

AUSTERITY and its **ALTERNATIVES**



Fiscal Distress and the Local State

Neoliberal Urbanism in Canada

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Anatomy of a Fiscal Crisis

- End of Ministry of State for Urban Affairs (1971-79) signaled start of 'devolution revolution'
- Constitutional Constraint: S.92(8)
- Provincial determination of services provisioning



Table 4: Municipal Expenditure Responsibilities across Canada, 2005

Responsibility* / Province & Territory	NL	PEI	NS	NB	QC	ON	MB	SK	AB	BC
General Government Services	X	X	X	X	X	X	X	X	X	X
Courts of Law					X					
Policing (incl. bylaw enforcement)		X	X	X	X	X	X	X	X	X
Fire Fighting	X	X	X	X	X	X	X	X	X	X
Regulatory Measures						X			X	
Roads and Streets	X	X	X	X	X	X	X	X	X	X
Public Transit			X		X	X	X	X	X	X
Hospital Care										X
Preventative Care						X				
Other Health Services						X	X		X	
Social Assistance						X			X	
Other Social Services			X		X	X			X	
Agriculture								X	X	
Tourism / Promotion & Trade / Industry				X	X	X				X
Water Purification and Supply	X	X	X	X	X	X	X	X	X	X
Sewage Collection and Disposal	X	X	X	X	X	X	X	X	X	X
Garbage / Waste Collection & Disposal	X	X	X	X	X	X	X	X	X	X
Recreation and Culture	X	X	X	X	X	X	X	X	X	X
Housing					X	X			X	
Regional Planning & Development	X	X	X	X	X	X	X	X	X	X

*An X denotes per capita expenditures larger than \$10

Source: Statistics Canada; compiled for Slack, Kitchen, McMillan and Vaillancourt 2007.

- Absence of revenue autonomy and decision-making powers
- Over-reliance on property taxes (Inelastic, visible, regressive, ad hoc)
 - CAN: 53-75% vs. OECD: 36%
- Income and Sales taxes prohibited
- Asymmetric assignment of responsibility and power



Table 1: Municipal Tax Measures Across Provinces

	BC ¹	AB ²	SK ³	MB ⁴	ON ⁵	QC ⁶	NB ⁷	NS ⁸	PEI	NFL ⁹
Property Tax	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Business tax		✓		✓		✓	✓			✓
Area/ Improvement /Service Area/ Parcel	✓	✓	✓	✓	✓	✓		✓	✓	
Road Pricing and Taxes	✓				✓	✓				
Equipment Tax		✓	✓	✓						✓
Fuel Tax	✓					✓	✓			✓
Hotel Tax	✓	✓	✓	✓		✓	✓	✓	✓	✓
Amusement Tax					✓	✓				✓
Sin Tax					✓					
Advertising Tax				✓	✓					
Income/Poll Tax										✓



New Phase of Austerity Urbanism Post-2008

- ***Toronto:*** Amalgamation in 1998
- 2009: Economic 'success' and political failure
- 2012: new managerial powers, job eval criteria, reduction of displacement threshold from 100% to 68%, eliminations of \$20-35 million health and dental, \$54 million post-retirement benefits.
- 2015: Work-to-rule, 5%/4years, erosion of LTD



- **Montreal:** Crisis of infrastructure investment. \$125 billion across Canada
- Since 2010, 7 incidents of falling concrete, including sinkholes, highway flooding, cracks on bridges
- 33% of water distribution pipes, 3% of sewage pipes reached end of service life in 2002.
- Another 34% of water-pipe stock will reach end in 2020. 40% of city's potable water lost to leaky conduits.



- ***Vancouver:*** Affordable housing crisis
- 1993 end of Canada's national housing program, rent control liberalization, absence of private sector rental properties, welfare cut.
- 11,000 on housing waiting list, est. 40,000 hidden homeless.
- Rapidly escalating real estate, land use divestment. Between 2007-12, avg rent up 17%, detached homes up 29%
- Most expensive city to live in (The Economist), second least-affordable housing in world (Demographia).



Rebuilding Governance Capacities, Governance Autonomy, and Local Lefts

- New planning orientations with other scales of governance
 - Independent and inter-dependent sources of revenue generation beyond 'new localisms'
- If a radical politics of localism to challenge neoliberal urbanism is to emerge in Canada, it will do so from multiple cities in a national politics of transformation in its organizational capacities and internationalist in its commitments.



Citation

- Forthcoming: Albo, G. and C. Fanelli. Fiscal Distress and the Local State: Neoliberal Urbanism in Canada. In Thomas, M., L.F. Vosko, C. Fanelli and O. Lyubchenko, eds. *Continuity and Change: Rethinking the New Canadian Political Economy*. Montreal and Kingston: McGill-Queens University Press.



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