number of resources and functions (public parks, refuse collection, water and sewage treatment, public transport, etc.). This body had a council composed of elected officers from each member municipality, and over the years developed a certain expertise in metropolitan matters; however, the Conservatives saw it as an entity that was cumbersome and ill-adapted to the needs of business and the private sector, and so saw fit to merge Metro Toronto with its six constituent lower-tier municipalities. Fifteen years on, though, there is little evidence to suggest the post-merger City of Toronto is actually any more flexible than Metro Toronto was.

Amalgamation: a “common-sense” solution?

In 1995, the Conservatives won the provincial elections on a pledge to cut taxes and implement more prudent, more efficient policies, known collectively as the “Common-Sense Revolution”. Mike Harris proposed a reorganisation of funding for policy programmes with a view to ending joint funding from two tiers of government, to be replaced by single-source funding from the

¹ Namely the former City of Toronto (now known as Old Toronto) and the inner-suburban municipalities of East York, Etobicoke, North York, Scarborough, and York.

administrative tier responsible for the programme in question. The provincial government took back responsibility for education, while many social programmes were left in the hands of municipalities. This significantly reduced the power of the old city of Toronto, many of whose 650,000 residents were among the poorest in the Greater Toronto area – young professional couples preferring to live in the suburbs instead.

The Conservatives claimed that Metro Toronto was too bureaucratic and that it gave rise to situations of non-cooperation between municipalities, leading to overspending, particularly as a result of overlapping functions. Furthermore, they criticised excessive competition between municipalities, to the detriment of the urban area as a whole. This argument may seem somewhat surprising, as it goes against traditional liberal theories that, since Tiebout's seminal texts, have encouraged fiscal and economic competition between municipalities in the name of greater economic efficiency. But while it is true that Mike Harris was a neoliberal, sympathetic to the business world, he did not believe in adopting the Thatcherite approach of dismantling large local government bodies in favour of smaller, less powerful local authorities (as happened in London and the English metropolitan counties), and instead felt that an integrated metropolitan structure would enable substantial economies of scale and be more efficient vis-à-vis investors.

For supporters of the 1997 merger of (Old) Toronto with its inner suburbs, amalgamation was not a question of opposition between those in favour of weak metropolitan cooperation and those in favour of stronger metropolitan integration; strengthening the metropolis was not the issue here. Rather, it was the primary motivation of the pro-merger camp – i.e. to satisfy the needs of investors – that created real divisions. Harris wished to establish a strong central municipality with numerous prerogatives, in particular by promoting fiscal harmonisation. By imposing a large, stable, single-tier metropolitan authority rather than the previous two-tier structure (six lower-tier municipalities plus the upper-tier Metro Toronto), he hoped to speed up decision-making and facilitate pro-business policies. Harris's plan was supported by the Toronto Board of Trade and various business leaders.

The 1997 merger thus crystallised the opposition between the need for local democracy and the need for economic efficiency. Indeed, from 2003, the new mayor of Toronto, David Miller, tried to reconcile these two concepts around a new vision for the city's future, as shown by recent works on the subject (Boudreau and Keil 2006). A decade later, the results of the merger remained mixed.

Opposition in the name of local democracy

Bill 103 was adopted without hindrance by the Conservative-controlled provincial government. There were, however, a number of protests in the run-up to the vote. The first of these came from the municipalities themselves, in particular Scarborough, which took the issue to the Ontario superior court. As the rights and roles of municipalities are not recognised by the Constitution of Canada, the court ruled in favour of the province.

The second source of opposition, more virulent and influential than the first, came from the citizens of Old Toronto and was marked by considerable mobilisation against the provincial government's plans. These protests were spearheaded by John Sewell, the progressive mayor of the city between 1978 and 1980, via a group called Citizens for Local Democracy (C4LD). This grass-roots movement accused the Conservatives of having a purely economic and financial vision of the city that failed to take account of local residents: by focusing on economic players and Toronto's global standing, the Conservatives were neglecting the proximity that is essential between local councillors and their constituents. The need for close links between politicians and the people formed the cornerstone of the movement, based on the belief that local democracy was more important than economic performance. Although it ultimately failed to reverse the Conservatives' plans, C4LD nevertheless managed to mobilise several thousand people.

Savings that never came – *au contraire*...

The economies of scale that the merger was supposed to create have never, in fact, materialised: in the very first year of its existence, the new City of Toronto had to borrow C\$200 million from the provincial government to help cover the costs of amalgamation. None of the pre-merger reports had anticipated the transition costs – despite being inevitable – not just in terms of infrastructure and logistics (the move into, and reconfiguration of, City Hall on Nathan Phillips Square, where council meetings are held) but also in terms of salary harmonisation (as each former municipality had its own salary scales and rules²). While the merger led to the abolition of six municipal councils politically, the staff of these councils remained in place, with only the central departments moving to the City Hall site. As a result, the new municipality had to deal with unplanned adjustment expenses that could not be compensated by any kinds of savings or additional resources.

In addition to these adaptation costs, Toronto's budget increased on average by C\$200 million each year, rising from C\$5.6 billion in 1998 to over C\$8 billion today. The city's debt has also increased sharply, and now stands at more than C\$2.3 billion. The new structure has – as predicted by John Sewell – proved too unwieldy to be managed at constant staffing levels; Toronto has consequently had to hire over 3,500 new employees in 10 years in order to function correctly. New needs, not accounted for at the outset, have also arisen, and a number of major projects have had to be funded by the new municipality.³ In the short and medium term, amalgamation has proved to be a costly business.

Same issue, different scale: the question of Greater Toronto

As far as metropolitan governance issues are concerned, the expansion of the urban core has simply displaced the problem of non-cooperation strategies. The arena for such rivalries is now the Greater Toronto area, a vast territory covering some 7,000 km² (2,700 sq. mi.), with no overarching administrative body. This area, which includes many post-1970s suburban municipalities, has become increasingly relevant since the 1980s. And yet Bill 103 remained strangely silent on the subject – no doubt because the provincial government was reluctant to promote a boundary that would include half of all Ontarians.

Although the question of metropolitan governance raised by Mike Harris was very much a legitimate one, the response put forward by the Conservatives was, to say the least, implemented at the wrong territorial scale. The case of Toronto shows that, when it comes to governance, simplicity and “common sense” are not necessarily the best criteria for reform. Scales, stakes and needs are constantly evolving, and mergers and simplifications can produce the opposite effects to those intended.

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² For example, firefighters in the different municipalities were not paid the same wage, nor did they benefit from the same working conditions. Harmonisation measures, decided in conjunction with trade unions, generally involved upward salary adjustments, resulting in significant extra costs.

³ The growth in the city's budget can thus partly be explained by increased investment since 2003. The previous mayor of Toronto had capped public investments to avoid tax increases. This policy, while fiscally beneficial, had disastrous consequences in terms of city management, leaving the new mayor to undertake major highways and development works to make up for the lack of investment under the previous administration.

Further reading

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