

**NEW FAULT LINES?  
RECENT TRENDS IN THE CANADIAN URBAN SYSTEM  
AND THEIR IMPLICATIONS FOR PLANNING AND PUBLIC  
POLICY**

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*Résumé*

Dans le contexte du débat actuel sur la politique urbaine, le présent article examine certaines tendances du système urbain canadien et documente les impacts de ces tendances sur la planification et la politique urbaine. Bien que les urbanistes ne tendent pas à travailler à cette échelle géographique, la réorganisation du système urbain donne un schéma de référence à leurs politiques et leurs plans d'urbanisme. L'analyse met en relief l'impact des facteurs suivants sur les villes: la transition démographique et le vieillissement de la population, la restructuration économique intense et les patterns changeants du commerce international, l'immigration croissante et la diversité ethno-culturelle ainsi que le rôle changeant de l'état. Ces facteurs combinés ont tendance à produire une augmentation de la concentration métropolitaine et une plus grande disparité des taux de croissance urbaine. Ils ont également aiguisé la bifurcation économique et culturelle entre les centres en croissance et en déclin et créé un stress additionnel sur la demande de services et les ressources des gouvernements locaux. En conclusion, l'article réfléchit sur le fait que nous sommes en train de créer, comme résultat de ces tendances, de nouvelles sources de disparités au sein de la société canadienne et du tissu urbain du pays.

**Mots clés:** Système urbain; Développement inégale; Concentration métropolitaine; Liens externes

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*Abstract*

With the current debate on urban policy as background, this paper reviews recent trends in the Canadian urban system, and documents the implications of these trends for planning and public policy. Although urban planners tend not to work at this scale, the ongoing reorganization of the urban system provides the broader context for their policies and plans. The analysis focuses on the effects on cities of the demographic transition and an aging population, intense economic restructuring and shifting patterns of international trade, increased immigration and ethno-cultural diversity, and the changing role of the state. These factors, in combination, have tended to augment levels of metropolitan concentration and increase the degree of uneven growth. They have also sharpened the economic and social divide between growing and declining places, and placed additional stress on service providers and on the resources of local governments. In concluding, the paper asks whether we are creating, as an outcome of these trends, new sources of difference - new fault lines - in Canadian society and in the country's urban fabric.

**Key words:** Urban System; Metropolitan Concentration; Uneven Growth; External Linkages.

**The Context**

Cities appear to be back on the nation's political agenda, albeit marginally. At both national and provincial levels, cities are said to matter more than ever for maintaining our economic competitiveness and quality of life (Donald 2001; Bradford 2002). Vague as these expressions may be, they do nonetheless signal a modest shift in both social awareness and political attitudes. At the national level, more than twenty years after the demise of the Ministry of State for Urban Affairs (MSUA) in 1979, and more than thirty years after a series of benchmark studies identified an impending crisis in urban Canada (Lithwick 1970), there is now a renewed debate on the need for - and components of - a national urban strategy (PMO Caucus Task Force 2002). Even if this debate is transitory, as it was in the 1970s, and leads to few, if any, formal policies, at least the "urban question", and the need for urban research, are back in the public mind.

One part of this renewed awareness has been the frequent call for reassessments of the role of different levels of government, and the federal government in particular, in shaping the country's future urban condition. At the municipal level, in parallel, there has been a strong movement arguing for greater autonomy and enhanced fiscal resources from senior governments (FCM 2001), and for more municipal involvement in national decision-making, as well as new

calls for coordinated urban infrastructure investment at the regional scale (TD Economics 2002). All of these initiatives are set in a context of massive economic restructuring, intense global competition and continental integration, and unprecedented social, demographic and ethno-cultural change. But what trends underlie these initiatives, and what issues should national, provincial and local policies address?

As a contribution to these debates, this paper offers an overview of recent trends in urban Canada writ large and their implications for planning and public policy. The paper documents the highly uneven distribution of growth within the country's urban fabric. It focuses on the principal factors - the processes of change in the nation's demography, economy, external relations and structures of governance - that have shaped growth and change in the Canadian urban system, and attempts to illustrate the varied outcomes of these trends. It then assesses the challenges posed by these trends for urban researchers and planners, and for public institutions and governments at different spatial scales - national, provincial and local.

Finally, the paper raises the question of whether recent trends in urban growth have introduced new sources of "difference" - or new "fault lines" - in Canada's socio-economic character, political fabric and territorial organization. The proposition is that many of the old sources of national differences, represented by the traditional contrasts between provinces, urban and rural areas, French and English, and core and periphery, are being augmented or replaced by new sources of differences focussed primarily within urban Canada. What are those new differences, and what are their consequences?

We argue here that the appropriate lens, and analytical construct, through which to measure and interpret such trends in a highly urbanized society, is the country's urban system, and its constituent regional sub-systems (Simmons and McCann 2000).<sup>1</sup> In aggregate, the urban system is increasingly the organizational dynamic underlying the human geography of Canada. It also serves, as in other countries, as the primary channel linking the national economy to the emerging continental urban system and to global cities (Beaverstock, Smith and Taylor 2000; Yeates and Cheng 2002). In its recently re-invigorated form, the concept of the urban system embodies all, or most, of the economic, social and political forces at work in the country (Geyer 2002; Bourne and Simmons 2003).

Viewed as a component in the larger urban system, each city nonetheless represents a unique combination of population size, demographic structure, economic specialization and rate of growth that together define the opportunities open to each resident. The significance of the urban system for planners lies in understanding the diversity of processes that link the local reality to larger - national, continental and global - trends. Urban planners typically do not work at these macro scales, but we suggest that this is the

critical context within which their deliberations should be situated.

### **Trend Lines: Urban Canada and the Canadian Urban System**

It is now widely accepted, even by politicians, that Canada is overwhelmingly an urban nation. In fact, a majority of Canada's population became "urban" by place of residence around 1921, and metropolitan, by the same criterion, in 1971. The trends documented below represent a continuation of past trends in urban growth in Canada, trends which have been widely documented (Bourne and Olvet 1995; Wolfe 2000; Simmons and McCann 2000). In many respects these trends also parallel those underway in other developed economies, including the United States and western European countries (Frey 2002; Champion and Hugo 2003).

Yet, the results of the 2001 Census also suggest that we may have passed a different and significant watershed. Over 80 percent of the country's population, employment and wealth are now concentrated in the 139 urban places with populations of 10,000 or more that constitute the country's urban system (Figure 1). The level of urbanization, as traditionally defined, has continued to increase, but with a different geography. During the most recent 1996-2001 census period the entire urban system grew by 5.2 percent, while the nation's population expanded by 4.0 percent (Table 1). Metropolitan areas (CMAs), those places with over 100,000 population, grew by 6.2 percent during the same period, while smaller urban places (census agglomerations or CAs) with 10,000 to 100,000 population, grew by only 1.5 percent. The rest of the country, on balance, witnessed a declining population, for the first time in the post-war era.

As a result, the level of metropolitan concentration has continued to increase. The country's population is now largely metropolitan - over 57 percent live in the 15 largest census metropolitan areas (CMAs) with over 300,000 population, and 42 percent live in just six metropolitan regions - Toronto, Montreal, Vancouver, Ottawa-Gatineau, Calgary, and Edmonton. The average Canadian, if there is such a person, now lives in a large metropolitan environment. Moreover, these same six CMAs captured 68 percent of all population growth, and a slightly higher proportion of both household and labour force growth, over the entire decade from 1991 to 2001.

The level of concentration is even greater than these figures suggest. The boundaries of the CMAs often under-estimate the scale of metropolitan development as well as the degree of urban decentralization at the regional level. One reason for this under-estimation is that several of the larger metropolitan areas are seriously under-bounded, at least in comparison to parallel definitions used in the US Census.<sup>2</sup> A second reason for under-bounding is the failure to measure the vastly expanded "shadow effect" of metropolitan development. The widespread decentralization of population and jobs at the

**Table: 1 The Uneven Geography Of Urban Growth In Canada: By Size Category And Relative Location, 1996-2001**

	<b>Number Of Places</b>	<b>Growth rate % 1996-2001</b>
<b>Nation</b>	-	4.0
<b>Urban Hierarchy: By Population Size</b>		
All Metropolitan areas (CMAs) (Over 100,000 population)	27	6.2
All Urban Areas (Over 10,000 population)	139	5.2
Small Urban (CAs) Only (10,000 to 100,000 population)	112	1.5

**Non-urban areas (Non-CMA/CA)** 3600 -0.4

**Metropolitan Influence Zones (MIZ) Classification of Non-urban Areas: Growth Rate By Degree of Metropolitan Linkages and Influence:**

**Non-urban (non CMA/CA) Places (n=3600) with:**

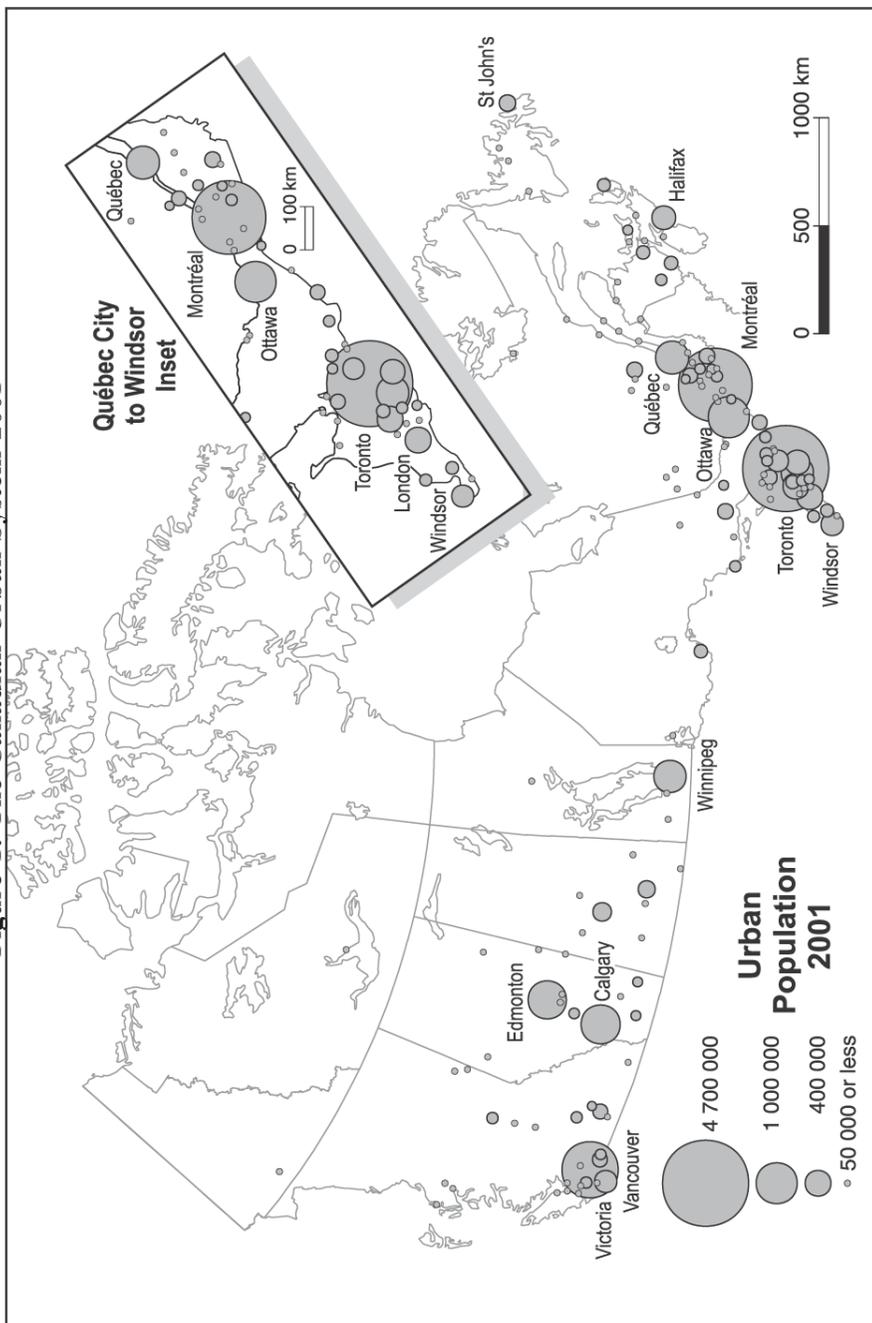
- |                                  |       |
|----------------------------------|-------|
| a) Strong CMA/CA Influence (1)   | 3.7%  |
| b) Moderate CMA/CA Influence (2) | -0.9% |
| c) Weak CMA/CA Influence (3)     | -2.9% |
| d) No CMA/CA Influence (4)       | 1.0%  |

Notes:

- 1 Greater than 30% of employed labour force commuting to any CMA/CA
2. Between 5% and 30% commuting
3. Between 0.1% and 5% commuting
4. Zero % commuting

Source: Statistics Canada, and authors' calculations.

Figure 1: The Canadian Urban System 2001



local level has pushed growth, as well as the externalities of that growth, well beyond traditional CMA boundaries into previously rural areas. At the same time the area of influence has engulfed - in terms of social and functional attributes - smaller hamlets, towns, even small cities, located at some distance from the metropolitan area. This shadow effect is particularly evident around the larger metropolitan areas, but is also apparent on a somewhat reduced scale in all highly urbanized regions.

The Toronto region provides the most extreme example. The Toronto CMA (4.7 million) and the adjacent CMAs of Oshawa (300,000) and Hamilton (665,000), although defined as separate entities, now jointly represent the contiguous urbanized core of a region that extends over a much larger slice of territory: from Peterborough (102,000) in the east, to Barrie (149,000) and Collingwood-Midland (100,000) in the north, to Guelph (117,000), Brantford (100,000) and Kitchener-Waterloo (415,000) in the west, and to St. Catharines-Niagara (377,000) in the south. The total population of this extended urban region (the so-called Golden Horseshoe) is over 7.5 million, making it one of the five largest metropolitan regions in North America.

Indeed, one can view the country's emerging national urban fabric as increasingly focussed around five mega-urban regions: the greater Toronto region, greater Montreal, Ottawa-Gatineau, Vancouver-Victoria and the lower mainland, and the central Alberta urban corridor (Edmonton-Red Deer-Calgary-Lethbridge). These mega-regions have captured over 83 percent of national population growth during the 1991-96 and 1996-2001 periods, and will likely capture even higher proportions in the future. Other smaller metropolitan centres, such as Winnipeg, Saskatoon, Quebec City, St. John's and Halifax, have also expanded their local and regional dominance, but within relatively slow-growth environments. Interestingly, none of the larger regions has even an approximation of an elected governing authority or effective planning agency for overseeing growth. All are heavily dependent on the actions of individual provincial departments and agencies.

Most of the rest of the country, in contrast, has witnessed zero population growth, or an absolute decline. Of the 139 urban places identified in the 2001 Census, 61 places (or 44 per cent) declined in population over the last census period, including - again for the first time - seven of the smaller metropolitan areas. Another twelve percent grew by less than one percent. Only 31 CMAs and CAs (or 22 percent) grew by more than five percent over the period. The population of the entire non-urban (non-CMA/CA) part of the country declined by 0.4 percent (Table 1). The resulting contrasts between high-growth and slow-growth (or declining) cities and regions will likely lead to very different urban environments in the years to come - each with relatively distinctive social, economic and policy challenges.

The importance of the shadow effect of metropolitan areas is evident at the national as well as local scale. One example of this effect is Statistics Canada's new classification of all 3600 rural census subdivisions (at least those CSDs with some resident population) located outside of the CMA/CA system (McNiven, Puderer and Janes 2002). The approach builds on an examination of the linkages of all CSDs with urban areas, and then constructs a classification of zones of metropolitan influence and linkage (called MIZ zones).<sup>3</sup> The results show that average population growth rates decline systematically with increasing distance from a metropolitan area or major urban centre (Table 1). Those places with little or no daily connection (e.g. through commuting to work) to a metropolitan area - excluding aboriginal communities - actually declined in population.

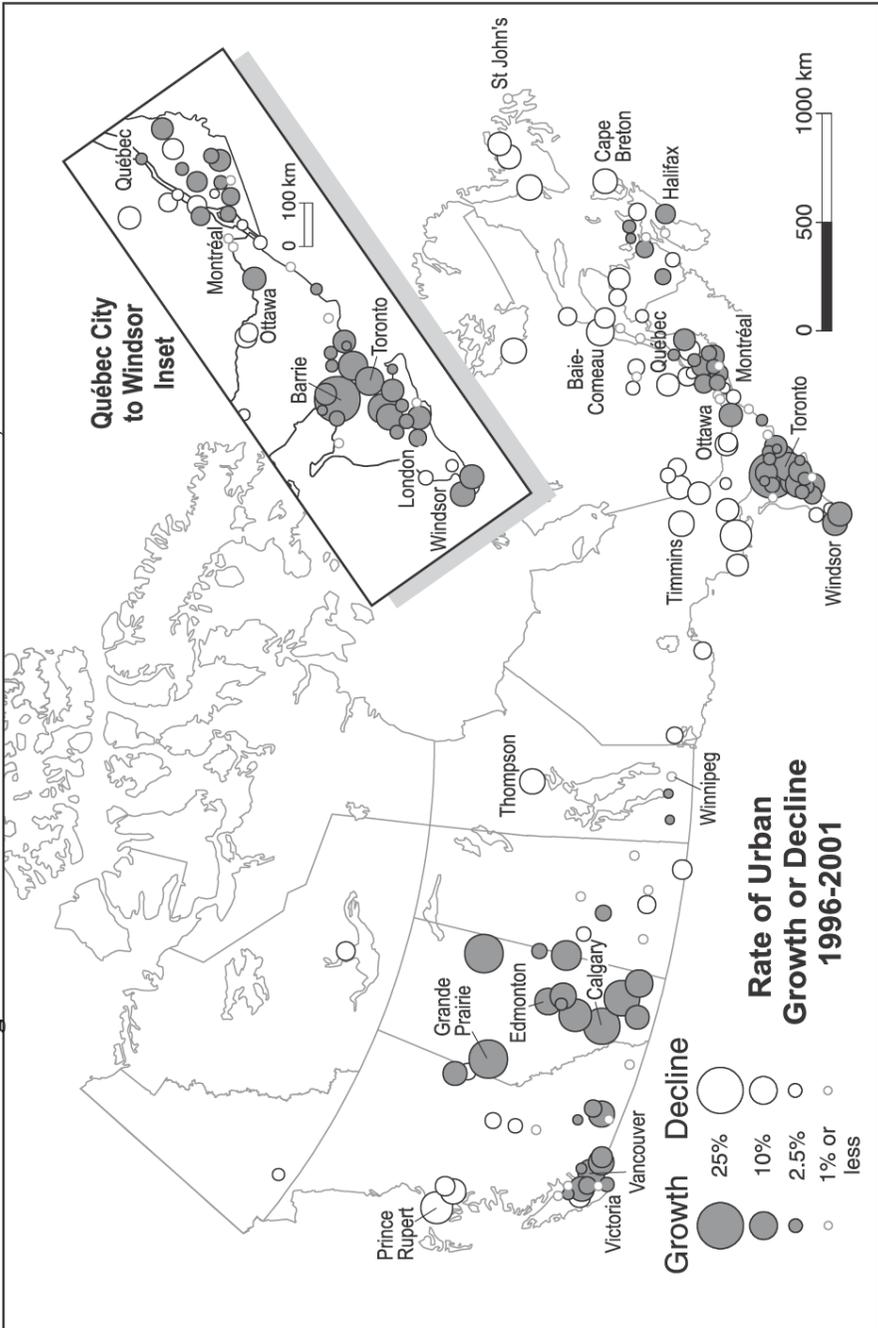
There are, in fact, very few urban places or associated rural areas outside of the metropolitan influence zones, that are growing, with the exception of a limited number of recreation and retirement communities in amenity-rich environments. The hardest hit communities are the small, specialized resource-based towns of the northern periphery, older industrial and mining towns and small agricultural service centres. The band of decline now includes all regions of the country, except Alberta, where growth is almost ubiquitous and provincial oil and gas revenues support a broad range of local community services. Otherwise, the country's settlement frontier, with the obvious exception of aboriginal communities, seems to be retreating southward.

To summarize, as a social and economic entity, Canada is now composed of two types of regions, including a few dozen large urban centres that continue to grow rapidly, and a very much larger number of smaller places, especially those in peripheral regions, that are declining in population, or at best, are not growing (Figure 2). Will this markedly uneven pattern of growth and change continue? Can and should it be modified, and if so how? What is the future of the nation's periphery?

### **The Underlying Factors**

What factors are driving these trends? The most obvious factors include the effects of the demographic transition, immigration, economic restructuring and technological change, shifts in trade and capital flows - most of which are a sign of increased globalization (or at least continental integration) - and the changing role of the state at all spatial scales. Each of these factors also has a somewhat different geography. Governments, not surprisingly, have played an important role in shaping the outcomes of these processes, although often unintentionally, especially through their influence over the locations of the impacts of these changes and through their social redistribution policies.

Figure 2: Urban Growth and Decline in Canada, 1996-2001



## **The Demography and Immigration**

The first set of factors includes the ripple effects of the demographic transition; initially the postwar baby-boom and subsequently the persistence of historically low fertility rates (Beaujot 1999). This two-stage transition has altered the relative importance of the three components of urban population growth, shifting more importance from natural increase to migration and immigration. With low fertility levels and aging populations, communities can now grow only through attracting new residents from elsewhere. In effect, low fertility rates have removed the “security blanket of taken-for-granted growth” attributable to natural increase that has in the past covered most of the country (Foot and Stoffman 1996; Bourne and Rose 2001). One result of these demographic realities could be a new form of inter-urban competition, in which policy efforts focus on attracting new migrants as much as on job creation. A recent example is the effort of some smaller and often remote communities to attract retirees.

At the same time, since the mid 1970s, and especially since the mid 1980s, immigration levels have increased, in absolute terms and - because of declining fertility - as a percentage of national population growth (Li 2003). During the 1960s roughly 80 percent of population growth in Canada was attributable to natural increase; by 2001, over 50 percent was due to immigration. This trend is similar to that observed in most western countries, but the transition from high fertility to high immigration has been even more dramatic in Canada. This, in turn, raises the question of whether this relatively high rate of immigration is sustainable, economically and politically, and in the face of increasingly stiff competition for skilled workers on the international stage?

Moreover, by the 1990s the size and primary destinations of the annual immigration flows appear to have become detached from the country’s economic condition (e.g. the nation’s unemployment rate), and its regional business cycles. Over one million immigrants were admitted during the economic downturn of the early 1990s, a recession which hit manufacturing cities in southern Ontario, the primary destinations for such migrants, particularly hard. Not surprisingly, more immigrants have found themselves in severe economic difficulty; and many have concentrated in relatively impoverished neighbourhoods (Kazemipur and Halli 2000; Bourne, Basu and Starkweather 2001).

Domestic migration, in contrast, has remained more-or-less stable in absolute numbers over the last thirty years at the interprovincial level, with minor fluctuations that track the business cycle, but has declined as a proportion of total population as the country’s overall population has aged (Beaujot 1999; Bourne and Flowers 1999). Thus, the potential for population redistribution through domestic means has declined. The destinations of these domestic migrants, however, does vary over time with regional economic conditions. Net flows

between Alberta and Ontario, for example, are especially sensitive to fluctuations in the relative levels of job creation at both origin and destination (Simmons and McCann 2000; Statistics Canada 2002; Bourne and Simmons 2002).

The third point is that the inflow of population from abroad targets only a few locations; almost all of those destinations are the larger metropolitan areas. Toronto, Montreal and Vancouver account for over 80 percent of immigrant arrivals; Toronto alone accounts for over 50 percent. In other words, the country's reliance on immigration is accelerating the process of metropolitan concentration. Whether this degree of concentration is a continuing feature, re-enforced by the strength of kinship ties and chain migration, or a transitional situation, to be followed by more widespread dispersal across the country, remains to be seen. Given the dominant origins and attributes of recent immigrants, however, widespread geographical dispersion seems highly unlikely.

Preliminary evidence from the longitudinal immigrant data base (IDB),<sup>4</sup> confirms this point. It suggests that recent immigrants do not tend to disperse over time; indeed, they are even more concentrated five or ten years after arrival. Recent efforts by the federal and provincial governments to redistribute the flow of new immigrants, through revised admission criteria and targeted provincial incentive programs,<sup>5</sup> may have some positive impacts on a few regions and selected urban communities, but are unlikely to redirect total flows very much. Aside from health care, immigration is now, in effect, Canada's major population policy (Ley and Hiebert 2001), and its principal strategy for upgrading labour supply and skill levels. It is also the country's implicit or *de facto national urban policy*.

The concentration of recent immigrant flows, combined with their distinctive ethno-cultural attributes, appears to be creating two distinctive urban Canadas - adding new dimensions of difference. One set of places is growing relatively rapidly, while simultaneously becoming more socially and culturally diverse. The other set of places is growing slowly, or not at all, and most of these cities (and their hinterland regions) remain socially homogeneous, with a rapidly aging population. The policy challenge then becomes even more complex: managing growth on the one hand, or planning for decline on the other, while also adapting to heterogeneity on one hand, and to an aging population on the other, respectively.

## **The Economy**

The second transformation, in the organization of the nation's economy, adds another set of underlying factors to the urban mix. The resource sector, and resource communities, and many small manufacturing centres, are under stress, with depressed prices for many commodities, open borders and increased competition for global markets (Britton 1996). Improved technologies have led to massive declines in the workforce. The shift in employment and investment

into the services sector has also, on balance, favoured the metropolitan areas. Many smaller service-based communities have suffered as a result (Simmons, Jones and Bylov 2002).

The most rapidly growing types of services in the so-called knowledge-based and new-technology-driven economy, especially high-order producer services, financial services, culture and the media, are also disproportionately concentrated in the larger metropolitan areas (Coffey and Shearmur 1996). The same tendency is apparent, although not as well documented, for high-order services within the public sector (e.g. medical and educational services). As the demand for more highly specialized services increases, the variety of possible locations for such services shrinks.

The information economy and the diffusion of new telecommunications technologies may have reduced the friction of distance, but paradoxically they have also increased the importance of place and location - of locality (Gertler 2001). Successful locations in the new economy increasingly will be places that are attractive to live in, because of their size, job mix, cultural diversity, or life styles. This trend has tended to further differentiate urban places within the nation's urban hierarchy, creating new and distinct sets of winners and losers. Once again policy decisions seem to be adding to this differentiation. The recent public policy literature that argues for the encouragement of geographical clusters of new and innovative industries, set in what are called "learning regions", in which local knowledge is cumulative, trust is crucial and face-to-face contacts are nurtured, may be a valuable initiative (Bradford 2002), but it will inevitably result in the further concentration of economic activity in certain metropolitan areas or in their immediately adjacent hinterlands.

Of course there are negative effects, or externality costs, associated with the increasing concentration of population and productive activity in the larger cities and metropolitan regions. Large cities, on average, tend to have more severe problems of congestion and pollution, and higher housing costs, as well as higher levels of income inequalities and social segregation. For these reasons the net (domestic) migration rates for metropolitan areas as a whole tend to be near zero or negative.<sup>6</sup> At the same time, for many residents these diseconomies are clearly out-weighted by the income, opportunity and life style advantages of larger cities. The predominant outcome of metropolitan congestion, pollution and housing cost pressures is likely to be a decentralization of population and jobs within those regions rather than a deconcentration to other regions. And, as argued above, the extent of this deconcentration is under-estimated by the unbounding of metropolitan areas.

## **Flows and Linkages**

At the same time, the complex networks of flows and linkages that bind the country's urban places together as a national urban system, and as a set of regional systems, have undergone a gradual but significant shift. Trans-border flows of commodities, and increased levels of international trade in general - the essence of the globalization thesis - have increased relative to inter-regional (e.g. interprovincial) flows and domestic consumption (Figure 3). This shift, moreover, has not been uniform across the country, or across sectors. While all regions have seen an increase in the ratio of trans-national to domestic flows since the early 1990s, the shift has been strongest in the traditional industrial heartland of southern Ontario and Quebec (Polese 2000; Bourne and Simmons 2002).

Perhaps the most dramatic shift has been in trade flows from the greater Toronto (or Central Ontario) region. That region is now, more than ever, firmly integrated with the economies of adjacent regions in the US (Courchene and Telmer 1998). Most of the growth in trade, however, has been limited to only a few sectors - energy, biotechnology, communications, automobile and transportation equipment - sectors in which agglomeration economies tend to add further pressures for metropolitan concentration. Will these shifts, in turn, create additional divisions, or new fault lines, within the Canadian urban system by strengthening ties to the continental urban system in North America?

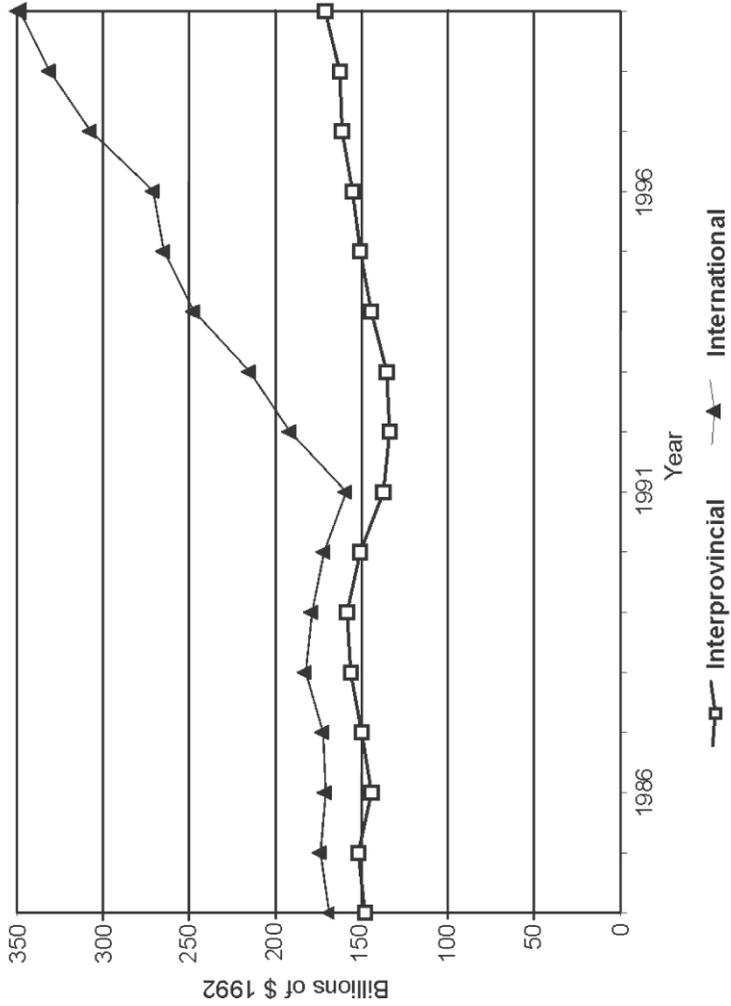
Another example of the ongoing reorganization of the Canadian urban system, and of the growing importance of trans-border flows and interactions, is provided by data on relative changes in airline traffic flows within the country and to foreign, especially US, destinations (Table 2; Figure 4). Airline traffic offers a small but useful indicator that - unlike provincial trade data - is focussed on metropolitan areas and thus on the specific role played by the urban system. Shifts in airline flows also mirror the joint performance of both national and local economies, although continued turbulence in the industry itself creates difficulties in measurement and evaluation.

In this illustration, Toronto has extended its role as dominant node in the national air traffic network, over its immediate neighbours, and as the principal gateway to both US and European markets. In parallel, Vancouver and Calgary have also increased their regional dominance, while Montreal has declined. Over time there has been a strengthening of regional air traffic networks but under the umbrella of a national system of nodes organized by and through Toronto, Vancouver and Calgary and increasingly linked to foreign destinations, especially in the US.

## **The Role of Government**

Governments, at all levels, are also active agents of urban change, and the

Figure 3: The Shifting Balance of Trade Flows: Interprovincial and International



**Table 2: Continental Integration: Trends In Airline Traffic Flows; Domestic and International (U.S.), 1971-1999**

	1971	1981	1991	1999
<b>Flows</b>				
Total domestic air traffic* (In 000s)	6489.9	13525.0	11370.7	13953.4
% of total domestic traffic among top 25 city pairs**	47.1	50.5	55.8	56.2
Total Canada-U.S. air traffic* (In 000s)	3656.7	7410.5	8340.1	14690.2
Canada-U.S. air traffic as % of domestic flows	56.3	54.8	73.4	105.3
% of total Canada-U.S. flows to top 25 U.S. destinations**	48.6	41.5	45.0	41.7

Notes:

\* Based on scheduled air passenger traffic only

\*\* Based on top 25 city pairs as recorded in 1999.

Sources:

Air Passenger Origin and Destination, Domestic Report, Statistics Canada, Catalogue no. 51-204, 2001.

Air Passenger Origin and Destination, Canada-United States Report, Statistics Canada, Catalogue no. 51-205

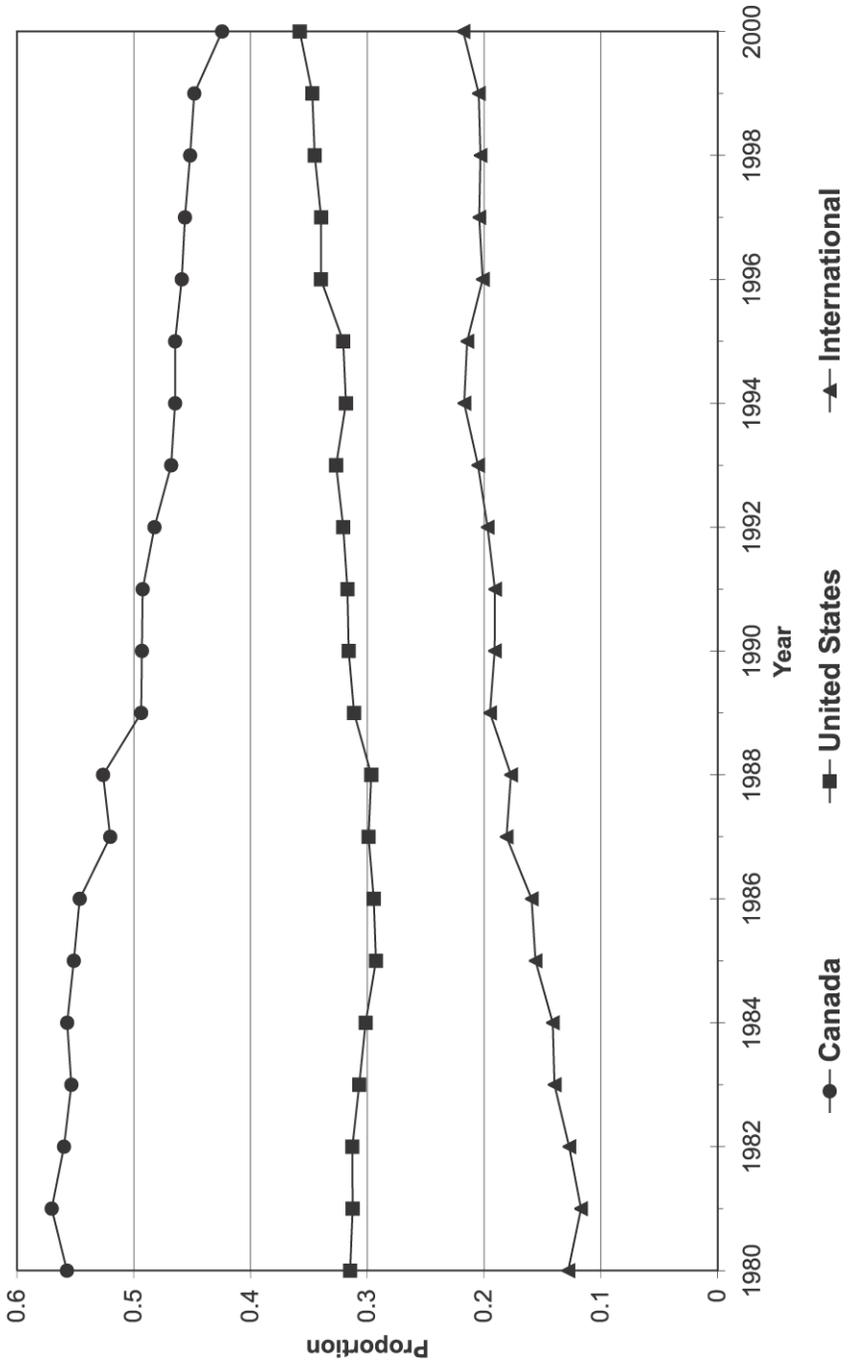
federal government serves as the primary gatekeeper of the nation's external relations. Although there is a widely voiced opinion that the federal government has no national urban policy, it was argued above that it has a *de facto* or implicit urban policy, but it just does not articulate what it is. The policy, in broad outline, is reflected in the cumulative, and geographically uneven, impacts of decisions in fields that do not have explicit urban objectives. Lithwick (1970) made the same point over three decades ago, but with a different set of examples. What is obvious from the above review is that a new combination of factors, including policies on trade liberalization, income redistribution and inter-regional fiscal transfers, industrial innovation and new information technologies, and of course, immigration, are redefining what is meant by an implicit urban policy.

The first policy arena on this list, trade liberalization, with NAFTA as the obvious benchmark, has transformed the country's economic character, as well as the locations of production and investment. It has also reshaped the structure of domestic economic linkages and relations among regions and cities. Certain sectors and locations have been favoured by the increased flow of trade, such as Alberta and southern Ontario, while others, mostly in the periphery, have been disadvantaged. Second, the federal government's immigration policy, as already argued, has become a major component of its implicit urban growth policy, even though urban areas have not been, as the PMO report confirms, an explicit part of any federal strategy or sectoral policy. As the proportions of national population and labour force growth attributable to immigration increase, the unevenness - and volatility - of that growth will also increase.

The contributions of the provincial governments to the challenges posed by these new urban realities is, of course, more variable. In many instances the size and importance of those contributions exceed those resulting from the actions of the federal government, and they have been increasing. Provinces now spend more money collectively than the federal government. Their governments now determine the locations of many of the largest employment concentrations, notably in health and education, and thus are faced with explicit decisions about which communities receive new or upgraded facilities and which do not. Increasingly, these decisions also influence private sector investments and the migration choices of seniors and families with children.

Traditionally, the provinces have redistributed revenues from the largest and wealthiest communities to smaller centres and rural areas. Where resources are available - as currently in Alberta - this spatial redistribution works reasonably well; population growth rates are uniformly high. But when money is tight, the funds are often spent for health care in the larger centres. The effect of the massive overhaul of municipal and educational funding in Ontario on the pattern of development remains to be seen. In theory at least, smaller centres should benefit, at least to the extent that the spatial redistribution of provincial funding is increased.

Figure 4: The Globalization of Airline Traffic: Toronto 1980-2000



The macro-scale trends described above directly influence policy issues at the provincial and urban level. Most provincial governments are faced with the same challenges of demographic thinning, economic restructuring and intense international competition. Most are also asked to address increasing levels of metropolitan concentration and a declining resource periphery, and the limited fiscal capability of municipal and regional governments to deal with the impacts of these trends.<sup>7</sup> Further, at the local level, most face the challenges imposed by the costs of extensive suburbanization and the decentralization of population, jobs and urban-related activities to the ex-urban fringe. These pressures are almost certain to increase.

### **Summary**

What happens to these growing urban regions, and to the residents of those places left behind by economic shifts, the demographic transition, and immigration flows, will increasingly determine the nation's social character, economic well-being and political character in the future. This does not mean that we should write-off the vast sections of the country that are not highly urbanized; that is the small towns and rural areas that constitute the periphery. Instead, it suggests that we should view the challenge of territorial development writ large through the lens of the urban system and through the networks associated with the larger metropolitan centres. These places increasingly define and organize the nation's regional economies, act as the national gateways linking smaller centres and peripheral regions to the global urban system, and generate, refine and reshape the dominant directions of social and cultural change. Rather than isolating rural areas further these networks help to integrate the urban system.

### **Implications and Challenges for Public Policy: New Fault Lines?**

What are the implications of these trends, and what challenges do they pose for governments and for public policy, at both local, regional and national levels? Some of these challenges are of longstanding concern, others are of more recent origin, still others remain downstream, but are nonetheless visible on the horizon. At the outset the paper asked the following question: are these trends leading to new divisions - *new fault lines* - in Canada through their differential impacts on the urban system and among its member cities and towns? To what extent do these differences represent problems or opportunities? What revisions do they require in existing public policy priorities?

Perhaps the most obvious implication for public policy is the intensity of uneven population growth. The combination of low fertility, slower population growth overall, and continued high levels of immigration, will produce increasingly sharper contrasts between growing regions and declining regions. The reduction in fertility-based growth means a distinctly different demographic future for

many communities. Now the only major source of future population growth for any place, excluding aboriginal communities, is through redistribution processes - migration and immigration - both highly competitive processes. Immigration, moreover, is a highly politicized policy variable. It is also partly dependent on conditions and events abroad, and as noted, is subject to increased global competition for skilled labour and human capital generally. As such, the policy-making process must find imaginative ways of accommodating both slower growth and greater uncertainty.

Overall, however, our urban future is becoming more obvious: a permanent set of place-based winners and losers. There will likely be fewer winners and more losers. People living in centres of growth will have a choice of jobs and services, and many will be able to support their retirement from the sale of housing at inflated values. Residents in less fortunate regions, in contrast, face an erosion of choice in jobs and services, with investments in housing and business that are diminishing in real value terms.

Growing regions, especially the large mega-metropolitan regions, will face continued pressures to accommodate new populations and new property development. Rapid urban growth has driven up land and housing prices, and flipped huge areas of visibly rural land - despite the cows-in-the-field image - into the speculative shadow of metropolitan areas. In many regions growth has already overwhelmed the physical infrastructure, and the local tax base, and municipalities (and provinces) have been stretched to provide necessary social services, welfare and affordable housing. Local governments have been struggling to meet their mandated public goods and services, while playing catch-up with the pressures for new capital investment and new sources of revenues to cover the operating costs imposed by suburban and exurban growth. Almost everywhere there is a visible "infrastructure gap," in terms of both physical and social infrastructure, and a limited fiscal capacity to respond. These pressures, of course, are not entirely new, but the relative costs, and the political and policy contexts, are very different. For example, within a province, population growth may occur in only one or two urban centres, whereas health care problems occur everywhere.

Those regions and urban areas left behind, in contrast, face a number of problems: declining and aging populations, a shrinking employment base and a truncated revenue flow. It is increasingly difficult for these municipalities to provide basic services and public infrastructure, and to maintain an environment that can generate job opportunities. The built-in demographic structure in most smaller communities and rural areas, and of the resource periphery in general, suggests a future of population decline and rapid aging. It also suggests that these pressures are not likely to be cyclical - that is, to be reversed in the next census or business cycle. They will instead become even more intense.

Smaller places, especially isolated places, will be increasingly unable to meet the demands of residents for higher quality and more specialized services, notably in the education and health sectors, at least not without substantial increases in subsidy levels. New information technologies, e-commerce, and new forms of service provision may indeed help such isolated communities, but it will not be easy. These smaller communities are heavily dependent on provincial governments that are themselves overwhelmed by the demands of the health system - demands which ironically are highest in areas that are not growing. The challenge will be to find means to provide those services with fewer local resources, while at the same time downsizing the communities in an equitable and efficient manner. A declining population in itself does not necessarily mean reduced opportunities, declining services and increased poverty, but it does call for a re-thinking of conventional approaches to social policy, infrastructure investment, and to regional planning and economic development (Wolfe 2000; Polese and Shearmur 2002).

The shift in trade flows and economic relations from inter-provincial to trans-border directions, especially since the early 1990s, raises other questions. To some observers the reorientation of linkages from east-west to north-south, may be viewed as a necessary and expected outcome of trade liberalization, the globalization process and of increased international economic integration and competition. Enhanced trade, to the optimist, indicates expanded markets for some Canadian-produced products. It also implies an ability on the part of resident firms to compete on a larger international economic playing field. But it too favours certain locations as well as specific sectors.

To others the shift in trade flows has the potential not only to partition the Canadian urban system but to undermine the implicit social contract that binds regions in Canada together (Courchene and Telmer 1998). That social contract, as a bridge over earlier fault lines, is embodied, for example, in longstanding federal-provincial programs of equalization and transfer payments, shifting capital and wealth from “have” to “have-not” regions, while at the same time discouraging labour migration. Such payments are a form of *quid pro quo* exchange for traditionally high tariff walls against imported manufactured goods and other commodities - walls that are now much lower or simply no longer exist. This part of the social contract could come under renewed pressure and criticism.

Other aspects of the social contract are also vulnerable to the above urban trends. Further metropolitan concentration imposes additional stress on the outdated balance - or imbalance - of political power and representation among regions and between urban and rural areas. The fact that we live within a fragmented system of local government inherited from our 19<sup>th</sup> agricultural past, and firmly embedded in the constitution, is now all too obvious and increasingly unacceptable. Certainly, the systems of governance that are currently in place are inadequate for managing an urban society. They are part of the problem

rather the solution. This is especially the case in an increasingly metropolitan-based society, with a large and declining periphery, that is facing new trade linkages and demographic realities, and heightened economic competition and uncertainty. What are the alternative forms of governance for such regions? What are the proper mechanisms for transferring resources for service provision from metropolitan areas to smaller centres?

The social transformations brought on by massive immigration flows from non-traditional sources are adding new dimensions of cultural “difference” - perhaps as new fault lines; perhaps as new opportunities - to our urban fabric. Old social contrasts at the national scale, for example, between rural-urban, east-west, French-English, core-periphery, are giving way to new dualities and pluralities: places that are large, diverse, and/or offer a high quality of life, and those with young and growing populations and many immigrants, standing apart from those having aging populations and few (or no) immigrants. Those few metropolitan areas receiving the bulk of immigrant flows are beginning to look, feel, talk and act much less like the rest of the country. What do these contrasts imply for maintaining levels of social cohesion, shared political identities and inter-cultural communication, and for achieving a consensus on planning priorities and public policy initiatives at national and local scales?

## **Conclusions**

The argument here is that the country’s present and future condition is best viewed through changes in its urban regions, cities and towns, as a collective entity, and through the lens provided by the concept of the urban system, all set within a changing global context (Marcuse and van Kempen 2000). This approach does not mean that we should ignore rural areas and the nation’s periphery. Rather it suggests that we approach the issues facing those regions through the framework provided by the country’s territorial organization as an urban society. The changes in the Canadian urban system outlined above, and the implications cited, provide part of the reflexive context of change within which planners and policy-makers at the local and regional levels must work.

That system has indeed undergone substantial changes, but it has not as yet changed nearly as rapidly as the processes that have shaped it have changed. Moreover, each of the components of change, although related, has its own dynamic, its own geography, and its own consequences. The demographic transition, population aging, and high levels of immigration, have transformed the nation’s population dynamics, and altered the trajectory and character of growth for all cities and regions. Economic restructuring, an expanded services sector, new technologies, and the reorientation of trade flows to continental destinations, have added an overlay of pressures that are reorganizing the nation’s economy and weakening the ties that bind the urban system together. Our

structures of governance, however, remain frozen in an earlier and out-dated paradigm.

Based on some indices the urban system seems to be fragmenting along new fault lines, through differential population growth, demographic growth and immigration, and through increasing international competition and trade. Whether this is permanent or not remains to be seen, but what is clear is that the geographies of economic and demographic change have become more uneven. The challenge of managing the national periphery, as in other countries, will remain of paramount concern, in economic, social and political terms (Gradus and Lithwick 2000). Moreover, the urban system has built-in dynamics that will largely define future directions of change. Contrasting spatial demographics (e.g. age of population and immigration) will determine future urban growth; differences in economic structure will attract or repel investment; quality of life will become more of a comparative advantage. Our cities and emerging urban regions, as a result, will become more varied and perhaps more internally polarized. Certainly, some cities will become larger and more diverse; others will become smaller, older and likely less socially diverse.

New patterns of difference - new fault lines - do indeed seem to be emerging, especially within urban Canada. The winners in this context will be those urban places, and their immediate hinterlands (or zones of influence), that are larger, are plugged into the continental and global economy, are the destinations of immigration flows, have younger and more diverse populations, proximity to certain environmental amenities, and have reasonable access to high-order public goods and services.

For planners, metropolitan dominance at the national scale intensifies the problems faced at the local level, in both growing and declining regions. And, the continued dispersion of growth at the regional scale - the metropolitan shadow effect - even in slow-growth regions, strains the fiscal and administrative capacity of municipal governments and regulators to respond. Virtually none of the emerging metropolitan regions has anything approaching an effective government agency or elected public authority that is seriously attempting to manage growth. Most are dependent on the whims of provincial governments that are often mesmerized by other priorities, and on individual departments that typically act as if they operate in isolated silos. No one, it seems, is taking collective responsibility for our urban future.

In sum, for urban planners and policy-makers the future promises even more challenges in accommodating the variability and unevenness of urban growth and change. The contrasts between rapid growth and sharp decline, and the difficulties of adjusting for the inequalities - in wealth, opportunity and quality of life - are likely to increase. Charting the future for individual places first requires that we try to understand the dynamics of the urban system - the national,

continental and global systems - of which those places are an integral part. Finding local and regional solutions to current and future urban issues requires an understanding both national and global inputs.

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## **Notes**

<sup>1</sup> These arguments are developed in more detail in a recent paper by the authors (Bourne and Simmons 2002).

<sup>2</sup> There are several possible explanations for the differences between US and Canadian metropolitan area statistics. The US Census traditionally has used a smaller minimum size threshold for the population of the urbanized core (50,000) than does Statistics Canada (100,000) for identifying a metropolitan area (both require 100,000 total population); and the building blocks used for delimiting US metropolitan areas are entire counties rather than the smaller census subdivisions (CSDs) used in the Canadian census. This means that there are fewer CMAs in Canada than would be the case using US definitions, and those CMAs are typically less geographically extensive than their American counterparts.

<sup>3</sup> The construction of the MIZ classification is based, in theory, on several measures of interaction and accessibility, but in practice relies almost exclusively on the use of commuting data (see McNiven, Puderer and Janes 2002).

<sup>4</sup> This data base, which follows recent immigrants after they arrive in the country, is maintained for Citizenship and Immigration Canada by Statistics Canada.

<sup>5</sup> The most energetic and well-known provincial programs for attracting and retaining immigrants are those in Quebec and Manitoba.

<sup>6</sup> The country's 25 census metropolitan areas had a net loss of domestic migrants of 62,000 persons in 1986-91 and 156,000 in 1991-96, but a net gain of 40,000 in the most recent census period.

<sup>7</sup> A current example of those challenges is the Ontario Government's attempts to develop a Smart Growth strategy for all regions of the province.

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