About IMFG

The Institute on Municipal Finance and Governance (IMFG) is an academic research hub and non-partisan think tank based in the Munk School of Global Affairs at the University of Toronto.

IMFG focuses on the fiscal health and governance challenges facing large cities and city-regions. Its objective is to spark and inform public debate, and to engage the academic and policy communities around important issues of municipal finance and governance.

The Institute conducts original research on issues facing cities in Canada and around the world; promotes high-level discussion among Canada’s government, academic, corporate and community leaders through conferences and roundtables; and supports graduate and post-graduate students to build Canada’s cadre of municipal finance and governance experts. It is the only institute in Canada that focuses solely on municipal finance issues in large cities and city-regions.

IMFG is funded by the Province of Ontario, the City of Toronto, Avana Capital Corporation, and TD Bank Group.

Author

Abigail Friendly is the 2015–2016 Postdoctoral Fellow at IMFG. She received her PhD in planning from the Department of Geography and Planning at the University of Toronto. Her research at IMFG focuses on comparing land value capture in São Paulo, Brazil and Toronto, Canada.

Acknowledgements

The author would like to acknowledge Richard Stren and Selena Zhang for their thoughtful comments on earlier drafts of this paper. Special thanks go to Enid Slack for her input and guidance throughout the publication process and to Duncan Maclennan for his comments on the final stage of this paper.
Executive Summary

Over the past 50 years, interest in a national urban policy in Canada has waxed and waned. Although the 1960s represented a high water mark in terms of creating national institutions on urban issues, efforts to develop a national urban policy languished until the early 2000s.

While national urban policy can mean different things, a useful distinction is made between explicit urban policies directed to cities and implicit policies that may significantly affect cities, but are not targeted at cities.

The 21st century has seen a renewed interest internationally in national urban policies. This paper draws on the experience of countries that have explicitly pursued national urban policies to solve complex and interrelated urban challenges:

• In the United Kingdom, the national government works directly with the largest cities to identify specific place-based priorities.
• In the Australian federal system, a national policy involves collaboration among all tiers of government and institutional alignment across key departments and agencies.
• In Germany, experimental initiatives on a range of issues in urban development involve citizens actively in their city.
• In Brazil’s federal decentralized system, a strong recognition of the importance of cities has resulted in a national urban policy and a federal Ministry of Cities to support municipalities in carrying out their functions.
• France’s Politique de la Ville is an integrated approach to problems of deprived neighbourhoods and social fragmentation.

It is unclear whether Canada will establish a similar policy or institution. If it does, however, this paper proposes three elements for a national urban policy:

• Collaborative governance involving cities as joint partners in deciding their fates with the provinces and federal government.
• Coordinating the diverse policies that affect the quality of life of Canadians living in cities.
• Robust policy, research, and monitoring mechanisms to identify what is working and best practices both nationally and internationally.
Introduction: The case for national urban policies

The strong influence of cities on Canada’s national economy requires the participation of all levels of governments in the urban agenda. All of this suggests a renewed role for the federal government in the area of urban policy. This would best be achieved through developing stronger relationships between the federal government and municipal governments in major urban centres in order to jointly develop and implement policies and programmes. –OECD

Canadian cities include 81 percent of the population and are important drivers of economic prosperity, but municipalities are not officially recognized in the Constitution. Indeed, Canada’s cities are “creatures of the provinces,” meaning that they can be formed, dissolved, amalgamated, or otherwise altered and their powers expanded or restricted only by provincial governments. Municipalities are responsible for providing services, including public transit, recreation facilities, drinking water treatment, sewage infrastructure, policing, and fire protection. Canadian cities receive only a small fraction of their revenue from federal transfers. For example, in 2014, the share of the federal budget transferred to municipalities in Ontario, British Columbia, and Alberta was about 1 percent. The Federation of Canadian Municipalities (FCM) calculates that municipalities collect ten cents of every dollar paid in taxes in Canada. Cities face elastic demands for services with inelastic tax bases.

Other countries have national urban policies that take a more integrated approach to urban development, while paying attention to the gravity of the issues at stake in global cities. This Perspectives paper looks at Canada’s own prospects for such a policy, by reviewing international experiences and Canada’s past attempts to advance a national urban policy.

What is a national urban policy?

UN-Habitat defines a national urban policy as “a coherent set of decisions derived through a deliberate government-led process of coordinating and rallying various actors for a common vision and goal that will promote more transformative, productive, inclusive and resilient urban development for the long term.”

However, there are other definitions for national urban policy. It could mean a combination of political will and technical capacity to coordinate decisions at a municipal...
level. Or it could refer to an approach that ensures national priorities are consistent with the needs of cities and that national resources are invested in cities. In this paper, the focus is on policies that deal with the wider city or metropolitan economy rather than those that deal with individual neighbourhoods.

The European Institute for Comparative Urban Research makes a useful distinction between explicit urban policies and implicit urban policies. The authors note that “it is important to make a distinction between policy that is explicitly directed to cities and policy that is not, but that is ‘urban’ in the sense that it has substantial impact on cities, such as housing policy, transportation policy, spatial planning policy, etc.”

In implicit urban policy, national governments are aware of the impact of their actions on cities, but have not formed a more comprehensive policy targeted explicitly at cities. Alan Harding and Brendan Nevin add a further component within the broad category of urban policy: the role of “the urban” in the subnational delivery of public policies and services. That is, forms of governance at the subnational level are part of the way in which public policies and institutions bring about urban change.

The drive towards national urban policy is associated with “new localism,” an approach that takes the following position: (1) cities are the engines of national economies; (2) cities are the places in which the most concentrated poverty and spatial polarization exists; and (3) since economic and social issues play out in cities, national governments should use an “urban lens” to develop their policy agenda.

Why pursue a national urban policy?

Why should federal governments pursue national urban policies? One reason is that many federal policies affect cities, such as trade, immigration, infrastructure investment, and the treatment of Aboriginal populations. Moreover, complex economic, social, demographic, and environmental forces have impacts beyond the scope of one level of government. They include homelessness, poverty, immigrant settlement, decaying infrastructure, deteriorating urban neighbourhoods, and concerns about clean air and water.

Ivan Turok and Susan Parnell suggest several rationales for national urban policy that shed light on the Canadian context. First, national governments are in a better position than local governments to consider the big picture, such as accounting for the broad forces influencing the country and thinking strategically about long-term challenges. National governments can convey a shared vision for the country, create standards for all cities, and establish long-term spatial development frameworks to implement such norms. Second, national governments wield policy tools that can enable cities to build a more prosperous and inclusive country, possess the funds to invest in infrastructure and services, and have the power to organize a range of administrative tasks. Third, cities contribute significantly to productivity growth and job creation, and national governments need to ensure the conditions to sustain such productivity. Fourth, national governments can establish agreements across different sectors and tiers of administration to combat multidimensional problems such as urban poverty, unemployment, and complex infrastructure projects. Finally, national leadership on environmental or climate mitigation requires that cities implement programs at the local scale.

Two further points are worth mentioning. First, local competitiveness creates spillovers across municipal boundaries. As Bev Dalhby and Emily Jackson point out, fiscal externalities occur when the fiscal policies of one jurisdiction affect the wellbeing of those in another.

They note that direct externalities, such as roads or port facilities that benefit residents of many jurisdictions, provide a rationale for a federal role in municipalities. Second, a federal role in cities may also further the pursuit of national objectives. Indeed, Robin Boadway and Harry Kitchen note that Section 36(1) of the Canadian Constitution provides a mandate whereby the federal and provincial governments should promote “equal opportunities, furthering economic development to reduce disparity in opportunities, and providing essential public services of reasonable quality to all Canadians.”

In Canada, responsibility for municipal affairs rests with the provinces, as laid out in the British North America Act of 1867 and its successor, the Constitution Act of 1982. All municipal functions, including finances and governing structure, depend on provincial or territorial law. According to Canada’s Constitution, there is no official relationship between the federal government and municipalities.
Ivan Turok and Susan Parnell point out that the nature of a country’s national urban policy depends “on the formal power and responsibilities assigned to the local and regional tiers of government in relation to the national tier.” They note that strong national urban policies are most often found in countries in which municipal powers are limited and administrative and financial capacities are inadequate, and are less common in countries in which local government is relatively autonomous with substantial resources and well-developed competencies.

However, federalism need not prohibit thinking and action on national urban policies. In Australia, the case was made as far back as the late 1970s for a distinction between practical and theoretical federalism. A practical approach starts from the recognition that the federal government has considerable leeway for urban policy development as long as it is ready to mobilize fiscal and policy levers, despite technical and organizational difficulties involved in cross-cutting arrangements. A theoretical approach accepts the Constitution as an impediment to pursuing national urban policy. Indeed, the constitutional responsibility of local government by the provinces is a key challenge in the Canadian context. As Jeanne Wolfe has noted, “At this juncture in time it is unimaginable that [the federal government] could assume new responsibilities: the provinces would simply not agree.” The result is that federal interventions and spending in cities have been *ad hoc* and opportunistic rather than stable and predictable.

Yet as Christopher Stoney and Katherine Graham point out, a paradox lies at the centre of federal-municipal relations in Canada: while the federal government has no formal power over municipal governments, many of its activities and spending have either a direct or an indirect impact on municipalities. Referring to the role of cities in Canadian federalism, Enid Slack and Richard Bird note, “At the end of the day, cities need to have revenue-raising tools that match their expenditure responsibilities, and they need to have the autonomy to make the decisions that will make them prosperous,” yet only the provinces are able to supply these tools and powers.

In order for Canadian governments to develop an explicit national urban policy, such obstacles need to be overcome. The case for a more explicit approach can be made in terms of the national government’s positions in big-picture thinking; its capacity to build a prosperous country, contribute to productivity, and build accords among sectors; and its leadership on pressing issues. Spillovers across municipal boundaries and the need to pursue national objectives also support the case for a more explicit approach to national urban policy.

**An international interest in national urban policy**

Internationally, there has been renewed interest in national urban policies to drive transformative and resilient urban development. Table 1 lists examples of countries with explicit national urban policies.

The European Institute for Comparative Urban Research has monitored national urban policies in the European Union (EU) since the 1990s, when it was recognized that cities mattered to the EU because of their concentration of problems and economic opportunities. Thereafter, the European Commission formally developed a European urban agenda. In 2012, the EU’s Directorate General for Regional Policy was renamed the Directorate General for Regional and Urban Policy “in recognition of the fact that cities must play their full part in the economic, social and territorial development of the EU.”

A growing number of OECD countries are adopting national frameworks, visions, or strategies for cities. The OECD conducts periodic evaluations of national urban policies and proposes policies to boost economic growth, improve environmental performance, and foster social inclusion. This effort is based on an understanding that what happens in cities is critical to national economic, social, and environmental performance.

In December 2015, Joan Clos, Executive Director of UN-Habitat, called for the development of national urban policies in the lead-up to Habitat III, to be held in Quito, Ecuador, in October 2016. Clos noted that, “The role of the central government is more and more important. I think that this is the reason…that justifies the need for a national urban policy…. this fundamental goal of the national government in the influence and in the characteristics of the final urbanization quality of any country is something that we
want to underline very much in the conclusions of Habitat III.31 As part of the Habitat III process, a Global Exchange Platform on National Urban Policies has been established to foster knowledge sharing and provide a space to exchange experiences on developing national urban policies.

The following section describes experiences in five countries that have negotiated national urban policies, including federal countries and those with long histories of urban policy, which are instructive in the Canadian context.32 These cases illustrate major programs and phases in each country rather than a definitive exploration of all possible policies relating to cities.

The United Kingdom: urban policy and devolution

In the United Kingdom’s centralized fiscal system, explicit national urban policy has been in place since the late 1960s in response to growing concentrations of disadvantaged groups within cities. However, the approach has changed over the years, resulting in little continuity or sustained investment. Several periods stand out, including the Urban Programme (1968–1992), City Challenge (1991–1996), the Single Regeneration Budget (1994–2004), and the New Deal for Communities (1998–2011).33

In the 1980s, national urban policy focused on neighbourhood renewal. In the 1990s with the beginning of the City Challenge policy (combined with the Single Regeneration Budget in 1994),34 the emphasis turned to the needs of disadvantaged groups in cities.35 City Challenge was a competition-based fund that required local authorities to submit bids to obtain funding from central government and aimed to engage public-, private-, and community-sector representatives to deliver sustained area regeneration in partnership with each other. In Stratford in east London, for example, City Challenge leveraged public- and private-sector investment to transform deprived areas through physical improvements, though other parts of the policy, such as employment and support for ethnic minority communities, were less successful.36

Recently, England’s approach to urban policy has changed, although the focus has continued to be on economic development. In 2010, responsibility for regional growth passed to Local Enterprise Partnerships (LEPs), which were to identify specific priorities in each place and determine exactly which powers and resources should be devolved in response to each region’s strategic plan. As part of the U.K.’s localism agenda, LEPs are “joint local-authority-business bodies brought forward by local authorities themselves to promote local economic development.”37 This agenda included the 2011 Localism Act, which established a “shift in power away from central government and towards local people” through new freedoms and flexibilities for local government and new rights and powers for communities and individuals.38

<table>
<thead>
<tr>
<th>Table 1: Examples of countries with explicit national urban policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region and Country</td>
</tr>
<tr>
<td><strong>Latin America</strong></td>
</tr>
<tr>
<td>Brazil</td>
</tr>
<tr>
<td>Chile</td>
</tr>
<tr>
<td>Mexico</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
</tr>
<tr>
<td>Belgium</td>
</tr>
<tr>
<td>France</td>
</tr>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>Netherlands</td>
</tr>
<tr>
<td>Switzerland</td>
</tr>
<tr>
<td>United Kingdom</td>
</tr>
<tr>
<td><strong>Africa</strong></td>
</tr>
<tr>
<td>Uganda</td>
</tr>
<tr>
<td><strong>Asia</strong></td>
</tr>
<tr>
<td><strong>Oceania</strong></td>
</tr>
</tbody>
</table>
In 2011, a White Paper titled *Unlocking Growth in Cities* acknowledged that cities are the engines of economic growth, and proposed unlocking their potential by giving them greater power and the ability to make strategic decisions. To complement the LEPs, the City Deals approach was introduced in 2012, through which the national government proposed to work directly with England’s largest cities. The deals are formally negotiated arrangements among all levels of government, rolled out in two waves. They were designed to spur growth by providing more powers and financial tools, ‘unlocking’ economically transformative projects, and strengthening local governance. The deals require horizontal coordination across departments, vertical coordination between the central government and the cities, and local capacity.

Meanwhile the devolution process continued, promoting the decentralization of power, better local decision-making, stronger local democracy, and civil and community renewal. In January 2016, the U.K. government approved the *Cities and Local Government Devolution Act*, which includes a legal framework for implementing devolution deals.

Although many have lauded the City Deals for their capacity to allow local areas to work at their own pace and generate momentum, the deals are characterized by a high degree of informal governance, understood as “decision making that is un-codified, non-institutional and where social relationships and webs of influence play crucial roles” without guidance and documented procedures. Comparative research on 28 City Deal agreements shows that “this approach has also reframed centre-local relations as transactional exchanges, which have lacked accountability, scrutiny and transparency, generated an uneven geography of outcomes, strained the capacity and resources of policymakers and politicians at the national and local levels, and resulted in a relatively conservative form of decentralization marked by traditional approaches to capital resource allocation and politics.”

**Australia: urban policy in a federal system**

Australia is a federal system consisting of six states and two special territories, and one of the most urbanized countries in the world. During the 1990s and 2000s, the problems inherent to Australia’s division of fiscal and spatial powers became increasingly apparent.

Beginning in 1991, the Better Cities Program focused on “improving urban development processes and the quality of urban life” including neighbourhood renewal, public transport improvements, and the redevelopment of underutilized land. Under the Better Cities Program, the federal government, states, and territories agreed to contribute cash, land, facilities, and infrastructure investments to cities, introducing a partnership approach among all levels of government in planning and program delivery. Yet according to a recent book, *City Limits*, Australia’s “broken cities” are trapped between the other two tiers of government, and still do not register on the agendas of many politicians. Since 2007, national-scale urban policy has re-emerged in Australia with two strands: first, the shift to infrastructure-based federal interventions, and second, an interest in city-regions as critical nodes exerting influence on the national economy.

Interest in cities has fluctuated over successive Australian governments. A new urban policy in Australia, *Our Cities, Our Future*, was approved in 2011 by the Labour government in response to challenges in its major cities, including high housing costs, rising fuel costs, urban sprawl, infrastructure and transportation problems, road congestion, uneven access to jobs, and degradation of the natural environment. The policy included four pillars (productivity, sustainability, liveability, and governance) and emphasized better coordination among all tiers of government and institutional alignment across key departments and agencies. The policy sought to establish a clear rationale for an interest in cities and to use federal arrangements to apply this policy. The role of infrastructure was particularly highlighted, including the shift to infrastructure-based federal interventions in cities. During this era, efforts were made to embed urban priorities, especially infrastructure, in a wide array of institutions rather than a single agency or a program within an agency, ensuring that urban issues will be part of any future government agenda. The Australian government used its federal powers to apply the policy within state or territory jurisdictions.

Although a change in government in 2013 ended the policy, in late 2015, a federal Minister for Cities and the Built Environment was appointed and an interdepartmental task force was established within the Department of Environment. In 2016, the federal government launched a Smart Cities Plan with three pillars: smart investment,
smart policy, and smart technology. The policy draws on the City Deals approach of the U.K., bringing together all levels of government to “deliver better outcomes through a coordinated investment plan for our cities.”

Although the future of urban policy in Australia is unclear, it is likely to focus on integration, infrastructure, and the environment.

**Germany’s integrated approach**

In Germany’s federal system, urban policy is not a constitutional responsibility of the federal government, although the national government and cities have long cooperated informally on urban issues. Following the 2007 Leipzig Charter on Sustainable European Cities, a memorandum formalized an integrated approach to urban development through the formation of a national urban development policy.

The policy focuses on experimental initiatives to improve competitiveness and manage the physical and social consequences of industrial decline and depopulation by repositioning cities and city-regions to attract public and private funding. It focuses on getting citizens involved in their city, creating opportunities for collaboration and improving social cohesion, promoting innovation and economic development, combating climate change, protecting the environment, and incorporating urban development in a city-regional context.

The Federal Ministry of Transport, Building, and Urban Affairs oversees the development and dissemination of good practice in urban development and projects to promote new ideas. Projects must be innovative and exemplary, and draw on partnerships involving a range of people and disciplines. Thus far, 130 pilot projects have been implemented through the national urban development policy. Major initiatives have focused on strengthening inner-city development, supporting thinly populated rural regions, and fostering energy conservation in the building sector.

**Brazil’s federal system of national urban policy**

Brazil has a strong national recognition of the importance of cities, unusual among federal systems. In 2001, following years of discussions among governments and civil society, the Statute of the City (Estatuto da Cidade) was approved, which includes tools that cities can use to plan within the context of social justice as well as processes for democratic management such as participatory planning.

The approval of the Statute followed the country’s return to democracy following years of dictatorship and the inclusion of two articles on urban policy in the 1988 “Citizens’ Constitution.” In addition to the establishment of the Statute, the government created the Ministry of Cities, a federal institution to deal with matters related to urban development and with long-standing demands from urban reform movements. Since 2003, the Ministry of Cities has helped Brazil’s numerous municipalities implement the directives of the Statute and acted as a national voice for cities.

Despite enduring problems in Brazil’s cities, the policy apparatus of the Statute and the capacity within the Ministry of Cities is significant. Strengthening the role of local government autonomy through decentralization is also part of the national urban policy approach in Brazil, as cities have a range of fiscal powers at their disposal and were recognized as part of the federal system in the 1988 Constitution.

In 2015, after years of debate, the approval of the Statute of the Metropolis (Estatuto da Metrópole) created a new framework for metropolitan governance in Brazilian city-regions.

**France’s Politique de la Ville**

France’s Politique de la Ville, launched officially in 1988, is an integrated approach to tackling the problems of deprived neighbourhoods and social fragmentation by transforming the governance of cities, which is seen as the source of social exclusion. This effort to deal with social fragmentation and build new urban governance is accomplished through three initiatives: (1) cooperation between local authorities; (2) contracts between politico-administrative levels; and (3) horizontal integration among each governmental level (local, regional, national, and European) through partnerships between different sectors, such as the housing and social sectors.

The origins of the policy date to the late 1960s and early 1970s, a time when French cities were grappling with decreased economic growth, declining populations within old urban districts, and suburban expansion. Starting in 1981, the Social Development of Neighbourhoods (Développement
The idea of a national urban policy is not new in Canada, and other countries with constitutional barriers have pursued national urban policies, illustrating that the Constitution need not be an obstacle to urban policy in Canada.

**The past: Urban policy in Canada**

The idea of a national urban policy is not new in Canada, emerging “forcefully in times of crisis over the course of the twentieth century,” especially crises related to housing, poverty, and infrastructure. Over the past 50 years, although attempts have been made to advance a national urban policy, the results have been fleeting, leading the OECD to call Canada’s urban policy “disjointed.”

In Jeanne Wolfe’s overview of urban policy in Canada, she refers to the 1909 Commission of Conservation, noting that those inhabiting cities were often living in conditions of squalor, exacerbated by high immigration rates. At the end of the First World War, the Dominion Government launched the first federal housing program through a $25-million loan to the provincial governments to promote modern housing and relieve overcrowding in cities. Following the Second World War, the 1944 National Housing Act was passed and in 1945, the Central Mortgage and Housing Corporation (CMHC), later the Canada Mortgage and Housing Corporation, a lending agency for housing, was established.

In response to the perception of an urban crisis, the 1960s “were a watershed in federal-municipal relations in terms of the federal government’s growing interest and investment in urban affairs.” In 1968, under the direction of Transportation Minister Paul Hellyer, a Task Force was appointed to study housing and urban development. The Task Force recommended an expanded federal role in cities through a Ministry for Housing and Urban Development.

At the same time, economist Harvey Lithwick was commissioned by CMHC to undertake a study of urban problems and the potential federal role in their solution. As Lithwick noted, “To many, home ownership is becoming less affordable, recreation more costly, transportation impossible, taxes more burdensome, and services deteriorating.” He recommended a stronger federal role in urban affairs and formulated a policy agenda to guide government action to address the problems of Canadian cities. It was the first time attention had been fully focused on urban policy as a political agenda in Canada.

Amid this “urban awakening,” the Ministry of State for Urban Affairs (MSUA) was established in 1971 to integrate federal efforts on urban dilemmas in three areas: policy development, coordination, and research. Officially, MSUA’s mandate was to ensure the federal government’s influence over the urbanization process, consolidate the federal government’s urban policies with other policies, and

---

**Over the past 50 years, although attempts have been made to advance a national urban policy, the results in Canada have been fleeting.**

---
encourage cooperative relationships on urban affairs with the provinces and municipalities.\textsuperscript{75}

MSUA convened tri-level meetings that brought together federal, provincial, and municipal leaders to discuss urban issues. Eventually, MSUA collapsed in 1979 as a result of intergovernmental tensions. As Caroline Andrew notes, it failed to meet its goals in part because “federal policy irritated the provinces, and they became increasingly vocal in their opposition.”\textsuperscript{76} Federal contributions to affordable housing and infrastructure were reduced and many other federal programs cancelled.

In the early 1980s, Urban Development Agreements brought together different levels of government, the community, and businesses in an integrated strategy for community-driven revitalization, especially in Winnipeg and later Vancouver.

In the 1980s and 1990s, the federal government’s concern with deficit and debt reduction sidelined urban issues.\textsuperscript{77} Indeed, discussions about the division of political power focused more on federal-provincial centralization or decentralization, without considering the role of municipalities.\textsuperscript{78} At the time, the “weakness of the urban dimension [was] disquieting.”\textsuperscript{79}

**The “New Deal” for cities**

“The New Deal is a national project for our time.”

– Prime Minister Paul Martin, FCM Annual Conference, St. John’s, 2005

Loleen Berdahl points out that in the late 1990s, at least three factors helped put cities back on the agenda.\textsuperscript{80} First, the forced amalgamations in Toronto and Montréal raised awareness of the limited power of cities. Second, the Big City Mayors’ Caucus of the Federation of Canadian Municipalities (FCM) began to publicize the needs of Canada’s large cities.\textsuperscript{81} Third, certain policy and research institutes, as well as the TD Bank, published reports on large cities, raising urban issues among the business community.\textsuperscript{82}

As the economic situation improved in the late 1990s, the federal government responded to a growing coalition calling for a national cities agenda driven initially by civil society groups and community-based movements.\textsuperscript{83} Prime Minister Jean Chrétien established a Cities Secretariat and appointed a Caucus Task Force on Urban Issues in 2001 chaired by MP Judy Sgro from Toronto, which called for federal help in housing, transportation, and infrastructure and the creation of an urban ministry. The report produced little substantive change, however, and focused on support for traditional areas of urban investment.\textsuperscript{84}

Meanwhile, mayors from Canada’s largest cities began meeting in 2001 to discuss their need for greater power and autonomy. These “C5” mayors from Vancouver, Calgary, Winnipeg, Toronto, and Montréal were joined by leaders from labour, business, and civil society in each of the cities. These events and the efforts of FCM, which focused on fiscal and institutional barriers facing Canada’s cities, helped create the momentum for what became known as a “New Deal for Cities.”\textsuperscript{85} Although C5 had a short lifespan, it helped raise city issues in both political and public discourse.\textsuperscript{86}

In his role as finance minister, Paul Martin spoke at the FCM 2002 conference, outlining his idea for a “New Deal for Cities” that would build a national partnership, including leaders from the federal, provincial, and municipal governments. Martin’s speech “galvanized FCM’s municipal members, who recognized in his words the kind of transformative change they had been clamouring for a decade earlier.”\textsuperscript{87}

The 2004 and 2005 budgets included a goods and services rebate; a 5-cents-per-litre share of the federal gas tax allocated on a per-capita basis; and $800 million for public transit allocated on the basis of transit ridership.

According to Christopher Dunn, “In 2003 the urban file was not as central to the federal vision, in part because the cities’ champion Martin had been banished from cabinet. ...The years 2004 and 2005 saw the rebirth of the urban file with the advent of Martin as Prime Minister.”\textsuperscript{88} In a speech to FCM in 2005, Martin noted that the New Deal for Cities “is fundamental to the future prosperity not only of our municipalities, but of our nation.”\textsuperscript{89}

After Paul Martin became Prime Minister in 2003, an External Advisory Committee was established to develop a vision for cities for the next 30 years. John Godfrey was appointed Minister of State for Infrastructure and Communities (MSIC) to drive implementation of the New Deal’s measures. A Cities Secretariat within the Privy Council Office was established.

MSIC had three tasks. The first was to provide predictable and long-term revenue sources for all municipalities. To do this, the 2004 and 2005 budgets included a goods and services rebate; a 5-cents-per-litre share of the federal gas tax allocated on a per-capita basis; and $800 million for public transit allocated on the basis of transit ridership. The second was to generate more
collaboration among the three levels of government through urban development agreements. The third was to build knowledge of urban policy to evaluate and improve the impact of federal activities in cities.\(^{90}\)

However, MSIC was to work with the provinces, not the municipalities, and to coordinate and manage the federal government’s investments in urban areas.\(^{91}\) The final report of the Prime Minister’s External Advisory Committee on Cities and Communities, known as the Harcourt Report, concluded:

To shape better cities and strong communities, federal capacities are needed to make connections, provincial and territorial powers are needed for strategic integration and municipal abilities are needed to engage with citizens and deliver change locally. Cooperative relationships are essential to good governance for places. To achieve the required outcome, it is the Committee’s view that it will be essential to strengthen not only provincial and territorial roles, but even more to see stronger, confident provinces and territories devolving power and resources to municipalities – working with them and civil society in new governance partnerships tailored to city-regions and neighbourhoods.\(^{92}\)

This approach is known as “double devolution,” in which responsibilities and resources are shifted from the federal government to the provincial and territorial governments, and subsequently from the provincial and territorial governments to the local level.

Accordingly, communication would flow from MSIC through the provinces, in consultation with the municipalities, as “the federal government would never negotiate with cities or their provincial municipal associations, unless a province requested it.”\(^{93}\) Eventually, however, momentum waned as the government moved on to new priorities. While critics identified gaps and limitations in the roll-out of the policy, the Liberals were defeated in the 2006 election.

**The years since 2006**

Cities and urban issues featured prominently in the 2015 federal campaign. New seats were available in both urban and suburban areas to reflect recent population shifts and increases. Leading up to the federal election in 2015, Cities for People in partnership with Citizens Academy and Evergreen CityWorks\(^{99}\) hosted roundtable discussions across Canada to engage political parties in the creation of a national policy for cities.

In advance of the October 2015 election, the Big City Mayors’ Caucus of FCM came together with the federal parties at a conference in June 2015 in Edmonton to put forward their urban agendas. According to Zac Spicer in a blog post written shortly after the election:

For many years, Canada has been without a formalized urban voice in cabinet. There is some indication this will change, but the urban efforts of previous governments will probably guide this new Liberal administration’s path. Any reviewed effort will likely be cautious, but not timid, highly collaborative and be guided by a focus on targeted, rather than broad-based, funding.\(^{100}\)
Speaking at the FCM Conference in 2015, Prime Minister Justin Trudeau made the case for cooperation among all levels of Canadian government, promising a “New Deal” for Canadian cities, drawing on the experience of the Liberal government 10 years before. He noted that “our municipalities still don’t have the resources they need to deliver the services that citizens expect.” He recognized that the federal government should be “held to its responsibilities, financial and otherwise” at the municipal level. Indeed, “the federal government must be a strong partner as municipalities prepare for the future… Whether it’s affordable housing, public transit and transportation, climate change, smart cities, or the way that we prioritize and finance our investments in them – it once again comes back to a new spirit of cooperation.”

Elements of a national urban policy in Canada

Despite many initiatives over the years that have sought to deal with the issue of cities in Canada, constitutional barriers remain and agreement about a national urban policy in Canada is elusive. This Perspectives paper has considered Canada’s history alongside international case studies of national urban policy. There is no real model for how this type of urban governance might operate. However, given the strategies that have been advanced since the 1970s, the initiatives of past governments may guide future efforts.

Overall, the distinction between explicit and implicit urban policies helps to guide future thinking about a national urban policy in Canada. That distinction is between policy that is explicitly directed to cities and policy that is not, but that has a substantial impact on cities. This paper argues that Canada needs an explicit national urban policy, to build a prosperous country, contribute to productivity, and build accords across sectors, as well as nationwide leadership on pressing issues. In addition, spillovers across municipal boundaries support the case for an explicit national urban policy. Drawing on the research presented here, I suggest three elements for a national urban policy, summarized in Table 2.

First, cities should be involved in collaborative governance, as in Australia, Germany, and France. Indeed, most national urban policies include some form of collaborative governance arrangement, such as Canada’s experience with MSUA during the 1970s.

Second, urban policy should integrate federal policies that affect cities, such as housing and transportation. In France, for example, horizontal integration among different sectors has the objective of providing the best quality of services to the population. As Jan Vranken notes about France’s Politique de la Ville:

The argument is that urban problems are very complex, that the constituent elements are intrinsically connected and that it is impossible to untie them, as is the case in traditional “departmentalized” policies… Any policy thus has to tackle different fields simultaneously and in an integrated way.

Finally, policy, research, and monitoring are critical. Research was one of MSUA’s core functions and a 1974 report by the Science Council of Canada defended this approach, noting that ministries of state “must exhibit a degree of policy expertise that is not at the disposal of the collective Cabinet’s principal staff agencies or those of individual departmental ministers.”

Len Gertler, MSUA’s Director General of Research between 1972 and 1973, noted that MSUA’s research function focused both on diagnosis and on strategies, including resource and institutional mobilization to overcome problems: “While steadily building the capability to meet in-house coordination and policy development needs, the research program, in the way it would be both reported and used, would contribute substantially to creating the sought-for consultative climate.”

Further research is needed to delineate a national urban policy in Canada. Given the post-2015 election context, it is unclear whether the federal government will establish new institutions or norms to advance a national urban policy, but the context is likely ripe given Canada’s predominantly urban population and the confluence of urban challenges. Still, any new national urban policy in Canada would do well to look to Canada’s past responses to national urban policy as well as the many international cases. As Ivan Turok points out, the work of building a national urban policy needs “political champions to coalesce the collective intent by orchestrating” the many actors, institutions and other stakeholders who must work together.
Endnotes


9. L. Van den Berg, E. Braun, and J. van der Meer (eds), *National Policy Responses to Urban Challenges in Europe*, Aldershot, UK: Ashgate Publishing, 2007. It is important to note, however, that tax policy also affects cities. For example, child tax credits have a direct impact on cities.


15. OECD, *OECD Territorial Reviews: Canada*.


17. Alternatively, it could be argued that local policies are more responsive to local needs.

18. Slack and Bird, “Cities in Canadian federalism.”


20. Dalby and Jackson, *Striking the Right Balance*.


29. See www.oecd-ilibrary.org/urban-rural-and-regional-development/oecd-urban-policy-reviews_23069341


31. See http://unhabitat.org/urban-policy-makers-convene-for-the-national-urban-policy-week/

32. All cases described in this paper are federal countries, although the United Kingdom could be described more as an asymmetrically evolved quasi-federal system.


34. The Single Regeneration Budget was part of a package of measures to make government activity more responsive to local needs. It was designed to encourage partnership between those with a stake in local regeneration by acting as a flexible funding supplement to mainstream programs.


40. City Deals now exist in Scotland and Wales as well as in England.

41. Wave 1 included the eight largest cities outside London: Birmingham, Bristol, Manchester, Leeds, Liverpool, Nottingham, Newcastle, and Sheffield. Wave 2 included a further 20 cities.


51. Dodson, “Federal policy for Australia’s cities.”

52. Australian Government, Smart Cities Plan, Canberra: Department of the Prime Minister and Cabinet, 2016.


54. The Leipzig Charter included two key messages: (1) urban development policy needs to be strengthened across Europe; and (2) disadvantaged urban districts fulfil an important function in the urban context and should be accorded greater political attention.
increasingly involved with social and assisted housing. During the 1970s, CMHC expanded the range of its activities, becoming involved with social and assisted housing. Through CMHC, the federal government financed urban renewal projects and provided financial assistance to municipalities for urban infrastructure. During the 1970s, CMHC expanded the range of its activities, becoming increasingly involved with social and assisted housing.


94. Bradford, “Placing social policy?”

95. Ibid., p. 11.


99. Cities for People was an initiative that functioned between 2014 and 2015 to enhance social, ecological, and economic well-being and to help civic cultures thrive in cities. See the “We Are Cities” project site, a program of Cities for People, at http://www.wearecities.ca. Citizens Academy is a non-profit, non-partisan organization that helps citizens learn together, connect with each other, and take action on issues important to community well-being. Evergreen CityWorks brings a range of actors together to accelerate the shift to green infrastructure in cities across Canada and beyond.

100. Spicer, “What will Trudeau’s urban agenda look like?”


107. I. Turok, “Turning the tide?”