

Coping with Canadian federalism: the case of the Federation of Canadian Municipalities

Don Stevenson and Richard Gilbert

Abstract: Since the early 1960s, the only pan-Canadian association of municipalities has evidenced two decades of decline followed by two decades of growth. This paper analyzes the association's decline and the growth in the context of the changing position of municipalities with Canada, particularly Quebec municipalities. Examination of the association's recent history provides useful insights into how Canada's municipalities cope with Canadian federalism. It provides lessons as to how best to prosper as a pan-Canadian organization concerned with what are mainly matters of provincial interest. The paper's theoretical contribution includes reference to the nature and roles of interest groups in Canadian federalism and to the application of structural contingency theory.

Don Stevenson is a former deputy minister in the Ontario government, responsible at different times for municipal affairs and intergovernmental relations. He was president of the Institute of Public Administration of Canada in 1978-1979. Richard Gilbert, now a consultant on energy, transport, and urban issues, was a municipal councillor in Toronto from 1976-1991 and president of the Federation of Canadian Municipalities in 1986-1987. Communications about this paper should be addressed to him at richardgilbert@sympatico.ca. This paper is an updated version of part of a 1999 report entitled "Municipal Associations," supported by the Canada Information Office and prepared for the project "Patterns of Association in Canadian Civil Society: Linguistic Relations in Non-governmental Organizations." Research for that report and this paper was carried out through interviews with current and past leaders of FCM and experts on Canadian local government, and review of FCM's published and unpublished documents. We are deeply indebted to all who helped us with this work, and for comments on earlier drafts of this paper by David Cameron, Anthony Perl, and an anonymous referee.

In the mid 1960s, Meisel and Lemieux studied the Canadian Federation of Mayors and Municipalities (CFMM) as part of the research completed for the Royal Commission on Bilingualism and Biculturalism. (1) They examined how CFMM was coping with tensions in the Canadian federation and concluded it was not coping well, largely because it was failing to accommodate growing nationalism in Quebec. Today, criticisms of what is now the Federation of Canadian Municipalities (FCM) would more likely relate to a newer tension in the Canadian federation: that arising from the growing importance of the largest cities. This article discusses what happened between then and now, and concludes that while CFMM-FCM did not adapt well in the 1960s and 1970s, it has managed in the last two decades to play a constructive and increasingly successful role.

Municipal governments in Canada and their associations

There were 3,726 municipal governments in Canada in March 2005, down from about 4,400 in 1997, mainly because of amalgamations in Ontario and Quebec, and from about 4,600 at the end of the 1960s. The structure and average size of municipalities vary widely from province to province, reflecting history and geography and the different ways provincial governments have exercised their constitutional control over local governments.

In most Canadian provinces, municipalities have a large degree of autonomous responsibility for most “hard” local services, including provision of water and sewage services, garbage collection and disposal, and roads. Larger municipalities and many smaller ones are also responsible for fire protection, policing, recreational activities, licensing and inspecting, planning and zoning, public transit and a range of community amenities. Municipal responsibility for social programs and services varies from province to province.

The prime revenue source for municipal governments in Canada is the property tax. Other locally generated revenue comes mainly from licences, fees, and user charges. Conditional and unconditional grants by provincial governments, the second largest source of municipal revenues, are declining in relative importance in most provinces with the progressive disentanglement of provincial-municipal responsibilities. In recent years some provincial governments have engaged in explicit sharing of what had been provincial revenue sources, e.g., gasoline and hotel taxes.

As Canada has urbanized (or, more precisely, “suburbanized”), and especially since the mid 1960s, provincial governments have changed local government structures from the forms originally established for more rural societies. Restructuring initially involved establishment of upper-tier regional or metropolitan governments for urban areas, particularly in British Columbia, Ontario, and Quebec. In the last two provinces, a more recent trend has been creation of large single-tier municipalities, with the present Cities of Toronto and Ottawa being conspicuous among many examples. (2) Elsewhere, single-tier local governments have remained the norm. As well, adaptations have been made to the traditional two-tier county systems in more rural areas.

Since 1990, several provincial governments have undertaken legislative changes to provide greater autonomy for municipalities, allowing action on local matters without specific provincial authorization. In spite of these moves towards more municipal autonomy—which followed fifty years of growing municipal dependence on provincial governments—local government in Canada remains heavily dependent on the legislative, program policy and financing decisions of provincial governments. All provincial governments have ministries primarily devoted to municipal affairs with responsibility for overall municipal legislation and the conduct of relations with municipalities. Most other provincial ministries in most provinces have programs that directly affect municipal activity.

Each province has had for several decades at least one municipal association whose main objective has been advancing the interests of its membership with the provincial government and

agencies. Because larger and more urban municipalities have different points of view from smaller and more rural municipalities, some provinces have two or more municipal associations. In New Brunswick, Ontario, and Manitoba, there are separate associations for primarily francophone municipalities.

Some municipalities belong to more than one municipal association within their province. Some 1,100 municipalities belong to both a provincial association of municipalities and the national body, the Federation of Canadian Municipalities.

The Federation of Canadian Municipalities

Canada's first national association of municipalities, the Union of Canadian Municipalities, was founded in 1901. It merged with the Dominion Conference of Mayors in 1937 to form the Canadian Federation of Mayors and Municipalities (CFMM). This was done in reaction to the financial crisis experienced by local governments during the Depression. CFMM was renamed the Federation of Canadian Municipalities in 1976 (Fédération canadienne des municipalités in French; FCM in both languages). (3)

FCM is not a federation of constituent associations but an association of 1,117 individual municipalities, including all the major cities in Canada. Seventeen provincial-municipal and territorial-municipal associations are affiliate members of FCM. (Appendix A to this paper provides a note on FCM's membership.)

FCM's prime purpose is to promote the advancement of municipal government in Canada. It serves as a forum for the exchange of views among elected municipal officials, acts as the representative of the municipal government viewpoint in Canada, and pursues specific issues of municipal concern with the federal government. It achieves these purposes through an extraordinarily active program of board and committee meetings, conferences, special workshops, seminars and other forums, production of policy papers and other publications, and, above all, representation to federal departments and agencies on programs and legislation that have a municipal impact. FCM acts as the representative of Canadian municipalities internationally and organizes programs of international co-operation among municipalities, as well as inter-municipal partnerships within Canada.

FCM is governed by a board of directors comprising 74 elected municipal officials, which for 2005-2006 includes 15 francophone directors and 22 directors from Canada's large cities. The board's executive committee comprises 14 members, including two or three from each of the five major regions of the country and one representing each of rural associations, northern associations, and large cities. The five national officers rotate among the five regions. For example, at any given time one and only one of the president, first, second or third vice-president, and past president is an Ontario mayor or councillor.

FCM's permanent staff of 120 is led by a chief executive officer (formerly executive director). About a third of the staff work in FCM's international office.

Two decades of decline

A pivotal event in the history of CFMM-FCM was the withdrawal of Montreal's membership in 1961. It precipitated a vicious cycle involving loss of membership and loss of influence that lasted until 1982.

Meisel and Lemieux concluded that CFMM was not adapting well to Quebec's Quiet Revolution. Perhaps the most important of several contributing factors was the personality of long-time executive director George Mooney. He was described by Meisel and Lemieux as "a person of exemplary goodwill insofar as [English-French] relations were concerned." He "spoke both languages, assured the publication in both languages of the association's literature, and saw

to it that the Federation was one of the earliest pan-Canadian organizations to translate the speeches of its members at conventions. He was linguistically aware, but insensitive to the different objectives sought by members belonging respectively to the two ethnic groups and he therefore failed to perceive the need to alter his own centralist outlook and that of his Federation.” (4)

Another factor was the growing unrepresentativeness of the leading francophone members of CFMM. They were, according to Meisel and Lemieux, “in their mid-sixties, on the whole, men of the old school, out of touch with much of what was happening in their own province.” They were being replaced in their municipalities by “new mayors, caught up in the nationalism which made many Quebeckers wish to endow their provincial government with additional powers (often at the expense of Ottawa).” [5] The new mayors did not deny the usefulness of CFMM as a clearing house or research body, but they were more in tune with provincial imperatives than with the organization’s continued pursuit of aid from the federal government.

The result was insensitivity within CFMM to the emerging quest for more provincial autonomy in Quebec and to the growing disinterest in securing better federal treatment of local government across Canada.

George Mooney died in 1965 after 27 years as executive director of CFMM. Several persons held the position between then and 1982. None was able to inspire the board of the day to address effectively the waning size and influence of the organization. Membership loss became particularly pronounced during the 1970s. At the lowest point, in 1981, only 176 municipalities belonged, compared with over 300 in the 1960s and more than 1,000 today.

CFMM’s rapid loss of membership during the 1970s—of municipalities of all sizes—was in part due to its perceived closeness to the Ministry of State for Urban Affairs (MSUA), established by the federal government in 1971 in response to growing North American concern about the condition of cities. MSUA upset just about everyone except interested academics and CFMM. It irritated provincial governments because of intrusion into what was constitutionally a provincial domain (chiefly Quebec) or because it had little influence in Ottawa. It nevertheless upset other federal departments, for example transport, because of intrusion into what had been longstanding relations with municipalities on specific issues such as railway crossings.

MSUA fuelled municipal aspirations for increased autonomy and for larger shares of public funds by organizing three so-called tripartite conferences (in Toronto in 1972, Edmonton in 1973, and Montebello, Quebec, in 1976). The second of these conferences led to establishment of the Task Force on Public Finance, chaired by John Deutsch. The report of the Task Force was a seminal account of how public finance had changed in Canada. (6) According to the response of what was now FCM, entitled *Puppets on a String*, the report’s data pointed to imminent municipal decline across Canada, a consequence of insufficient funding and undue dependence on provincial governments. (7) Led by Quebec, the provincial governments declined to participate in the Montebello meeting.

These events heightened concern about FCM’s effectiveness. At the 1976 annual conference, held in Vancouver, the organization’s president said FCM “suffers from a credibility gap”. An October 1976 report for the Toronto-based Bureau of Municipal Research characterized FCM as “feeble and ineffective” but nevertheless worth saving. (8)

It was not merely the positions FCM was taking. Its acceptance of financial support from MSUA was seen as compromising. CFMM-FCM was seen as pushing that minister’s agenda rather than its own, even though in many respects the agendas were similar.

Leading figures within CFMM had responded to the evident decline in CFMM’s membership and influence in the early 1970s. The organization was restructured in 1972 to ensure the

representation of larger municipalities on the board of directors. It did not work. A further reorganization in 1973-74 sought to strengthen understanding of federal-provincial-municipal interactions across Canada. This did not work. The Municipality of Metropolitan Toronto seconded staff to buttress the increasingly cash-strapped organization. The result may have been to retard the demise of the organization, but Metro's dominance was resented, and internal morale problems worsened.

FCM's only ally, MSUA, went into decline in the late 1970s. Its crowning achievement was the organization of the United Nations conference known as Habitat I, held in Vancouver in 1976. The conference's focus on housing set the scene for the federal government to limit its exposure to ever-contentious urban issues by narrowing its involvement to housing. The troublesome MSUA was disbanded and essentially absorbed by CMHC. The role of CMHC in program delivery petered out in the 1990s.

A new round of soul-searching in the late 1970s resulted in an unpublished 1980 proposal by consultant Eric Hardy that FCM should become a federation of provincial-municipal associations. The proposal found support only in Quebec, perhaps because its thrust was compatible with the Quebec government's position that its municipalities should not deal directly with federal entities. The Hardy report, designed to renew FCM, had the perverse effect of further fuelling dissent among the dwindling band of members. At one time, the only suggestion for positive action on the matter was that board members visit Washington D.C. to see how things were done there. The organization's nadir had been reached.

Considerations of the membership structure were crowding out attention to the real problems faced by FCM: its ineffectiveness and lack of a clear and acceptable mission. An unpublished 1980 report entitled *Management and Planning Capabilities in Small Municipalities*, prepared for FCM by consultants Woods Gordon, included the following:

"The Federation of Canadian Municipalities was rarely mentioned in discussions on the future roles of municipal organizations. FCM was often regarded as absent from the scene, unrepresentative of the small municipalities or a great disappointment in terms of its effectiveness. Some respondents could not think of a specific achievement or major position put forth by FCM. Others suggested that FCM's primary role should be in constitutional matters. One group of respondents indicated that FCM had failed as a "federation" and operated as yet another association without a clear mandate and a resource base.

"FCM has little force or presence, in the eyes of senior provincial and territorial officials. [It] is either:

- a) little known in terms of its mandate, activities and achievements, or
- b) regarded with some disappointment as a real "federation", as a body truly representative of small municipalities or as an effective association in lobbying, research and bringing about change." [9]

By 1981, the internal Task Force on Fees and Constitution, which had commissioned the Hardy report, had gained a new chair, Mayor Cecil Purves of Edmonton, immediate past-president of the organization, and a new consultant, University of Alberta political scientist John Kenwood. It became the Task Force on the Future Constitution, Structure, and Functions of FCM. In its work, the Task Force focused on what should be FCM's functions.

The Task Force sought to meet four objectives: (i) identify the major concerns of municipal governments across Canada; (ii) translate the concerns into goals for FCM; (iii) determine which services members and the provincial associations wanted FCM to provide; and (iv) work out what would be the best methods of reaching the goals and providing the services.

The main tool used in meeting the objectives was the *Municipal Action Survey*, which sought answers from FCM members to 24 questions. Question 5 asked about the possible roles of FCM in dealing with municipal concerns. Survey results suggested that FCM should, in order of priority:

- a) Direct more energy to lobbying at the federal and intergovernmental levels on municipal matters (particularly to achieve greater flexibility in federal policies and programs).
- b) Achieve formal representation for municipalities on federal and intergovernmental policy-making and administrative bodies.
- c) Improve FCM's function as a national forum for the exchange of views and information among municipal officials.
- d) Provide centralized information and policy research facilities.
- e) Provide better consultation services for members in their dealings with federal and intergovernmental agencies.

Conspicuously absent from this list were the two main objectives of CFMM-FCM over the previous two decades: securing more funds for municipalities and securing constitutional recognition. Securing more funds found an echo in the first of the above objectives, but with an emphasis on ensuring flexibility rather than on more funding overall. Constitutional recognition and tripartism found an echo in the second objective, but it was more a question of municipalities being heard than gaining increased status.

John Kenwood first presented the *Municipal Action Survey* results at the March 1982 meeting of FCM's board of directors. At the same meeting, the board adopted its executive committee's recommendation that James W. Knight be hired as executive director.

The March 1982 meeting happened at a time of great constitutional significance for Canada. The agreement among nine provinces that led to patriation of the constitution had been struck in November 1981. The replacement of the *British North America Act* with the *Constitution Act*—which included the new *Charter of Rights and Freedoms*—was proclaimed in April 1982, without the consent of the Quebec government. Municipalities in Canada retained the same subordinate status under the *Constitution Act* as they had under the *BNA Act*.

The November 1981 deal closed the door on municipal aspirations for recognition in the constitution as a level or order of government. The matter was off the agenda, freeing FCM to focus on matters of more interest to members across the countries and of less potential controversy within Quebec.

Two decades of growth

Nineteen eighty-two was a pivotal year for CFMM-FCM in that membership had fallen in most years of the previous two decades, and was to increase in almost every year of the subsequent two decades. In retrospect, Knight's appointment was an obvious turning point, but several other factors may well have contributed.

Although membership had continued to fall in the period before 1982, there were signs that support for FCM by remaining members was strong. The annual conference in Halifax in 1980 set a record for attendance, with representation from three quarters of the membership and a delegate count that was 24 per cent above that for the previous year. Halifax is usually one of the most popular annual conference locations—the 1988 and 1999 conferences there also set attendance records—but the degree of participation in the 1980 event was nevertheless extraordinary considering the apparent disarray of the organization at the time.

FCM was finding its *raison d'être*. The direction indicated by the results of the *Municipal Action Survey* was clear: focus on delivering value to members rather than on fruitless and divisive quests for constitutional recognition or on arcane rearrangements of the membership structure.

Another factor was the enthusiasm and skill of members of FCM's board of directors. The board was especially well led by the then Mayor of Quebec City, Jean Pelletier, who was president of the organization during the critical year between the annual conferences of June 1982 and June 1983. An aggressive and effective membership campaign was launched that reached into every part of the country, set clear targets, and made good use of existing members. Several larger municipalities helped the campaign by contributing additional funds beyond their membership fees. The president was able to report to the 1983 annual conference that FCM had experienced its first net gain in members since 1975: 25 new or returning members, but still 15 withdrawals.

Membership increases continued. By the fiftieth anniversary of the founding of CFMM in 1987, FCM had almost 350 members now including the City of Montreal. Jean Drapeau, the Mayor of Montreal who had taken the city out of the CFFM in 1961, had retired in 1986. Among the first acts of his successor, Jean Doré, was leading the new council to rejoin FCM. This was no federalist gesture—Doré had been René Lévesque's press secretary—but rather a practical move that acknowledged the continuing importance of the Government of Canada for Montreal and the advantages of dealing with that government through a strong municipal organization as well as through the provincial government.

Part of the attraction of FCM for the City of Montreal was the emergence in this period of the Big-City Mayors Caucus within FCM. It met the need of the mayors of Canada's dozen or so largest cities to meet regularly, share common problems and approaches, and apply collective pressure as required on matters such as gun control (more an issue of the late 1980s) and homelessness (an issue of the 1990s). Although FCM's Big-City Mayors Caucus has served the mayors well—and also served FCM well in that it has sustained the organization's membership—its actions have brought their own problems. For example, pressure by the mayors for federal action on social policy issues can run counter to Quebec's insistence that such matters are entirely a provincial prerogative and, as a consequence, put the mayor of Montreal in a difficult position. (The Big-City Mayors Caucus now has 22 members.)

Several other matters of significance for FCM happened during 1986-1987. As a symbol of its intention to continue and grow, the organization gained a permanent headquarters with the purchase and renovation of a prestigious and now entirely functional historic building in Ottawa's Byward Market area. CFMM had moved its headquarters from Montreal to Ottawa in 1967, after having established a branch office there in 1960. The organization had been in several rented premises since the move.

FCM's International Office was established in 1987 as a major operation with a budget that at times has exceeded that of the rest of the organization's activities. The proposal for the International Office was debated across three meetings of FCM's board during 1986-87. Opposition came chiefly from Quebec members. They were concerned that money flowing from the federal government for international activities could resurrect the earlier-held view that the organization was an arm of the federal government. There was also the matter of a Quebec statute that forbade acceptance of federal funds by Quebec municipalities, even to facilitate the sharing of Quebec's municipal expertise with cities in developing countries. These difficulties were addressed to the satisfaction of all concerned, including the Government of Quebec, and Quebec municipalities began to participate with municipalities across Canada in what has become an extensive program of international municipal cooperation.

Permanent headquarters and an international office were useful symbols of permanence, but it was the practical gains that FCM was able to point to that made for successful recruitment of members.

Most important in terms of demonstrating FCM's strength was its success in the late 1980s in negotiating a 57-per-cent rebate in municipal liabilities for the forthcoming Goods and Services Tax (GST). This meant in effect that municipalities paid three per cent rather than seven per cent on most of their purchases. The rebate saved municipalities more than \$500 million annually. It would not have happened without FCM, which moved quickly to include this success among the examples of the benefits to municipalities from having a national organization.

Other successful negotiations with the federal government concerned prevention of threatened increases in licence fees for the radios used by municipal operations and of a threatened end to the preferred status of creditor municipalities under the *Bankruptcy Act*; the end of overcharges by railways for the maintenance of grade crossings; and reductions in postal rates for the bulk mailing of municipal tax and utility bills.

In the mid 1980s, FCM organized a survey of the condition of Canada's municipal infrastructure. The survey, conducted by works commissioners across Canada, showed that a large backlog had developed in the maintenance and renewal of local roads, bridges, and water and sewer systems. Several causes were identified, including inadequate planning on the part of municipalities and counterproductive funding arrangements on the part of provincial governments. Whoever was to blame, there clearly needed to be an infusion of funds to allow for a catching up of maintenance work. FCM argued that there was a clear federal interest in ensuring that something as fundamental as the nation's infrastructure be kept in good order.

FCM's campaign for an infrastructure program was unsuccessful during the 1980s, one of the organization's few failures after 1982. The campaign was renewed during the 1990s and was eventually implemented in two phases, with FCM playing a key role in their design and implementation. FCM was able to help channel federal funding to municipalities across Canada in a manner that avoided the opposition of the provinces. A later success has been the Green Municipal Funds program, for which the federal government has given FCM \$250 million to support municipal government action to cut pollution, reduce greenhouse gas emissions and improve quality of life.

FCM's large increase in membership during the 1980s, its numerous successes, and its growing reputation for effectiveness allowed the organization to survive the early 1990s, which were some of the most difficult years for municipalities in Canada. The main problem was a major recession in most parts of the country, the deepest since the 1930s. The recession's impact on municipalities was exacerbated by systematic additions to their financial responsibilities resulting from cutbacks in provincial transfers and downloading of service responsibilities. For FCM (and the other municipal associations) there was an additional problem posed by amalgamations and consolidations, which tended to reduce the numbers of municipal members and, in some cases, the income from membership fees. Notwithstanding the numerous difficulties, FCM continued to gain net membership during the 1990s and into the new century.

In the last two decades, FCM has overcome most of the earlier criticisms related to the role of the French language and of Quebec representatives in the organization. Within the administration of FCM, the two official languages have become essentially equivalent. French is heard at FCM's offices almost as often as English; no official documents are in one language only. At conferences, workshops, and board and committee meetings, the predominant language is English, reflecting the balance of the languages within Canada, but simultaneous interpretation is almost always available, and French is used readily. The acid test has been the presence over the

last several years of one or more unilingual francophone members of the board of directors who have felt a high level of comfort when participating.

A unilingual francophone councillor would have been unlikely to have sought membership of FCM's board before the mid-1990s. Had it happened, it is doubtful the comfort level would have been as high. There is still reluctance among Quebec mayors and councillors to put themselves forward for board membership, for language reasons, but the reluctance manifestly lessens with the passing years.

Part of the comfort level of Quebecers with FCM arises from the structure of the organization. One of its five table officers is always from Quebec. In one year, a Quebecer will be third vice president, in the next year, second vice president, and so on through first vice president, president, and past president, with slight adjustments for the timing of municipal elections and other matters. The current relative regularity of accession of Quebecers to the FCM presidency—Quebec presidents, all francophones, were elected in 1978, 1982, 1987, 1992, 1998, and 2003—is in sharp contrast with the previous few decades, when Quebec presidents of CFMM were elected only in 1953, 1962, and 1971 (again all francophones).

Matters of Canadian dualism other than language have rarely raised themselves in FCM's discussions in recent years. The leadership of FCM has become skilled at focusing the attention of the organization on matters of concern to municipalities throughout Canada. The everyday predicaments of Quebec municipalities are hardly different from those of their counterparts in Nova Scotia, Saskatchewan or British Columbia. Once the mission of FCM had been clarified in the early 1980s, it became much easier to steer activity away from matters that invoke the differences between Quebec and the rest of Canada and towards areas in which Canadian communities face similar challenges.

The role of the executive director

James Knight became executive director in 1982 (now titled chief executive officer) and FCM has prospered since then. The personality and skill of the executive director of an organization such as CFMM-FCM are profoundly important, but there are other factors at play too.

It may be reasonable to argue that in 1982 the organization had nowhere to go but up. Membership was down, perhaps beyond the point of viability, morale was low, the organization had had no recent successes, and there seemed to be none on the horizon. The leaders of the organization saw the absolute necessity of a turn-around, and that it had to be based on a more acceptable definition of FCM's objectives and on an aggressive membership campaign. Knight was hired to implement what the Board had already set in motion, in part for his evident skills, but mainly because a fresh face was needed for the organization.

Knight soon proved himself to be a master organization builder with unusually well-developed sensitivities as to the nuances of both Canadian federalism and the aspirations of municipal governments. As an organization builder he saw the need for members, members, and more members. They would come, above all, through visits by representatives of member councils to non-member councils at which the many advantages of membership could be explained. This meant having a strong case and strong staff support, both of which Knight supplied. He also saw the need for symbols of permanence—hence the move to purchase the present headquarters building—and for a major expansion of activities, hence the establishment of the International Office. Above all he saw the wisdom of ensuring that the board of directors felt it was leading the organization, not the executive director.

Knight's handling of Quebec issues was especially deft. He understood well that Quebec was not like the other provinces, and he understood equally well just how far this view was shared in the rest of Canada. The strength of the opposition in Quebec to establishing FCM's International

Office provided a powerful lesson, if one was needed, as to how matters concerning Quebec had to be handled.

Knight also engaged the federal government with skill. Without a single federal department with responsibility for municipal or urban issues, the leadership of FCM, and in particular the executive director, requires considerable understanding of which of the many levers to pull in Ottawa and when and how far they should be pulled. A dozen or more departments must be monitored with economy and sophistication, as well as numerous federal service-providing agencies such as the Post Office and regulatory agencies such as the Canada Radio-Telecommunications Commission. Not the least important is the need to follow closely the activities of parliament and its many committees. In addition, Ottawa is a prime focus of a large number of other bodies whose activities have an impact on municipalities.

Having said this in Knight's favour, we should note that FCM was unusually ready for growth. Comparable organizations—e.g., the Union des municipalités du Québec—grew at this time. The growth may have been greater with Knight than it might have been with another executive director, but FCM would surely have grown, or died.

Knight's particular value to FCM was during the 1990s, when fierce storms buffeting Canadian municipalities were weathered. The strength and effectiveness of the administration he had built during the 1980s, led by what was now an extremely experienced leader, were invaluable to FCM. The combination enabled the organization to thrive in difficult times, although it has attracted some criticism that the organization has become overly prudent and cautious. The robust survival of FCM during the difficult 1990s made it possible to think about new roles for the organization.

Also significant, and in considerable measure due to Knight's skills, is the continuing satisfaction of the largest municipalities with FCM at a time when they are leaving provincial-municipal associations. Toronto is no longer a member of the Association of Municipalities of Ontario. Montréal and Longueuil have left the Union des municipalités du Québec. All remain members of FCM. Smaller municipalities are also satisfied with FCM; they have comprised most of the recent increases in membership.

Analysis and conclusions

Lessons learned: structure and process

In their introduction to the 1998-1999 State of the Federation report of the Queen's Institute of Intergovernmental Relations, Lazar and McIntosh concluded that solutions to Canadian issues are more likely to be achieved through "low politics" rather than the "high politics" of national constitution or tax-sharing negotiations. (10) FCM has done just that, switching from the "high politics" of the 1970s to the pragmatism of the 1980s and the 1990s.

FCM in the 1970s tried to negotiate with the federal and provincial governments on the macro level on the highly symbolic issues of the constitution and overall revenue sharing. As Skogstad and Coleman might have predicted in their analysis of interest groups and public policy, (11) such negotiations led to much symbolic posturing with few positive results for the municipal sector. FCM became involved in the constitutional exercise with a position contrary to that of Quebec and to a lesser extent, that of the other provinces. The attempt by FCM to involve itself and the municipalities—when the federal government and the provinces were focused on trying to find an accommodation between Quebec and the rest of Canada—was doomed to failure.

The eleven negotiating governments were at the same time trying to fend off demands by other groups, such as aboriginal and women's organizations, to play a direct role in the constitutional process. To have allowed these groups or the municipalities into the constitutional

process would only have magnified the difficulties of trying to find an accommodation with Quebec. Thus, the constitutional venture by the FCM was essentially undertaken without allies among federal and provincial governments. Although the venture may have had the marginally beneficial impact of raising the profile of the FCM, it undermined the FCM's position with the provincial governments, the municipal associations in Quebec, and with many of its own members, especially in Quebec.

Much the same result came from the FCM's emphasis through the trilevel negotiations on federal-provincial-municipal revenue sharing. The FCM had no allies among the federal and provincial governments on this issue—not even the Ministry of State for Urban Affairs—and no beneficial outcomes resulted for the municipal sector.

When FCM began to switch its policy priorities in the 1980s to, in Coleman and Skogstad's term, the meso level, by negotiating on sectoral issues, and when the provincial associations of municipalities restricted their lobbying efforts to provincial governments, they all began to obtain more productive results. By concentrating in the 1980s and 1990s on issues where the federal government had direct responsibility and could act pragmatically—e.g., the GST and payments in lieu of federal taxes—FCM succeeded in negotiating direct benefits for its members and for the entire municipal sector. In the case of the municipal infrastructure program in 1994, FCM was able to assist the federal government with the implementation of a campaign promise in a manner that avoided the opposition of the provinces and yet was of great benefit to its members. In the case of municipal international cooperation programs, FCM has been able to use its expertise and legitimacy to help deliver a program that the federal government would be unable to undertake directly without opposition from Quebec and other provinces.

By declining to become involved in matters within provincial jurisdiction, the FCM has adapted itself to the changing political context in Canada. It has assisted in reaping the benefits—set out in Coleman and Skogstad—of a disaggregation of the state and a new form of governance in which more public policy decisions are made at the local level, often involving non-governmental actors.

With FCM no longer focusing on constitutional battles, provincial associations of municipalities have been able to engage more constructively with provincial governments in the definition of new frameworks for provincial-municipal relations and more autonomous roles for municipal governments. Beginning with Alberta's *Municipal Government Act* of 1992, many provinces have adopted or are now adopting, in collaboration with municipal associations, municipal legislative frameworks akin to constitutional charters. The FCM did raise once more its continuing concern for different wording concerning municipal governments in the constitution at the time of the Charlottetown Accord in 1992, but the matter was not pressed strongly.

Along with the decentralization of power in the Canadian federal system, there has also been a trend within governments away from departmentalized decision making and towards more overall institutionalized decision making. This has had a profound impact on most provincial associations of municipalities, although perhaps not as much for the FCM. In the provinces it has put a premium on the ability of an association to monitor, influence and adapt to overall government policies and central government agencies. The reduction in the importance of conditional grants and departmental legislation affecting municipalities has reduced the influence in provincial-municipal bargaining of sectoral or professional organizations. In several provinces—Ontario is the prime example—amalgamations of municipal associations have occurred with the result that the combined association has had a greater impact on overall provincial policies and programs.

Unlike many other national organizations, FCM has not only held together but has strengthened since the 1960s. It has changed from an organization within which English was the rule, with some bilingual services, to an almost completely bilingual organization in which a

unilingual francophone is almost as comfortable as a unilingual anglophone. FCM has made significant gains in respect and influence during the last two decades as the Canada-wide voice of municipalities. When it counts, Quebec members have been at the forefront of FCM initiatives and approaches to the federal government. Unlike the 1960s and 1970s, there is now almost no sign of conflict between FCM and the provincial associations of municipalities. FCM stays close to federal issues and never deals with a provincial government or issue without dealing through the respective provincial-municipal association. Also unlike the 1960s and 1970s, there is little questioning of the value of FCM among its members or non-member municipalities.

The years of growth of FCM since 1982 have shown the following:

- the importance of a clear mission, and of having programs that respond to the needs of the organization's members throughout Canada;
- the desirability of a clear distinction between the roles of the national and provincial associations of municipalities;
- the desirability of arriving at constructive accommodations with regard to membership and participation in response to the special circumstances of municipalities in different provinces (e.g., different forms of affiliation for provincial associations, for rural, big city and upper-tier governments, etc.); and
- the necessity of ensuring at least proportional representation of francophones and of Quebec—as well as of the other main components of the membership—in structures and practices such as the composition of committees and the location of meetings;
- the necessity of having policies and practices concerning the use of English and French by the organization both internally and externally so as to be representative of and credible to both language groups;
- the crucial role of leadership by the executive director (now CEO) and the volunteer board and executive committee, during years of both crisis and recovery;
- the necessity for the leadership to be sensitive to and adapt to the changing political environment in Canada and, in particular, to avoid becoming caught up in tensions between the federal government and the governments of Quebec and the other provinces;
- the futility of concentrating on symbolic “high policy” issues such as the constitution, tripartite organizations, and overall revenue sharing, which had the impact of losing potential allies and discouraging its own members;
- the productive benefits of concentrating on sectoral and program issues where there were clear benefits to the members;
- the importance of taking advantage of opportunities to work with the federal government in the public interest and in the interests of FCM members, without being seen to be co-opted by the federal government; and
- sophistication and restraint by all actors, leading to a workable *modus vivendi* in a tricky and controversial sphere, and avoiding pushing issues down to first principles or up to high politics.

This list of conditions for success is ordered according to the logic of structural contingency theory, discussed below, with the first five lessons exemplifying structural points and the others contingent or contextual points.

When CFMM-FCM failed to observe one or more of these conditions for success—as during much of the period 1962-1982—its existence was put in jeopardy and the organization became a cause of tensions in society rather than a bridge-builder between language groups and regions.

Structural contingency theory relates to how an organization adapts its structures and processes to achieve successful outcomes. (12) We have shown how FCM responded to the challenges of Canadian federalism and Quebec nationalism, to critical feedback from its members, and to threats to its very existence. The above conditions for success reflect how FCM clarified and adapted its mandate and organizational structure to accommodate Canadian duality and Quebec specificity. They point to how FCM attempted to reduce areas of uncertainty and unintended consequences in its complex environment by limiting its own activities to those that could be more certain of producing results. Not the least, they indicate how through astute leadership FCM took advantage of opportunities in a dynamic context.

Order of government or interest group?

In many ways, FCM acts as one of Canada's "interest groups", defined by Paul Pross as "organizations whose members act together to influence public policy in order to promote their common interest". (13) However, discourse about interest groups has hardly touched municipal associations, which have an unusual place in the body politic.

Their unusual position arises because municipalities are indeed governments, notwithstanding their constitutional subordination to provincial governments. (They are featured in the *Constitution Act* between provincial responsibilities for charities and those for pubs). As do federal and provincial legislatures, municipal councils comprise representatives elected at large to determine particular matters of public policy and the public interest. Municipalities engage in inter-governmental relations, albeit not as equals. They used to be more powerful. In the 1920s, municipalities' expenditures across Canada were larger than those of either the federal or provincial governments. In 1910, the City of Toronto alone spent more than the Ontario government, raising part of its revenue through subsequently abandoned personal and corporate income-based taxes. (14)

Municipalities, led by FCM, often refer to themselves as an "order" of government, denoting equality with other orders in importance of responsibilities if not in legal status. When in a supportive disposition, federal and provincial governments also use "order" (see Appendix B), but they are more like to position municipalities as an inferior "level" of government.

Because the federal government has no central ministry responsible for municipal affairs, the relationship between the FCM and the federal government depends on the development by the FCM of bi-lateral working arrangements with relevant federal agencies and politicians. There is a premium on being close enough to the decision-making process to know when and where the most effective interventions can be made.

Municipal associations also participate in policy development with governments in areas where they have particular expertise and where they or municipalities may be the implementers of federal or provincial government policies or legislation. The stronger associations—which have their own research staff or which can call on expert resources from their member municipalities—are in a better position to participate directly with governments in the formation of policy or legislation. The federal government, which has almost no internal expertise on municipal or urban affairs, has had to rely on the FCM, for example, in developing aspects of the municipal infrastructure program. The Canadian International Development Agency (CIDA) has depended on the FCM for the implementation of a part of its international cooperation programs related to urban or municipal issues.

All municipal associations are policy advocates on behalf of the municipal sector. They use various means to arrive at common positions and muster support to take to negotiations with the provincial or federal governments. Because the basic responsibility for municipal affairs rests with provincial governments, the provincial associations have a wider range of policy positions to consider than the FCM. Some of the provincial associations, notably the Union des municipalités du Québec, have or have had, as a consequence, a stronger research and policy capacity than the FCM.

Municipal associations are like other associations in that they provide services to their membership. These can include provision of information on matters such as innovative practices and emerging government policies and legislation, the organization of exchanges and tours, and the maintenance of a network of municipal officials working on common issues.

Thus, although municipal associations are interest groups, as in Pross's definition, they are also representative of the state. Their duality deserves scrutiny for the illumination it might cast on determinants of the behaviour of actors in a pluralistic society.

Current and future challenges

As we move through the world's first urban century, the Canadian federal system and its national municipal association face new challenges. In some respects, the issues that bedevilled FCM in the 1970s are coming back to haunt it thirty years later. Once again, the federal government is showing an interest in urban issues and is raising expectations of a new role for at least the largest municipalities on the national scene. There is talk of a "new deal for cities" that promises new revenue sources and even recognition of municipalities as a new "order" of government in the Canadian federal system. (see Appendix B) Once again, FCM faces the potential of being caught between a federal government anxious to have a presence "where the action is" and provincial governments set on protecting their jurisdictional turf.

The context within which FCM must operate has changed significantly since the 1970s. The federal government is now less involved in the day-to-day running of the country and more occupied with the crucial task of trying to reconcile domestic needs with increasing international pressures.

Most provincial governments have concluded that if municipalities are to undertake more responsibilities effectively they need to be large enough and sophisticated enough to plan and carry out a greater range of programs than heretofore.

Over the last 15 years, several provincial governments have enacted legislation to give more scope for local government action. Special legislation or charter status has provided greater autonomy for cities—notably Montreal, Vancouver and Winnipeg—including access to new revenue sources. Amalgamations, especially in Ontario and Quebec, have created more populous local entities.

Deregulation, downsizing and downloading of government programs in the 1990s resulted in increased pressure on local governments, especially those for urban areas, to assume more responsibility for the overall economic, social and environmental well-being of their communities.

The prospects for a constructive role for FCM within this new dynamic are better than they were in the 1970s:

- FCM has 20 years of proven ability to serve its membership and much more credibility than in the 1970s;

- there now appears to be greater awareness among Canadians that the health of our urban areas is key to the health of the country;
- there is a growing recognition among academic disciplines and other professionals that our institutions and analytical approaches need to better reflect the urban nature of our society; (15)
- there seems to be an even stronger desire among voters that governments work together on urban issues and what seems to be a greater intolerance of unproductive turf battles;
- free trade agreements and economic globalization appear to have lessened competition among cities and regions in Canada; and
- the importance of cities has been reinforced by support outside government (e.g., Conference Board of Canada, TD Bank, Canada West Foundation).

The basic challenge now facing FCM is that of maintaining what is now an impressively broad membership while accommodating the growing needs and assertiveness of Canada's largest urban areas. The Big City Caucus, now with 22 members, is increasingly a suburban caucus as well as an urban caucus and is unlikely to be used as an intermediary in negotiations by the larger cities. There appear to be growing criticisms that FCM's attempts to provide for all sizes and types of municipality mean that it serves none of them in the best possible way.

FCM can be of benefit to the larger urban municipalities in several ways. There are issues such as housing, immigration, international trade and treaty negotiations, as well as tax sharing and infrastructure funding, where FCM can help design and implement federal programs. FCM can provide forums to raise the level of knowledge and support in Canada for action to deal with pressing urban issues. FCM can assist larger cities and their provincial associations as they attempt to arrive at improved arrangements with their provincial governments. And FCM can ease the way for larger cities to engage in tripartite negotiations or direct negotiations with the federal government to deal with specific issues. These activities imply that FCM would place less emphasis on advocacy and on resolutions that treat all municipalities equally and concentrate more on advocacy and services that support individual municipalities and groups of municipalities. Above all, this implies stronger roles in conducting research and disseminating information, and a strengthening of its international capacity.

When MSUA was abolished in 1979, the most important source of funding and ideas in urban research in Canada was lost. Although there are various institutions in the country carrying out urban research, they have not yet become central to the policy-making process. Several organizations that used to concentrate on Canadian urban issues have become increasingly dependent on funding by international co-operation agencies and have shifted their focus to urban issues in the developing world. FCM has never been heavily research-oriented, but there is a gap that it is in a good position to help fill. Recent work on comparative municipal government, (16) poverty (17) and sustainable communities (18) suggests that FCM is already moving to strengthen its capacity to carry out and commission research and to exchange information.

Part of its research and dissemination roles could involve being a clearing house for information about relevant decentralization programs and municipal activities in other countries. Municipalities in Canada can learn much from innovations elsewhere as cities are take on new responsibilities and develop new sources of revenue. This would build on FCM's growing participation in increasingly active international municipal forums, enhanced by there being no federal minister directly responsible for local government issues. (19) The growing international presence reflects the growing number of global issues that require action at the local level, notably implementation of the Kyoto Protocol on Climate Change. It also implies that the international activities of FCM should increasingly be focused on areas where there are direct

benefits for Canadian cities and local governments, in addition to the current focus on development programs.

Greater federal participation in municipal issues over the next decade could well improve the position of individual municipalities in Canada but cause many challenges for FCM as it navigates a new set of intergovernmental relationships. Caution, pragmatism, hard work and attention to the membership were behind the successes of FCM during the last 20 years. These are still relevant virtues, but the conditions in mid-2005 are also ripe for FCM to be at the leading edge of a more fundamental change in Canada's intergovernmental relationships as cities take on new and more autonomous roles at the heart of Canadian decision-making.

Appendix: A note on FCM's membership, particularly the share held by Quebec municipalities

The actual membership strength of CFMM and now FCM has been an elusive matter. Records are surprisingly incomplete. Available numerical information reflected more the needs of the time—to demonstrate membership loss or, more usually, gain—rather than concern to provide a valid series of usable data. There are several complicating factors, not the least is the vast disparity among municipalities and the various methods that have been used to weight their relative importance. Should a city of 500,000 residents count the same as a village of 500? And, if it counts for more, how much more?

FCM has often attempted to allow for such disparities by presenting its membership as representing a percentage of the population of Canada. This has brought its own exaggerations. Meisel and Lemieux (20) took CFMM to task for suggesting that its members represented 80 per cent of Canada's population, a percentage achieved by including municipalities not belonging directly to CFMM and who participated in its activities only through membership in an affiliated provincial association. They said FCM's use of the term "represent" had stretched its meaning "beyond tolerable limits." Today, according to FCM (with much less likelihood of contradiction), 82.6 per cent of the total Canadian population live in FCM member municipalities.

We sought to pierce the historical confusion so as to assess the relative weight of Quebec members, which we took to indicate the extent to which CFMM-FCM has been a national organization. Our attempt suggested that this weight within the organization has fallen slowly and steadily over the last five decades from being over-represented in relation to Canada's population in the 1950s to being under-represented today. Now, 18 per cent of FCM's members are Quebec municipalities. A weighting by municipal size would bring this up above 20 per cent but below the 24 per cent that was Quebec's proportion of Canada's population at the 2001 census. Two events interrupted the steady decline in share: the withdrawal of Montreal in 1961 and its return in 1986.

It should be stressed again that the decline has been *relative*. As CFMM-FCM's overall membership weight has fallen and then risen, so has the membership from Quebec. Indeed, the current level of membership from Quebec, while being relatively the lowest for decades is also absolutely the highest, at 196 municipalities.

This longer view suggests that the decline in Quebec's participation in CFMM-FCM in the 1960s and 1970s was not so much the result what the organization did or did not do in relation to Quebec at the time as the result of two other factors. One was the decline of the organization as a whole during this period. The other was the manifestation in the municipal area of the very gradual disengagement of Quebec from the rest of Canada that has been happening for several decades. The pace of disengagement may have slowed since 1990, but it is still evident.

The pace of disengagement is sufficiently slight that it has been swamped entirely by the vicissitudes of FCM's overall membership patterns, notably during the declines of the 1960s and 1970s and the much sharper increases during the 1980s. The strongest reasons for the engagement of Quebec municipalities with FCM seem to be those that apply to other municipalities in Canada.

The basic dynamic of affiliation of Quebec municipalities to CFMM-FCM is thus as follows. The overwhelming feature is that Quebec is like any other province in that the number of its municipal members rises and falls with the overall membership of the organization. A second, much weaker feature is that over time there has been a very gradual disengagement from CFMM-FCM. The third factor has been the departure and re-joining of Montreal, which, in the years it happened, overshadowed everything else.

Appendix B: Notes on “orders of government” and the “new deal for cities”

The phrase “new deal for cities” was first used in current discourse by then Winnipeg mayor Glen Murray at the May 2001 C5 meeting in his city. (C5 comprised the mayors of Calgary, Montreal, Toronto, Vancouver, and Winnipeg.) “A new deal for cities” was the title of FCM's submission to the House of Commons Standing Committee on Finance on May 21, 2002. Following FCM practice for more than a decade, the submission made frequent use of the phrase “orders of government” to describe federal, provincial and municipal governments in a way that implied equality among them. Finance minister Paul Martin used both phrases when he spoke ten days later in Hamilton at FCM's 2002 annual convention, and in Winnipeg at FCM's 2003 annual convention. In 2004, as prime minister, Paul Martin established a cities secretariat within the Privy Council Office “to assist in the development and implementation of a new deal for cities”, and appointed Michael Harcourt, former mayor of Vancouver and premier of British Columbia, as chair of an advisory committee to this secretariat.

The pressure for federal action on cities has been maintained by Jack Layton, now leader of the New Democratic Party of Canada and the 2001-2002 president of FCM, and above all by FCM itself. Significant results have been extension of the municipal GST rebate from 57 to 100 per cent, achievement of a share of the federal excise tax on gasoline to amount to a transfer to municipalities of \$5 billion over five years, and expansion of the Green Municipal Fund from \$250 million to \$550 million. (GMF, which is managed by FCM, was established by the federal government in 2001—initially \$100 million—to stimulate investment in innovative municipal infrastructure.)

Glen Murray, now chair of the National Round Table on the Environment and the Economy, has not been impressed. In a July 2005 column in the *Toronto Star* entitled “How cities lost the New Deal”, he wrote that the federal government's “New Deal for Communities ... will only slow the rate of decline of our pipes and pavement, it will not come close to reversing it”. He characterized the federal action as no more than “a renewal and enlargement of the old federal infrastructure program ... the New Deal was about bigger ideas.”

Notes

- (1) Vincent Lemieux and John Meisel, *Ethnic Relations in Canadian Voluntary Associations*. Document #13 of the Royal Commission on Bilingualism and Biculturalism (Ottawa: Information Canada, 1972).
- (2) In 2002, the 28 municipalities on Montreal Island and the upper-tier Montreal Urban Community became the single-tier City of Montreal. A subsequent partial de-amalgamation is undoing this simple arrangement. Meanwhile, the Montreal Metropolitan Community has been established, chaired *ex officio* by the mayor of Montreal and embracing more than 60 local governments in the Montreal region.
- (3) For a more substantial account of the history of CFMM-FCM see *FCM 1937-1987 50 Years Making History* (Federation of Canadian Municipalities: Ottawa, 1987).
- (4) Lemieux and Meisel, *Ethnic Relations*, 234.
- (5) *Ibid.*, 235.
- (6) Tri-level Task Force on Public Finance in Canada (John J. Deutsch, chair), *Report of the Tri-level Task Force on Public Finance*. 3 vols. (Ottawa, Ontario: Ministry of Supply and Services, 1976).
- (7) The unpublished document *Puppets on a String* was written by Don Richmond, policy advisor to the Chairman of the Metropolitan Toronto Council, and adopted as FCM's position at the 1976 annual conference.
- (8) Charles Bens and Anne Golden, *The Federation of Canadian Municipalities: In Search of Credibility*. Comment No. 161. (Toronto: Bureau of Municipal Research Paper, 1976).
- (9) This unpublished report is in FCM's library. It was a component of a study under the general direction of Dr. Barry Wellar, originally co-sponsored by MSUA and FCM. The project's final report, *Management and planning capabilities in small communities*, was published by FCM in April 1982. The published report summarized the conclusions of the component studies without include the material we have quoted.
- (10) Harvey Lazar and Tom McIntosh, *Canada: The State of the Federation 1998/99 How Canadians Connect*. (Institute of Intergovernmental Relations, Queen's University, Kingston, Ontario, 1999).
- (11) William D. Coleman and Grace Skogstad, eds. *Policy Communities and Public Policy in Canada: A Structural Approach*. (Mississauga, Ontario: Copp Clark Pitman, 1990).
- (12) Jame W. Thompson, *Organizations in action: Social science bases of administrative theory*. (New York: McGraw-Hill, 1967).
- (13) Paul A. Pross, *Group Politics and Public Policy* (Toronto, Ontario: Oxford University Press, 1986).
- (14) Richard Gilbert, The decline of the Canadian municipality. *Plan Canada*, 29 (1989), pp. 11--13, 1989.
- (15) See especially Warren Magnusson, "Urbanism, cities, and local self-government," *Canadian Public Administration Journal* 48, no. 1 (Spring 2005), pp. 96-123.
- (16) Federation of Canadian Municipalities. *Early warning: Will Canadian cities compete?* (National Round Table on the Environment and the Economy: Ottawa, 2001), at <http://www.fcm.ca/english/communications/overview-e.pdf>.
- (17) Caryl Arundel and Associates in association with Hemson Consulting Ltd. *Falling Behind: Our Growing Income Gap*. (Federation of Canadian Municipalities: Ottawa, 2003), at <http://www.fcm.ca/english/communications/igfull.pdf>.
- (18) The Web site of FCM's Sustainable Communities Knowledge Network is at http://kn.fcm.ca/ev.php?URL_ID=1&URL_DO=DO_ROOT&URL_SECTION=201&reload=1070306133

- (19) After a stint as parliamentary secretary to the prime minister, with special responsibility for cities, John Godfrey is now the Minister of State for Infrastructure and Communities, with some responsibility for delivering the “New Deal for Communities” (see Appendix B).
- (20) Lemieux and Meisel, *Ethnic Relations*, 224.