

AUSTERITY and its **ALTERNATIVES**



Conceived in Austerity

The 'Urban Question' in a Canadian Context

Carlo Fanelli (York University)

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Outline

- 1. Municipal Governance in Canada
 - 150 Years later: Still Struggling with Section 92(8)
 - Asymmetrical distribution of fiscal powers and services responsibilities
 - Austerity urbanism in a 'post-crisis' context
- 2. New Openings: A Radical Urban Praxis?
 - Building revenue capacities and new planning orientations with other scales of governance
 - Emergent Labour-Community coalitions





Main Argument

The inability of municipalities to meet their revenue requirements stem from both **constitutional realities** better suited to the 19th century than the urban realities of today, as well as the **neoliberal** policies of revenue erosion that have reduced fiscal capacities

This is used to **demonize workers** and the **users** of urban public services, eroding public support for job security and living wages at the same time as it increases popular support for attacks on public sector workers/services and justifications for privatization

The 'Urban Question' Today

- With half of the world's population now living in urban locales, the UN-Habitat's World Cities Report 2016 offers a glimpse of the world-historical transformations:
 - • over 500 cities of one million
 - • one in three of the world's total population living in slums
 - • and meta -cities of 10 million or more becoming commonplace
- Through the 1980s, the reorganization of multi-level governance became a pre-occupation of the Canadian state to try re-assign fiscal capacities and policy functions with a neoliberal policy regime and administrative strategy oriented to international competitiveness

Municipal Governance in Canada

- **Constitution Act, 1867, 1982:** Section 92(8) – Grants provincial governments near exclusive autonomy over municipal affairs
 - Slow motion '**Devolution Revolution**' 1970s-1990s
 - Federal *ad hoc*ery (MSUA 1971-79)
- Challenging universal non-market provision of social services, with democratic pressures to advance to higher standards, toward market provided services
- Uniquely among the G7, in Canada there is a near **absence of a national policy** for cities or for urban funding of crucial infrastructure, transportation, housing, immigration and poverty-related issues

Municipal Governance in Canada Con'td

- **Generally, Canadian municipalities responsible for the following:**
 - Policing, fire and EMS
 - Public transit, preventative health care, social assistance, water, sewage and waste collection
 - Recreation and culture
 - 2/3rds of critical infrastructure
 - Courts of law, dispersing social assistance and social housing.
- **Weak governance powers:**
 - Unlike the federal and provincial levels, municipalities do not have the ability to implement a broad range of tax measures such as income, corporate, sales, resource and import taxes.
 - Also limited in their ability to incur debt

Municipal Governance in Canada Con'td

- This 'constitutionalized' constricton unique among OECD:
- **Property taxes** account for 36% of municipal revenues across the OECD. In Canada they account for more than half.
- Property taxes inelastic, regressive and very salient
- The Nordic countries, Germany, and Switzerland receive over 90% of their tax revenue from **income taxes**
- Hungary and the Netherlands collect between 50-75% of local revenue from various **sales taxes**. The same is true in France, Japan, Korea, and the U.S. where sales taxes comprise about 20% of local revenue.
- **Declining** levies on business and commercial property.
- By adding to the regressivity of the overall tax system, neoliberals in Canada have encouraged a property **tax revolt** at the municipal level.

Municipal Governance in Canada Cont'd

- This translated into **specific policy objectives**:
 - the lowering of taxes;
 - the withdrawal of government from providing services;
 - creating new profit opportunities for business through privatizations and contracting-out;
 - new workplace arrangements have also proliferated, along with new restrictions on workers' rights to unionize and bargain collectively.
- New phase of **austerity urbanism** has emerged since the 2008 recession, with reductions to employee compensation key:
 - total employee wage compensation by the local government sector amounted to 5.8% of GDP in 1992, by 2015 4.2% (a 28% drop)
 - municipal wages have also increased at a slower annual rate than the overall average (2.5 percent versus 2.9 percent)



New Openings: A Radical Urban Praxis

- Emergent **spatial polarization** in Canadian cities between inner-city gentrification and professional employment, and outer suburbs of aging industrial and residential blocks segmented by race, immigration settlement and precarious service-sector employment
- Other **urban disjuncture's** include:
 - the failure to sustain low cost public transit;
 - the monetization and commodification of public spaces;
 - the lack of any coherent strategy to address the degradation of work conditions and wages for precarious and immigrant workers;
 - the undermining of public planning capacities to control urban sprawl or match densification with adequate infrastructure and so on



New Openings: A Radical Urban Praxis

- Given municipal workers' concentration in urban centres and their **strategic location** as the providers of a broad range of services, they are in a unique position to build deeply integrated labour-community coalitions
- Workers employed by municipal governments are also in a distinctive position to build popular political support, since urban services are typically provided and consumed in a shared geographic region.
- In many cases, these workers provide essential services to others in the city but are often also the users of those services. Thus, there is a greater potential to build solidarity in the struggle to defend and transform the provision and governance of **public services** because they appeal more directly to people's everyday lives.

New Openings: A Radical Urban Praxis

- Canadian cities have been the stage for a number of **campaigns of resistance** to neoliberal urbanism:
 - “sanctuary cities”
 - campaigns for public transit
 - Fights for living wages;
 - “union-community” alliances to protect municipal services from cuts and privatization;
 - urban ecology movements, the expansion of parks/green spaces
- In urban spaces across Canada, there have been numerous petitions, disruptions of council proceedings, occupations, demonstrations, community watches of police, neighbourhoods rallies – all a part of the pattern of **everyday urban life**.



New Openings: A Radical Urban Praxis

- But these have largely remained **defensive reactions** to the latest austerity initiative, and are suffering battle fatigue from years of campaigning, with every gain under threat from new rounds of austerity, and every set back open to **right-wing populism**
- Unless new forms of **collective power** can be found in workplaces and in politics at the level of the state, the rights and lives of workers will become increasingly precarious to the continued benefit of elites
- Any alternative politics in Canada today will have to produce new urban spaces – a right to good work and living wages, of a new infrastructure of free transit and public spaces, of social housing for all. **But also more:** it will have to be a project of 'rebel cities' connecting across the networks and scales of the Canadian state

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