Citizens and the Corporate Development of the Contemporary Canadian City

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Article abstract

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Résumé/Abstract

Cet article traite de l'impact qu'ont eu les corps intermédiaires sur l'agglomération urbaine contemporaine, du point de vue de l'architecture, du paysage urbain et de la planification. L'auteur examine les sujets suivants: aspects physiques de la grande ville canadienne de l'après-guerre et stratégies de planification mises en oeuvre à la fin des années soixante; montée des corps intermédiaires et leurs critiques de cet ensemble de prototypes urbains; changement du pouvoir politique provoqué par les activités de ces groupes; nouvelles conditions auxquelles durent faire face l'urbanisme et l'aménagement urbain et apparition de nouveaux types d'agglomérations urbaines; concours de circonstances qui, au début des années quatre-vingts, ont poussé la nouvelle ville canadienne au bord d'une grave crise économique.

This paper examines the impact of organized citizen groups on the contemporary city in terms of architecture, built form, and planning. Five sections discuss the physical forms of the postwar Canadian city and the basic planning strategies in place at the end of the 1960's; the rise of organized citizen groups and their critique of that set of urban prototypes; the shift in political power that occurred as a result of citizen group activity; the new conditions which came to exist for urban development and planning, and the new city forms that have arisen; and the combination of circumstances which emerged in the early 1980's which put the revised Canadian city on the edge of a serious economic crisis.

Organized citizen groups have had a major impact on the physical form of Canadian cities. The planning and architecture now going on is different from the postwar standard corporate city in part because of the effects citizens have had through the political system. The agenda of citizen groups always included the physical form of the city; the need for reform here was the lowest common denominator of agreement. In many cases, of course, that agenda went further, to include a takeover of power at the municipal level from property industry interests and a transformation of the political process from the standard forms of representative democracy to one which ensured much more direct participation by ordinary people in the government of the city. On these higher-level concerns there has been some change in the property industry's role in city government, but little change in the process of city government.

In this paper, the impact of organized citizen groups on the city in terms of architecture, built form, and planning are discussed. In five brief sections, the following issues are analyzed: the physical forms of the postwar Canadian city and the basic planning strategies in place at the end of the 1960's; the rise of organized citizen groups and their critique of that set of urban prototypes; the shift in political power that occurred as a result of citizen group activity; the new conditions which came to exist for urban development and planning, and the new city forms which have arisen; and, finally, the combination of circumstances which emerged in the early 1980's which, for a time at least, put the revised Canadian city on the edge of a very serious economic crisis.

I The Postwar Corporate City

Elsewhere I have described in detail the postwar corporate city and the land development industry which emerged to build it. Here the key economic and political factors which generated the corporate city, the five major building forms, and the urban planning strategies which rationalized and accommodated it, are examined.

The economic context was what has been termed the "American boom" in the Canadian economy from 1945 to the early 1970's. Led by the exploitation of natural resources (minerals, wood, oil and gas, hydro-electricity) and branch-plant secondary manufacturing, Canada's population grew dramatically and real per capita incomes shot up. Corporate concentration proceeded apace in all sectors of the economy, with the result that growth and prosperity was centralized in major cities. Population growth took place in cities, particularly the large cities. Land (including urban land) and energy were cheap. Capital was plentiful and, at least from today's perspective, inexpensive as well.
The federal government saw housing as a valuable industry to mop up unemployment and serve Keynesian counter-cyclical purposes. The political value of turning working-class and socialistically-inclined urban families into small property owners was well understood by federal Liberals. And housing was seen as an opportunity for small entrepreneurs rather than the public sector, with the role of the public crown corporation responsible for housing (Canada Mortgage and Housing Corporation) being defined as providing the support required to make the private industry grow and prosper.

From this context emerged a new industry, the land development industry, and a new kind of city, the corporate city. The five prototypical forms of the corporate city are:

1. The corporate suburb private enterprise new towns, with the land development corporation servicing the land and opening up the lots (a new business arrangement), and builders producing single-family mainly single-storey houses on large lots (an architectural innovation) using a non-grid campus-like road pattern.

2. High-rise apartments; tower blocks, built to very high densities in both older central neighbourhoods and new suburbs, offering minimum-standard housing at low per-unit land costs on sites isolated from the urban fabric.

3. Suburban industrial parks; road-related industrial areas on the edges of cities, with single-storey buildings built to low densities and usually developed by private developers.

4. Downtown office towers; high-rise buildings, built to extremely high densities, with single projects often adding a large-scale quantity to total downtown office space in a city, and combining some shopping uses with the predominant office use.

5. Shopping centres; on isolated sites, served mainly by cars and roads, anchored by large stores operated by the large national department store and food store chains, with (usually national chain) retailers as tenants and possessing limited natural monopoly on retailing for the primary trading area served by the centre.

With the corporate city came a set of planning policies drawn up and implemented by newly-established city planning departments (and supervising provincial authorities) that legitimized and regulated an overall urban form which for a time went largely unquestioned. The classic postwar city plan called for a sectorized city, with the major functions — low-density residential, industrial, office-commercial, and retailing — allocated to physically separate sectors of the city. It established the density extremes of the corporate city as the norm — very high densities in a few selected locations to permit high-rise apartments and office towers, very low densities on other "new land" areas to support the corporate suburb and industrial park prototypes. It assumed almost universal car ownership, with cars as the principal means of transportation. And it accepted what could be termed the "corporatization" of public space: ownership by the development corporation of the street and sidewalk in the shopping centre prototype, in office towers and high-rise apartments. City planners laid out the public-sector supporting facilities required for the corporate city: the sewers, water mains, roads, expressways. They scheduled the provision of these facilities, thus determining the schedule at which developers' land was developed and profits realized. Simultaneously they designated the neighbourhoods which would be subject to major change: expressways, high-rise development, or transition from residential to office, commercial or some other use.

Given the role of municipal government as the regulatory agency for the activities of the local property industry, it should be no surprise that during the postwar period the industry held control of these governments. This was done by property-industry connected individuals winning seats on local councils, and forming the core of the business-oriented majorities that dominated them.

II Citizen Opposition to the Corporate City

Right from the beginning, there was opposition to corporate city projects by the public and private sector which impinged on other interests. The very first Canadian urban renewal project in downtown Toronto, for example, generated a local residents' association whose critique of the compulsory acquisition-demolition-rebuild with rental-publicly-owned-apartments established a position that was repeated by other groups elsewhere for twenty years.

From the mid-1960's on, in the fastest-growing cities, development projects were coming at a quickening pace and were affecting established neighbourhoods. And they were coming in a context where people were no longer mesmerized by the new technologies. A high-rise apartment was no longer a wonder of the postwar age, but a threat to the neighbourhood. In working-class neighbourhoods the threat often came from public-sector projects. Publicly-funded and planned urban renewal was a prime source of danger; so, later, were road widenings and expressways. In middle-class neighbourhoods, private-sector high-rise projects (and plans that paved the way for them) were a major threat.

Many citizen groups — which could be termed "primary" groups — arose because of an immediate, common threat perceived to the interests of residents of a particular neighbourhood. The threat usually was what would be termed "externalities" of a development project: the
impact of a nearby expressway on a quiet residential neighbourhood; the (real or perceived) disruption of the local fabric by an isolated high-rise apartment built on a site surrounded with green grass; the demolition of nearby houses to make way for a not-obviously-needed school; and so on. Later, “primary” groups organized around planning policies that threatened this kind of project at some time in the future: rezonings, local area plans designating a neighbourhood for some redevelopment, and so on.

Primary groups emerged in all kinds of neighbourhoods, from low-income, working-class to upper-income, middle-class, professional, managerial and technical neighbourhoods. The ultimate such citizen group was organized by a Canadian author by the name of Conrad Black who is also the dominant force behind Argus Corporation, a conglomerate which until recently controlled Massey-Ferguson as well as several major Canadian corporations. Black and his neighbours live in a neighbourhood of million-dollar houses on acreages; they organized to protect their area against the “threat” of half-million dollar houses to be built on mere half-acre lots.

Other citizen groups — which for convenience can be labelled “secondary” groups — emerged to deal with issues which were part of the corporate city, but where individual group members did not have an immediate interest in the issue itself. Secondary groups fought to save city parkland; to oppose an overall expressway plan; to protect old buildings in downtowns; to change planning policies. Often the active members of these groups were citizens with experience in primary groups who began to see the need for an alternative to the corporate city in every respect, an alternative to the building forms which the development industry had generated with no regard for considerations other than their business interests.

The effect of this citizen group activity was to develop a collective critique of the corporate city. The principal basis for the critique was the inadequacy of the five building form prototypes to adequately provide for the interests and needs of the people who — as inhabitants, tenants, office workers, city residents, shoppers, etc.— used them. A second aspect was a concern to ensure the wise use of both public and private resources, and a consciousness of the many ways in which the corporate city offended that concern. A third, and perhaps less significant, common theme of the critique was concern about the long-term political and economic consequences of the corporate city for the distribution of wealth and power in the Canadian economy.

The strength of the attack on the corporate city from citizen groups was that it generally reflected first-hand experience as consumers, neighbourhood residents, and users of the corporate city’s building forms. There was, however, a deepening and broadening and reinforcement through the work of academics, politicians and writers who took up these issues, learned from the collective experience of citizen groups, and in turn informed them about their concerns. The result is a unique body of literature, some scholarly and some more journalistic in form, expressing and developing the alternative, citizen analysis and evaluation of the corporate city.

What are the most important elements of this critique? With regard to the appropriateness of the corporate city to the interests and needs of users, consider the view developed of the housing that was provided. High-rise apartments were viewed as providing only some of the important components of shelter; their physical form militated against normal neighbourhood life; many normal human activities were truncated because of the poverty of the high-rise facility; life for children was particularly inadequate. As the only other new housing form provided in the corporate city, single-family houses in the suburbs became every Canadian’s dream, and for good reason. Yet they, too, had an isolating effect, particularly for women at home; they assumed nuclear family life as the only pattern that should be provided for; they enforced a pattern of time use (for commuting and resource use (for heat and transportation) that diminished other possibilities; they replaced the diversity of an urban neighbourhood with the limitations and boredom of groupings of people by age, income, and family life status.

With regard to the second general concern regarding wise use of public and private resources, the corporate city was seen as profligate and unconsidered. Valuable and useful old buildings were routinely destroyed (with the help of public subsidies through the tax system) to make way for new structures. The public-sector costs of private-sector projects were rarely considered or calculated, and were provided as required to support the corporate city projects that were built. The consumption of time and resources for transportation to work and to shop was dramatically increased (compared to the previous streetcar-based Canadian urban form) without any apparent concern. Public transportation systems were ignored and downgraded, intensifying this demand on resources caused by transportation needs built in to the corporate city form.

Concern about the long-term political, economic and social consequences of the corporate city was expressed by citizen groups from time to time, and more so by the politicians and analysts who helped develop this analysis. With the corporate city came a new concentration of ownership — of urban land and property. With the concentration came market power which was used to extract high prices and high profits from urban residents. Most
citizen groups came to understand and resist the political power of the property industry in municipal government.

What is important about this critique is that it was expressed in political action by citizen groups and by individuals and parties related to these political organizations. It was expressed in individual battles over specific projects. It was the platform for candidates for municipal office who ran against the property-industry majority who held undisputed sway until the end of the 1960’s in most cities, and much longer in some. As citizen group-related politicians came to office and began to influence urban political decision-making, this alternative view led to different kinds of decisions and policies being made where the distribution of political power had shifted somewhat.7

III The Political Accommodation

Out of citizen groups came candidates for municipal office, people capable of organizing and staffing successful campaigns, and issues that made individuals without a property-industry interest anxious to hold power at city hall. Starting in the late 1960’s, this situation resulted in the election of some local politicians whose program was quite different from that of corporate city supporters.

Events took quite different paths in different cities. In Vancouver, with city-wide elections (i.e., no wards within the city’s boundaries) and a tradition of municipal political parties pitting a business non-party against one or two parties of the old left, a liberal, citizen-related reform party (TEAM: The Election Action Movement) was organized. The old-line, left parties incorporated citizen-related candidates. When the citizen-related party appeared to win control, some of its members quickly moved their allegiance to the property industry so its dominance remained undisputed.8 In Winnipeg, a business “non-party” faced challenges from a temporary citizen-related party and the old-line social democratic party, the N.D.P., but managed to retain effective control through the period. In Toronto, citizen-related politicians formed an important voting bloc in 1969 and remained in that position, never gaining a majority, to the present. On the other side, the property-industry old guard group went from majority to minority status in 1972, and never regained the majority position. In Ottawa, citizen-related politicians formed a majority for a few years in the late 1970’s which they lost in 1980.9

The usual pattern in these and other cities is now a three-way split of voting blocs of left (citizen-oriented), middle, and right-wing (property industry) politicians. In most cities, some citizen group-related politicians are now firmly entrenched in municipal office. Sometimes they are “independents”; more and more frequently, they are explicitly related to a mainstream political party, usually (not always, though) the N.D.P. Occasionally this group has majority control; generally they are an important minority group. Opposite them is a group of politicians with a strong commitment to the policies and programs of the corporate city and the property and land development industry. This is the previous majority group which controlled every city council as of 1970; now it is sometimes in control, more often in a minority position.

In the middle is a liberal group, usually with formal or informal connections to the business-oriented mainstream parties (Conservatives, Liberals, Social Credit, depending on the province, occasionally, too, the N.D.P.). These politicians recognize the force (political, but intellectual and moral as well) of the citizen critique of the corporate city, and are prepared to see changes made to municipal policies and programs that modify the corporate city and its prototypes to respond to that critique. At the same time, they do not support any fundamental changes to the economic status quo regarding the role of the private-sector development industry, or major moves towards the transformation of the municipal political process.

The result of this change in the make-up of municipal councils and the shift in political power is that the consensus behind the corporate city has disappeared, and new policies and new urban forms are emerging. The role of citizen groups has been fundamental to this change, but of course that is not the only factor which has worked to generate this result.

IV The Revised Corporate City

There are some very important fundamental changes in the Canadian economy which have occurred since the 1970’s and which exercise a determining effect on the future of Canadian cities. First, the “American boom” has ended and the shape of the economic development strategy which will follow it is still very uncertain. One contending option is the megaproject-spinoff strategy, which proposes so-called megaprojects which involve new developments exploiting Canadian resources in all regions of the country to generate new exports, coupled with policies aimed at strengthening secondary manufacturing by capturing the so-called spinoffs from those projects — the demand for equipment, supplies, and so on. Megaprojects would include the development of oil sands deposits, new hydro dams, a pipeline to take Alaskan natural gas to the southern U.S., new nuclear power plants, a major tidal power installation in the Maritimes, offshore oil development in the Arctic and East Coast, and so on. A second contending option is focused on building import-replacing Canadian secondary manufacturing strength, and requires a strengthening of Canadian ownership and control to ensure that export-capable industries are developed. These two options have quite different
implications in terms of where urban development will occur in Canada, and how much wealth there will be in the economy to support it.

A second major change in the context for urban development in the late 1970's and 1980's is the shift of energy from a plentiful, low-cost resource to a scarce, high-cost one. This has a substantial effect on the real disposable income of families with average incomes (after energy spending) of consumers. It also generates quite different preferences regarding such things as house design (energy consumption becoming a major factor), commuter travel, and needed neighbourhood facilities (public transportation and shopping within walking distance are much higher priority).

A third major change is what can be called the new feudalism in urban land. The postwar corporate suburb was built on the basis of very cheap fringe land which, when serviced, could be combined with construction costs to produce single-family houses which families with average incomes could afford. This lasted until the mid to late sixties in most cities, after which suburban land became extremely expensive and a major factor in the price of a new house. Suburban single-family houses were out of the range of all but the highest income consumers even before the recent dramatic increases in mortgage interest rates destroyed all normal relationships in the housing market. Even the most enthusiastic advocates of free-market economics among economists cannot deny that from the early 1970's a very substantial difference emerged between the cost of production of suburban house lots and the market price, a difference which had a dramatic effect on the affordability of the final house plus lot product. Those high prices and windfall profits can be attributed to the emergence of exercise of monopoly power on the part of an oligopoly of large land development companies in most Canadian suburban land markets. Free-market economists deny any significant market power to the large developers, and attribute the high prices and profits to the restricting impact on the market of the many government regulations which impact on the land market. The Montreal urban market is the only one where concentration of ownership of the supply has not developed, and where the municipal authorities are fragmented and continue to act as suppliers of services to raw land. There cheap land still exists, and at “normal” interest rates single-family new houses are affordable by average-income families. The new feudalism in urban land applies not only to raw land on the fringe; it operates inside the city as well. Land for all urban uses in most Canadian cities now generates high profits for its owners and has high prices for its users; this is an important change for the future of Canadian cities.

Finally, the prospects for Canada’s population are somewhat different than they were in the immediate post-war period. Population growth overall is expected to be quite slow. The balance amongst age groups is changing, with one result that the numbers of older people will be increasing. Both the nature and extent of demand for urban accommodation over the next decades will be quite different than the experience of the past three.

These new circumstances occur in the political context discussed in the previous section, where citizen groups and their representatives have acquired a measure of political power in cities and in city halls. This produces a number of important consequences for the built form of Canadian cities.

First, new housing is being built in a very wide range of forms which are mid-way between the extremes of high-rise apartments and single-family suburban houses. Some examples of the new mid-range forms are Vancouver’s False Creek development, Toronto’s St. Lawrence project, and what can be termed upmarket vernacular infill. The new mid-range forms put considerable emphasis on ground-related housing. Single-family detached units are rare; most units are attached. Where entrances are not on the ground, there are often attempts to give halls and passages more of a public character than the classic high-rise apartment hall. Variety of ownership forms, and individual property ownership, is enhanced. Projects built by public-sector developers respond to many of the specific concerns of citizen groups to corporate city prototypes; the fact that they do so successfully is underlined by the success of the upmarket vernacular versions of these projects which are being built and marketed by entrepreneurial developers. Infill townhouses in central city areas were very successful in the stagnant Toronto housing market prior to the mortgage interest explosion which has decimated the market.

Second, downtowns are being redeveloped in ways which integrate old and new buildings more successfully, very much more often retaining old buildings which would have been summarily demolished in the 1960's. The cumulative impact on new downtown buildings is much more likely to be addressed and the interests of users given some respect. The changes described are, however, quite limited; they are illustrated by the difference between an early standard downtown shopping centre-office project like Vancouver’s Pacific Centre and the revised version represented by Toronto’s Eaton Centre. There are differences, but, of course, there are more powerful similarities in the impact of these projects on the urban political economy.

Third, urban transportation systems are being developed with more of a bias towards public transportation. Urban planners and politicians have reinvented the streetcar, though the new version suffers in comparison to the original one in terms of the amenities offered to riders.
and the refusals to put new routes along existing main arteries.

These revisions in the corporate city do produce results which are somewhat more satisfactory in terms of the interests and needs of urban residents in their various capacities. They also respond modestly to the concern to conserve public and private resources. They make little difference to the long-term political, economic and social consequences of the corporate city itself. To the extent that this was on the agenda of the citizens who became involved in urban political life, no gains can be claimed. Indeed the moderation of the extremes of the corporate city has had the often-anticipated results of diminishing the concern (and the power) of organized citizens regarding urban political issues.

V Canadian Cities: On the Edge of Crisis?

Ironically, at a time when in most cities organized citizens are a diminished force in political life, the corporate city and the land development and property industry are facing the first really serious crisis of the past thirty years. The threat is not a political one, but rather emerges from the conjunction of external developments in the Canadian economy with features of the development industry which mainstream analysts have refused to consider problematic until now.

The most obvious expression of the problem lies in the difficulties large land development corporations have due to high interest rates. A portion of these companies' debt is short-term funds, and the price which they have to pay for short-term money and for new rolled-over long-term mortgage money has escalated dramatically. The current stock of projects being built to hold or sell have to be financed (on a long-term basis) at these same high interest rates. Except in the office market in some cities where the local economy is buoyant, revenues cannot cover costs at 16-20% interest rates. In the circumstances, the large developers are faced with severe liquidity difficulties forcing them to sell off portions of their property portfolios to keep afloat.

A second and larger factor arises from the fact that house prices in most cities lost their relationship to costs of production, and rose with the ability of consumers to pay (assuming "normal" interest rates) through the 1970's. In early 1981 the boom hit its peak in the most volatile and wealthy markets like Vancouver and Toronto. Changes were made in the lending practices of the financial institutions (such as the change in eligibility rules for second incomes, until they were counted at 100%) which reinforced this ability-to-pay house price rise which generated enormous monopoly profits for house sellers, particularly large land development corporations. If high interest rates persist, house prices have to fall dramatically. This will have a disastrous set of effects that will ripple through the land development and property industry, and many firms will be wiped out because they cannot remain solvent after such a revaluation.

Third, and even more important, there is the status of the lending institutions which have advanced tens of billions of dollars on real estate mortgages based on the assumption that current high values were real and would not decline. Much mortgage lending is done with thin margins between market value and mortgage loan. A serious decline in real estate values creates enormous paper losses for lending institutions (and for the federal government agency that insures some of that lending).

The current situation in Canada is very unstable. Only tiny glimpses of the potential for crisis are now visible — for instance in the efforts by major developers to sell portions of their property portfolios for cash, and in losses being recorded by companies who are used only to profits. A severe crisis will develop only if interest rates remain high. And, if they do, the prospect for a much wider economic dislocation is great since there are many other industries beside the real estate industry which cannot sustain high interest rates indefinitely.

A crisis in the property industry arising out of high interest rates was not predicted by anyone. The operation of the real estate market and the development industry hinged on "normal" interest rates, but the existence of "normal" rates was so long-standing that they were taken for granted. Still, the present condition of fundamental instability does underline the importance of the critique of citizen groups and those associated with them regarding the long-term political, economic and social implications of the corporate city and the property industry's pre-eminence. Already it is obvious that the easy assumptions of plentiful, cheap resources in the form of land, energy and capital were unjustified over the long term. And of course cities were built for the long term, even though developers make most of their money (and planners keep their jobs, and politicians stay in office) in the short term. A financial crisis in the real estate market would establish that the easy assumption of plentiful capital — which floated the dramatic rises in property values far above those reflected by costs of production — was undesirable in terms of the stability of lending institutions as well as directing capital away from potentially far more productive uses in the economy.

Beyond that, there have always been amongst citizen groups echoes of the view that land, even urban land, and buildings are not mere commodities whose ownership and exchange should be subject to no special concern. The prospect of large scale foreign ownership of Canadian land has given rise to worries along these lines in Canada. The debate about the demolition of significant buildings
underlines the fact that buildings are more than just consumption objects; they are a part of a collective past, an architectural heritage, expression of the community. The facts about ordinary families being unable to afford decent housing because of the high profit component in house prices raise questions about whether this use of land by corporate interests is justified. While interest rates and a weak economy have pushed Canadian cities to the edge of a crisis, it may yet be averted. If it is not, if that crisis should come, there is no doubt that the fundamental critique of the corporate city emerging from citizen groups will be of wide interest in Canada and an important element in Canadian political life.

NOTES


4. This resistance gets very short shrift in an enthusiastic account of this project. See Albert Rose, Regent Park: A Study in Slum Clearance (Toronto: University of Toronto Press, 1958).


7. A good cross-section of experiences of this kind is reflected in the pages of City Magazine, published between 1974 and 1979.
