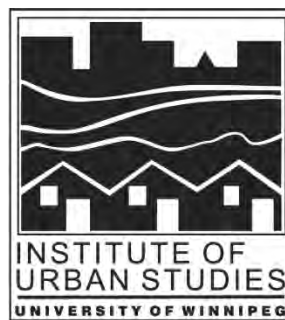


The Subordination of the Local State: Development Politics in Edmonton

Urban Resources No. 5

By Christopher Leo
1995

The Institute of Urban Studies





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**THE SUBORDINATION OF THE LOCAL STATE: DEVELOPMENT POLITICS IN EDMONTON
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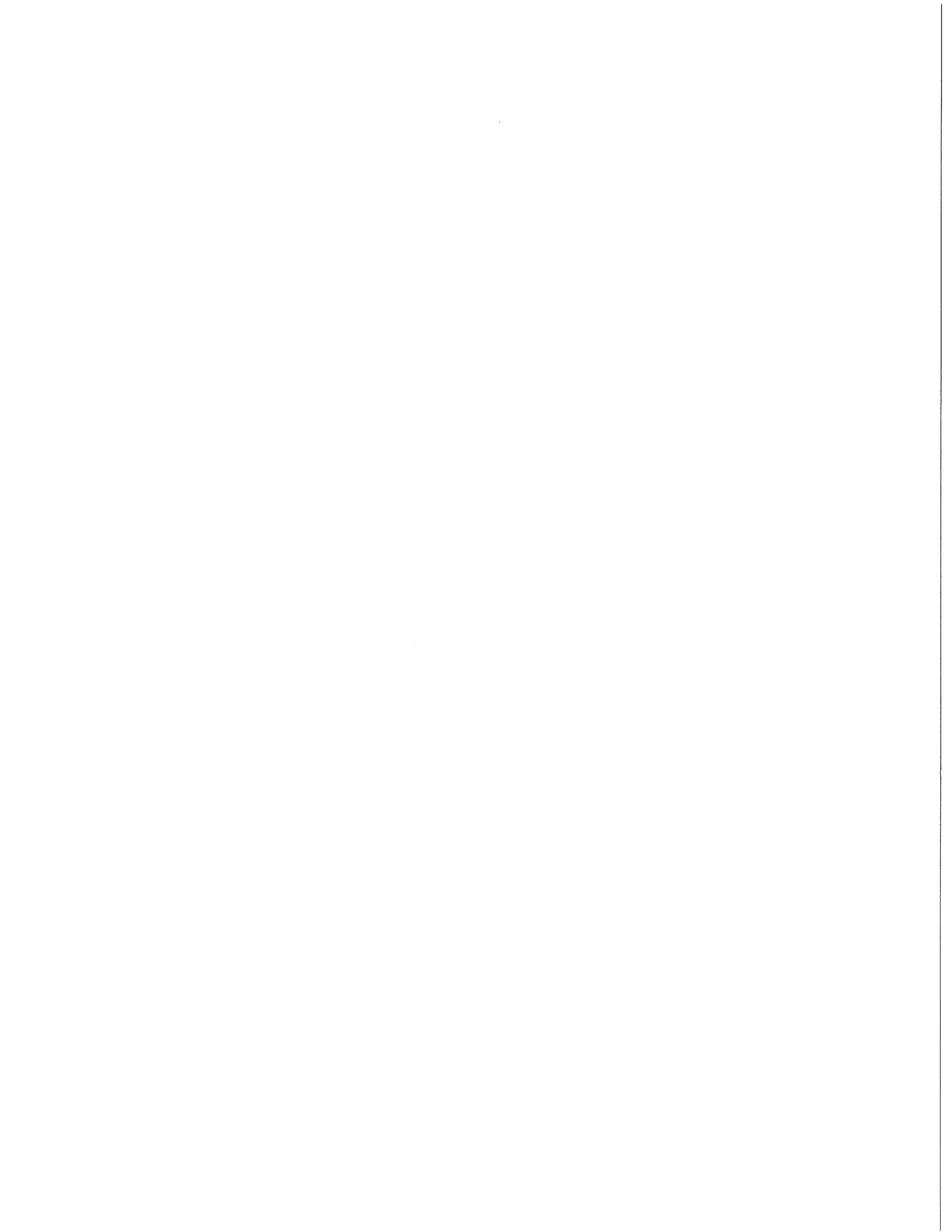
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THE SUBORDINATION OF THE LOCAL STATE: DEVELOPMENT POLITICS IN EDMONTON

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ABSTRACT

Using an analysis drawn from the American regime literature, the study investigates the negotiations over two inner-city developments in Edmonton—the second-largest city and third-largest metropolitan area in Western Canada—and shows how local government was induced by a combination of economic constraints and skilfully applied developer pressure to give in to demands for major concessions. By following the course of the negotiations in detail, two points are established: (1) The main preconditions for the city's weakness in the negotiations were economic and external; (2) The ultimate effect of these externally generated pressures was not predetermined. It was mediated by a complex local political process. The paper affirms the central regime literature proposition that "Local decision-makers do not simply follow the imperatives that emanate from the national [and, one might add, global] political economy urban politics still matters" (Stone, 1987a, p. 4). It also confirms Elkin's prediction that splits in political ranks have the effect of conferring a measure of autonomy on the bureaucracy. At the same time, it seeks to extend the literature by investigating the *relative impact of global and local forces* on a particular city. Finally, the distinction between *activist* and *passive* corporate factions elaborates upon the current understanding of the political economy of corporate urban regimes. The paper is concerned both with making a theoretical contribution to the regime literature, and with addressing the practical question of what alternatives are open to the local state as it seeks to assert control over development.

1. INTRODUCTION

Many cities have faced intense economic pressure in the 1980s and 1990s. For some it has been a desperate time, as an eroding economic base and diminishing fiscal resources have combined to undermine the ability of the local state to act in a coherent way. Economics influences the character of politics and the politics of economic desperation has its own earmarks. The political responses of desperate politicians and citizens are not likely to be the same as those of confident ones and shrewd developers are well aware of those differences. The result is a politics that is different from that which we find in thriving urban centres.

In one sense a great deal is known about the urban political economy of prosperity and desperation, and in another we know very little. Much has been written about the global economy and its effects upon cities, and much of this literature grows out of political concerns, but it does not tell us a great deal about the politics that intervenes between global causes and local consequences. Indeed, it tends to leave the impression that a given set of global causes leads ineluctably to a corresponding set of local consequences, that there is not much room for unique political circumstances. Thus we are told that the downtown cores of headquarters cities breed high-rise towers and luxury housing cheek by jowl with extreme poverty while those of rust-belt industrial

centres are subject to decay and abandonment. There is a great deal of truth in such generalizations and yet common experience tells us that cities are not the same, that each has its own unique political character, even among those that are similar economically. Between global economic cause and local socio-economic effect there is a set of intervening political variables, and, as we will see, a complex dialectic of action and reaction. As Clarence Stone puts it:

Local decision-makers do not simply follow the imperatives that emanate from the national political economy; they must also interpret those imperatives, apply them to local conditions and act on them within the constraints of the political arrangements they build and maintain . . . urban politics still matters (Stone, 1987a, p. 4).

This quotation represents the viewpoint of the American literature on urban regimes, which addresses the question of how local groups organize themselves and compete for power in the urban political arena. That literature, however, has little to say about the influence of global forces, and of external economic pressures generally, on the local scene.¹ Each literature, therefore, illuminates a different aspect of the same problematic, but there is very little in either literature to help us assess the *relative impact of global and local forces* on particular cities. A major objective of this paper is to work out, using the case of Edmonton as an example, how that gap might be filled.

1.1 REGIME TYPES

The regime literature, which has become a well-established feature of the American literature on urban political economy, has had little or no impact on the Canadian literature.² That too is a gap worth filling because, substantively, the political economy tradition that has dominated in the study of Canadian urban politics has a great deal in common with that represented by the regime literature: the two literatures display a shared impatience with the widespread subordination of city councils to the interests of the business community in general and land development interests in particular. Both study how factions combine in city politics to produce the dominance of particular groups and both are especially concerned with understanding the conditions necessary to the rise of a progressive regime,³ i.e., one that seeks to place limits on the prerogatives customarily enjoyed by the business community, in order to render decision-makers more responsive to a wider constituency.⁴

The regime literature may or may not teach students of Canadian political economy anything about the formulation and implementation of progressive urban policies, but it does have the potential to enrich our understanding of the formation of coalitions and the conditions under which they are capable of attaining and maintaining dominance.⁵ In the longer run, it can contribute to the ability of commentators in both countries to make comparisons, both inter-urban and cross-national. It offers an analysis that, as I will argue, can meaningfully be applied to both Canadian and American politics

and should, with the accumulation of a body of data, allow students of urban politics to identify both differences and similarities among Canadian cities as well as between them and American and European cities.

In *The Politics of Urban Development*, Stone identifies three regime types: the *corporate* regime, whose "central concern is to promote the development interests of major downtown corporations . . ."; the *progressive* regime, representing the interests of an "assemblage of middle- and lower-class neighbourhood groups . . . committed to a progressive platform of expanded services and protected residential opportunities for diverse income levels . . ."; and the *caretaker* coalition, "centred in the . . . small-business and home-ownership population . . ." and concerned with "vetoing efforts to use public authority on behalf of major private investments." Stone wisely cautions the reader not to regard these categories as "pure types . . ." or to treat the list of types as exhaustive (Stone, 1987b, pp. 272-74). In applying this analysis to Canadian cities, we would not be well-advised to assume that these types exist in the same form in Canada, but it is evident at a glance that the political objectives of each of the types are familiar to observers of Canadian city politics. That fact alone suggests that city politics in the two countries are sufficiently comparable to allow for meaningful and possibly illuminating comparisons. The case of Edmonton conforms generally to the corporate pattern, although, as we will see, the ruling coalition is shifting, unstable and always subject to attack—a common phenomenon in Canadian city politics. In addition, there is a progressive faction—this will become evident in our account as well—which has, in the past, wielded some influence. This faction differed somewhat from the definition offered by Stone in that it stressed development control, in addition to the expanded services and protected residential opportunities highlighted in his definition. These deviations, however, represent variations on a theme, not fundamental differences.⁶ In any event, as we noted, Stone accepts that his categories remain open to amendment, and, in these pages, we will be introducing a more substantive amendment, but also one that is readily reconcilable with Stone's analysis. I will argue that Edmonton is a particular type of corporate regime that is characterized by *subordination of the local state*. The term refers to a pattern of rule in which the local state becomes the captive of a single developer, or allows itself to become the captive of a succession of developers, each promising economic benefits, provided the local state meets the developer's terms, terms that are set unilaterally and are non-negotiable or, at best, subject to negotiation only at the margins.

1.2 CAPTIVE LOCAL STATES

This pattern of rule differs from such classic corporate regimes as Dallas (Elkin, 1987) and Atlanta (Stone, 1989) in that the latter are products of the organizational efforts of a corporate community that pursues collectively-set goals and not one-dimensional responses to the initiative of a single developer. It also differs from the regimes in Dallas and Atlanta in that the latter feature an activist local state taking initiatives that further the interests of the corporate community as a whole, not a passive state dancing to the tune of a single piper. It spends generously on behalf of the developer to whom it has become subordinate and thus differs from the caretaker regime, which seeks above all to promote the interests of ratepayers, by pursuing a policy of fiscal conservatism. The subordinated local state, by contrast, spends freely to promote development. That it differs from the progressive or growth management regime is too obvious to require elucidation.

Although this pattern of rule has not been treated as a separate category in the regime literature, it is a common phenomenon, and has been noted in the wider political economy literature.⁷ In Winnipeg, it was in evidence in the negotiations surrounding the well-known Trizec development at Portage and Main, where the city made major concessions involving parking and pedestrian traffic to secure an office tower and underground mall (Walker, 1979). It seems likely also to have manifested itself in the negotiations between the city and Cadillac-Fairview over the Portage Place Mall, in which concessions secured by the developer were probably sufficient to make the mall a sure bet from the company's point of view, with the city assuming the full risk. Logan and Molotch (1987) identify some of the characteristics of subordination in their description of the situation of Midland, Michigan, a city in which, as they say,

. . . all of the components needed to support an effective growth machine were clearly present: the region was suffering from decline; a small city was dependent on a single powerful corporation for its prosperity; [the main employer,] Dow [Chemical], had been around Midland since Herbert Dow founded the firm in 1897; and the family and the firm's executives had a long tradition of participation in local philanthropies and public works (p. 215).⁸

Other examples abound. Many of the so-called module production places identified by Logan and Molotch bear the ear-marks that, on a closer examination of their political economy, might well prove to be those of a subordinate centre. Bachelor (1982) paints a vivid picture of the subordination of Detroit to General Motors when the city spent \$200 million of taxpayers' money, and made an array of other concessions, to make land available for a new automated General Motors factory.⁹

The clearest cases of subordination are often found in smaller urban centres. Logan and Molotch (1987, p. 273) cite the case of Avenal, Adelanto, and Blythe in California, avid to become the location

for a state penitentiary. Licht (1983, pp. 1, 5) reports on Moab, Utah, where "desperation" over unemployment led many to the conclusion that "the nuclear industry is the only option" and Hanford, Washington, "the city that loves nukes." In both communities, many residents hoped to bring jobs and money to the local economy by persuading the federal Department of Energy to choose them as the site for a nuclear waste repository. Another case is that of Battle Creek, Michigan, a declining industrial centre heavily dependent on the good graces of Kellogg Company, long a local fixture. In 1982, Kellogg considered moving, but offered to stay, provided that Battle Creek and the suburban Battle Creek Township merge on terms dictated by the company. Local officials saw no alternative to complying. In a classic case of local state subordination, a single company "demanded and received the restructuring of an entire political system in return for simply *maintaining* its . . . presence in the community."¹⁰

Nor is subordination to be found only in North America. Pickvance (1990) cites the case of the Thanet district council, which was faced in 1985 with a proposal for a hotel development at the Ramsgate harbour site in its jurisdiction:

The council owned the land, but the developer, Resort Hotels, was reluctant to buy it for £100,000 as proposed by the council. Instead, the council transferred the land to the developer in exchange for 80,000 shares . . . The arrangement was seen as a typical case of the way in which the council bears an unduly high risk in order to attract private investment (Pickvance, 1990, p. 174).

According to Pickvance, the Thanet District Council also spent £7.25 million over a period of about five years to develop port facilities, a subsidy for a ferry line that bolstered the tourist business. The council's generosity is attributed to the weak bargaining position that grew out of its perceived need for the facility, combined with the ferry operator's seeming reluctance (p. 175). Those elements are echoed in all the cases cited above and, as we will see, in Edmonton. The wider literature on urban political economy is obviously concerned with such cases. It is important that they also be given prominent treatment in the context of the regime literature, lest the impression be left that corporate regimes usually preside over such ebullient, thriving centres as Atlanta and Dallas. Stories of economic success at a social cost are only part of the corporate picture. Equally important are the stories of economic failure and political impotence, still at a social cost. We turn now to an examination of the concessions issue in Edmonton's politics of downtown redevelopment in the 1980s, and an analysis of the regime configuration that shaped events.

2. BACKGROUND

An irony accompanied the subordination of Edmonton's local state: The subordination was part of a contradictory process in which progressive political forces originating within the city were opposed and neutralized by economic pressures originating outside. Our story is a textbook case of the subordination of the local political process to global economic forces. At the same time, it reveals the complexity of the dialectic between global developments and local reactions. The regime literature—although, as we have noted, it has paid relatively little attention to the impact of the global economy upon local politics—offers appropriate concepts for an analysis of how local political forces intervened between global causes and local consequences to bring about this result.

2.1 A CORPORATE REGIME WITH PROGRESSIVE ELEMENTS

Until the 1970s, Edmonton's was a pure corporate regime, or a *pure entrepreneurial political economy*, to use Elkin's term (1987a, 1987b). The regime's characteristics duplicated those found by Elkin in Dallas. The business community enjoyed a seemingly unshakeable legitimacy and it dominated city politics through an apparently non-partisan, non-ideological system of rule. City Council, controlled by politicians primarily responsible to the business community, governed the bureaucracy with a light hand, because it was well-understood by all concerned, including the bureaucracy, that the primary constituency was business. In all these respects, Edmonton's situation mirrored that of Dallas as Elkin describes it. In the late 1970s, Edmonton's situation changed somewhat.

The catalyst for the emergence of a progressive, or growth management, faction in city politics was a battle over city plans for the building of a massive expressway system (Leo, 1977, pp. 54-62). Joining the battle was a newly-emerging intelligentsia, employed at such institutions as the University of Alberta and the Research Council of Alberta and, as Lightbody (1983, pp. 263-71) suggests, influenced by the atmosphere of direct action and citizen participation that had prevailed in the United States for some time previously. The Urban Reform Group of Edmonton (URGE) grew out of that activism, and prospered modestly in the years that followed, with two URGE councillors gaining seats in 1974 and three in 1977. After the 1980 election, URGE held four of the 12 council seats. The group emphasized citizen participation, promoted environmental concerns, criticized the lack of city amenities and urged a more cautious approach to development (Lightbody, 1983; Masson, 1985). A longer-standing, but less influential, factor in Edmonton politics was the presence of socialists, in the form of the on-again off-again Edmonton Voters' Association (EVA). In 1980, one EVA member was elected to Council.

Edmonton was entering a period of what Elkin calls a *complex entrepreneurial political economy*. Politics was becoming more issue-oriented, more account had to be taken of views originating outside the business community, and the mask of non-partisan local government was beginning to slip, while, as we will see, the legitimacy of the business community remained strong enough to ensure that it retained ultimate control. Under these circumstances, as Elkin predicts, the bureaucracy gained a greater degree of autonomy. Once entirely captured by the business community, it was now in a position to play a mediating role between it and the interest groups. That (relative) autonomy gave it the chance to exercise a degree of initiative—in this case, more initiative than might have been expected in a comparable American case.¹¹

To summarize briefly a story that is told in more detail elsewhere (Leo, forthcoming), the city planners formulated the Downtown Area Redevelopment Plan (DARP), which proposed the imposition of a substantial degree of control on the character and design of future inner-city development and which sought to utilize local state powers to secure the preservation of heritage buildings and the development of downtown housing in return for relaxation of controls on commercial development. The planners did a series of studies to buttress the proposals and then undertook an extensive programme of consultation with all interested elements of the community, from URGE and the Social Planning Council to the Chamber of Commerce and the Building Owners and Managers' Association. They sold the plan to the public as a framework for the development of a more livable and humane inner city and to the business community as a potential drawing-card to make Edmonton more attractive to investors. At the same time, they modified the plan as necessary to meet objections.

Edmonton planners were making use of the measure of autonomy that came to them in the wake of the rise of URGE to promote an interventionist programme of development control. The outcome of this delicate balancing-act was the passage, in 1981, of the DARP by-law, an extensive planning regime, requiring developers to adhere to design guidelines, giving a substantial measure of discretion to local officials to approve or disapprove designs, and rewarding developers for the development of downtown housing and the preservation of older buildings. To be sure, Edmonton was far from becoming a haven for local radicalism like Berkeley, California, or Burlington, Vermont (Clavel, 1986), and its design guidelines were less stringent than those of, say, Vancouver (Leo, forthcoming), but the business community had made some serious concessions to progressive ideas about planning and city politics. However, in the same year, 1981, events originating outside the local political economy intervened to give a new direction to Edmonton's politics.

2.2 THE INTERVENTION OF GLOBAL FORCES

Throughout the 1970s, Edmonton had boomed along with Alberta, as oil revenues flowed while government and private capital were investing in industrial diversification and the city's property values and tax revenues increased apace. In the early 1980s, external developments intervened to renew the dismal boom-bust cycle that economic diversification should, in the minds of many, have ended.¹² American interest rates rose, forcing up Canadian rates while the federal government's National Energy Programme had the effect of capping Alberta's oil prices. Investment fell off, oil rigs pulled out of Alberta, unemployment mounted, business and residential foreclosures multiplied. Then, in 1982, the \$13 billion Alsands Project—to reclaim oil from the Alberta tar sands—as well as the \$43 billion Alaskan gas pipeline were halted.

All these shocks were transmitted full force to the local state. Edmonton's long-term debt had multiplied—between 1979 and 1980, for example, it had increased from \$400 million to \$660 million—but in 1982, the provincial government announced the phasing-out of a subsidy on municipal borrowing. With the scope for debenture financing limited, the need to find savings became acute. In 1982 and 1983, a large number of civic employees, including 94 police constables and 87 fire-fighters, were laid off. It was in the wake of this sequence of externally-generated events that corporate forces regained the initiative in Edmonton's development politics. As well, the events paved the way for the subordination of the local state.

2.3 THE COLLAPSE OF DEVELOPMENT CONTROL

The reassertion of corporate control and the subordination of the local state was a two-stage process. The first stage, the reassertion, appeared to enjoy the unified support of the business community, while the second, the process of subordination, eventually occasioned a split in corporate ranks. Once again, Elkin's prediction about the degree of bureaucratic autonomy under different political conditions held true. Faced with a unified assault of the business community, the fortunes of URGE declined. With no significant political base left, the planners' attempt to implement downtown development control withered like a flower in a forest fire (Leo, forthcoming), and its influence over the development process waned. We can begin by looking briefly at how the reassertion of corporate control took place. We can then turn to the main subject of this paper: the subordination of the local state.

We have seen that the development control regime embodied in the DARP By-law had been formulated with participation from the business community. But when the boom ended and downtown development stalled, business people began to perceive matters differently.¹³ In 1983, Mayor Cecil

J. Purves appointed a so-called Task Force on the Heart of the City, chaired by Joe Shoctor, a prominent local business person. In its report, published in August 1984, the task force, noting that "Edmonton's economic situation has reversed," recommended that the city's planning department and the business community join forces in "a joint review of the Downtown Area Redevelopment Plan By-law to evaluate its effectiveness and to prepare revisions if necessary" (Edmonton, Mayor's Task Force, 1984, p. 24). The perception that Edmonton needed a quicker, easier development approvals process to attract interest in the inner city was widespread within the business community and beyond.

These ideas were rapidly translated into action. Already in early 1984, a joint committee of the City Centre Association, a business group, and the city planning department was formed to review the by-law. The committee found "universal objection to the built form requirements" and concluded that "The changing economic situation in the city has forced the re-evaluation of other plan policies."¹⁴ In short order, the DARP was revised and the provisions that restricted the freedom of inner-city developers were removed. The gutting of the DARP by-law marked the beginning of an era of more aggressive business leadership in the supervision of downtown development, the details of which are related elsewhere (Leo, forthcoming). Suffice it to say here that, under conditions of economic decline, public support for growth management declined. In 1980, as we saw, URGE had succeeded in securing the election of four councillors. In 1983, only two URGE councillors were elected. Masson, an on-the-spot observer throughout the period, reports that "as the [1983] campaign progressed, many candidates were reluctant to mention their URGE affiliation" (1985, p. 304).

2.4 REGIME EVOLUTION

The events of 1983, then, brought about a number of developments in the composition of Edmonton's regime; under pressure from economic changes beyond the control of local authorities, the progressive faction lost a great deal of its public support. As a result, the planning bureaucracy's margin of autonomy disappeared and they, together with progressives, were forced to yield the initiative to the corporate faction on the issue of downtown development control. However, the changes in the balance of power were more complex than that; also in the works was a split within corporate ranks, a division of those ranks into two, which, as we will see, became distinguishable from each other in terms of the development role they advocated for the state.

Both factions were pro-development, and both saw private capital as the development instrument of choice, but one held that the local state should be active in initiating private development and should exercise some control over the course it took, while the other saw the state primarily as a facilitator

of development initiated by private enterprise and carried out by it with a minimum of interference from the state. I will refer to the former as believers in an activist state—the *activist corporate faction* for short—and the latter as the *passive corporate faction*, those who hold that the state should confine itself to a passive role. These factions began to be visible in the 1983 election.

It is characteristic of Canadian local politics that local factions, while generally professing to be non-partisan, are in fact largely identifiable with national or provincial parties. So it was in Edmonton. Lightbody (1984, p. 39) characterizes URGE, the progressives, as "bikepath liberals," but the term could mislead, because URGE was not identified with the Liberal Party. According to Lightbody's account, URGE shared the 25-30 percent voting base of the New Democratic Party with the socialist party, EVA, and other labour elements in municipal politics. The beginnings of the corporate faction's split into activist and passive elements was visible in the mayoral contest, where Laurence Decore, who was to become the leader of the activist faction, enjoyed the support, both of many Liberal voters and, unofficially, of the Liberal Party itself. He and his supporters were strongly identified with the abandonment of DARP development controls, and the reassertion of business dominance in downtown development but, as we will see, remained supporters of local state activism in the development process.

It is important not to confuse "liberal" with "progressive"—a confusion that comes easily when one is applying an American theory to Canadian politics. One must bear in mind that "liberal" has an entirely different connotation in Canada than in the United States. In Canada, Liberals, as well as liberals, retain a prominent place in the social, economic and political elite, even in the face of the neo-conservative dominance of the past decade. It is social democrats, and the New Democratic Party, that occupy a left-of-centre, conscience-of-the-nation role analogous to that of liberals in the United States. The progressive URGE, as we have seen, drew much of its support from socialist and social-democratic ranks. Decore, a member of what we are calling the activist corporate faction, was strongly identified with the Liberal Party, as we will see. In the United States, it might be taken for granted that a "liberal" was associated with "progressive" local politics. In Canada, either a Liberal or a liberal would not be out of place in a corporate local regime.

Indeed, Decore's campaign had all the earmarks of the Liberal Party machine, and a distinctly corporate look; a professional, highly-organized campaign, costing an estimated \$135,000 to \$175,000 (Masson, 1985, p. 332), seeking support from big business on one hand and ethnic groups on the other, and proceeding in stages from name recognition, through the assembling of support by negotiation with various groups and ending with a flurry of policy pronouncements at the close of the campaign, when it was too late for the opposition to compose an effective riposte.¹⁵ Decore

enjoyed—or in the course of the campaign picked up—the support of some of the more powerful segments of the business community, including, among others, Joe Shoctor, chair of the Heart of the City Task Force, referred to above; both newspapers, and the "matrons of Mayfair," local shorthand for the old money elite.

The support garnered by Decore's opponent, Cec Purves, a small business person, foreshadowed what was to become the passive element of the corporate faction. Purves, the incumbent mayor, won an endorsement from the Conservative Alberta premier, Peter Lougheed. In the campaign, Purves and his supporters underlined their Conservative Party connections by luxuriating in disparaging associations of Decore with the federal Liberal Party machine, and by attempts to equate Liberals with socialists. Purves won endorsements from a business person, a former Conservative councillor and ultra right-wing local business tycoon Peter Pocklington, all of whom tried to associate Decore with URGE and EVA, decrying them all as socialists or opponents of free enterprise. A right-wing councillor labelled Decore a "champagne socialist" and Pocklington took out full-page ads in both newspapers featuring pictures of Prime Minister Pierre Trudeau—a sure-fire trigger for anger in Alberta—over the following text: "Pierre Elliot Trudeau would love to see a fellow Liberal like Laurence Decore as Mayor of our capital city. Would you? Help retain free enterprise in Edmonton. Please vote Cec Purves for mayor . . ."16 Purves lost to Decore, but, as we will see, it was the passive faction that carried the day in the politics of downtown redevelopment.

TABLE

Faction	Represents interests associated with	Advocates	Best source of voter support
Progressive	Middle- and lower-class neighbourhood groups	Control of development, expanded services and protected residential opportunities	New Democratic supporters
Activist corporate	Corporate downtown development	Local state initiation of and some control over private development	Liberals
Passive corporate	Corporate downtown development	Passive local state, facilitating private development	Conservatives

While it would be a mistake to assume that these factions represent hard-and-fast policy lines in local politics—or, for that matter that the party connections are always congruent with the local factions described here—they are highly suggestive of the debates that ensued in two case studies that we will examine. In the first case, which involved negotiations over a Bank of Montreal development in the downtown core, we see the local state reacting to the beginnings of recession by accepting the leadership of a business community that is unified in its adoption of a passive approach to development, involving a rejection of any attempts to assert development control. The second case, the negotiations over the development of Eaton Centre, covers a longer time period, but in the critical latter stage of the development, we see the regime splitting into activist and passive factions. The passive faction wins out, but only over stiff opposition.

3. BANK OF MONTREAL

The Bank of Montreal development began with the demolition of the Tegler Building, Edmonton's oldest office building,¹⁷ despite City Council's original intention of preserving it, and then proceeded with the construction of a regional bank headquarters, the design of which violated virtually the entire array of municipal design control policies. A change in Edmonton's economic circumstances was the catalyst in a rapid foreclosure of political options that forced progressive city councillors to toe the corporate line—or caused them to feel forced—and led to a Council decision to abandon controls that had only recently enjoyed popular and political support. Planners, who had enjoyed the necessary autonomy to assume leadership in the establishment of development controls, were forced to acquiesce.

3.1 TEGLER

The collapse of the move to save the Tegler building from the wrecker's ball was a crucial turning point in Edmonton's politics of inner-city development control. In other circumstances, one could hardly have imagined that this building would have great significance. A Zeller's store, it was decidedly not an architectural gem, but it was an attractive older building in a prime downtown location that was rapidly becoming surrounded by glossy towers. Initially, the will to save it seemed overwhelming. After the Bank of Montreal, which had purchased the block in 1978, filed an application for a demolition permit, City Council, in a nine to two vote in July 1981, declared its intention to designate the building an historic site. But by February 1982, there had been a radical reversal; all but three councillors, including two of the four members of URGE, had abandoned their

support and Council voted to withdraw the building's designation, clearing the way for its demolition.¹⁸ What happened to bring about this reversal? Two influences can be identified as contributing factors. The first is the bank's vigorous use of pressure tactics of a kind that were to become familiar to Edmontonians in the years to come and the second—and undoubtedly the more powerful one—is the downturn of the economy.

Bank officials pursued three strategies: attempts to impress upon advocates of historic designation the potential costliness of their course of action, dark hints of possible changes in the bank's expansion plans and suggestions that Council was becoming isolated from public opinion. We can look at each of these in turn.

From the start, Council was aware that the Alberta Historical Resources Act obligated the city to compensate owners for any losses incurred as a result of designation,¹⁹ and the bank did not hesitate to use that leverage to its fullest advantage. In October, with second and third readings of the historic designation by-law soon to come, the bank announced that it would demand \$75 million in compensation. City planners had argued that the bank would have no case for compensation, on the grounds that saving the Tegler resulted in no loss of property value. Consultants hired by the city had produced figures of \$2.6 million and \$8 million and other appraisals obtained by the city had resulted in estimates of \$16.2 million, \$21 million and \$24 million. Obviously, no one knew what the cost would be, but everyone seemed to agree that the bank's demand was outlandish. In addition, there was the possibility of benefits from the demolition, as well as costs. Councillors Percy Wickman and Olivia Butti adduced figures from the administration to show that the Bank of Montreal's development proposal would return \$49 million in taxes by the year 2011, while a renovated Tegler and a high-rise tower would yield \$87 million in the same period.

However, the threat of a compensation demand had obviously made an impression. To crank the pressure up a few degrees farther, a bank official noted pointedly that the bank's Alberta and Northwest Territories headquarters could remain in Calgary where they were then located. Finally, in preparation for the final vote the bank released a Gallup poll finding that only 17 percent of Edmontonians were in favour of saving the building at public expense. This contradicted an earlier poll, commissioned by Tegler partisans, that found 65 percent of those questioned wanting the building saved. Interestingly, all of that failed to sway Council. On third reading of the designation by-law in November, Council voted nine to three in favour.

But by February, as we noted, the situation had been reversed, and the Tegler was left with only three defenders on Council. What happened between November and February? Possibly some councillors believed that the bank was bluffing and wanted to see how it would react to a show of

Council unity and resolve, but the suggestion that six of the nine councillors who voted for designation in November were bluffing seems far-fetched. It makes more sense to suggest that something happened to change councillors' minds. And there are other indications that there was a sea change between November and February. Toward the end of November, the DARP by-law, which, as we noted above, imposed stringent controls on new development, passed third reading and became the declared policy of the municipal government. That too was soon abandoned.

The most likely reason for Council's reversal was the deterioration of the economy, the timing of which suggests that the 1981-82 holiday season proved to be a time of re-examination for Edmonton's decision-makers. The economic downturn, which we have already outlined briefly, started in 1981. Oil rigs were being pulled out in 1981 and 1982. In downtown Edmonton, the general downturn was compounded by massive suburban expansion. Between September 1981 and March 1982, more than 500 new stores opened in shopping malls, inflicting an economic blow on the inner city from which it was still struggling to recover in the 1990s. The Alsands project, the *coup de grâce* for Alberta's economy, collapsed in the late spring of 1982 and urban land prices were plummeting that spring and summer. By the end of 1981, then, the downturn had not yet reached its nadir, but the slope was palpably slippery. It must at least have been clear by then that the boom of the 1970s was over. City councillors, including some of the URGE members, evidently decided it was not a good time to stand up to the Bank of Montreal. Jan Reimer, one of the URGE councillors who voted in February to allow demolition to go ahead, commemorated the event by hanging a picture of the Tegler on the wall of her office. Years later, she reiterated that she had taken the decision in good conscience, but said she still felt unhappy about it, especially in light of subsequent events.

3.2 THE NEW BUILDING

It was in a vulnerable state, then, that City Council faced the bank's management in negotiations over the form of the building that was to occupy the Tegler lot. Indeed, insofar as their state of mind was influenced by the condition of the economy, they undoubtedly became more vulnerable as time passed.²⁰ Negotiations over the new building got underway in the latter part of 1982, after the collapse the Alsands project and amid the nose-dive of urban land prices that followed. In 1982, retail sales in Alberta levelled off—in fact, figures available at the time seemed to show that they had fallen for the first time since 1933. These proved to be only a slight exaggeration. The actual 1982 increase was only \$35 million, or .32 percent, a sharp contrast with annual increases since 1974 that ranged from 12 to 22 percent.²¹ Edmonton was hit particularly hard. As a result of the housing sales slump, six major furniture stores had closed by 1983. And the inner city continued to decline in the wake of

suburban expansion. As we have noted, more than 500 new stores had opened in suburban malls between September 1981 and March 1982. All of that added up to heavy pressure to abandon inner-city development controls.

The recently-passed DARP by-law (Edmonton, City of, 1981) had committed Council to a policy of downtown commercial development that was compatible with residential development and that provided a pleasant environment around the clock for pedestrians. The bank proposed a square, six-storey structure which would fill the former Tegler lot sidewalk to sidewalk and present a façade of grey stone and glass, that, in the eyes of bank officials, gave the building a "classical" look. Comparing the proposal with the requirements of the DARP by-law, and with those of the General Municipal Plan, planners initially lodged a variety of objections, including the following:

- The development plans called for the entire main floor to be taken up by a bank lobby, which would be visible through the show windows. In planners' parlance, this is a financial, as opposed to retail, use and confronts the pedestrian with an institutional atmosphere. Applicable DARP regulations, by contrast, called for at least 50 percent, or 76 metres, of the building's frontage to be retail space, a policy aimed, in the words of a planner, "at trying to maintain the viability of traditional shopping streets in the downtown and to make the streets more pleasant to the pedestrian, both during and after regular business hours."²² The objective was to prevent the sidewalks from being overwhelmed by blank walls and institutional-looking show windows, to create a street atmosphere conducive to strolling, lingering and exchanging pleasantries, one that would be an attraction rather than just a pathway.
- The fact that the proposed building would fill the lot was a concern, especially with respect to its northwest and northeast corners, where the space taken up by the building would reduce sidewalks to a width of only 3.5 metres. This concern was heightened by the proposal to locate a required bus shelter on the sidewalk, instead of integrating it into the building, as many similar developments do. The planners feared that the narrowing of the sidewalks by the building and the bus shelter would "create heavily congested pedestrian areas" at the two corners, thus further reducing the attractiveness of the street atmosphere. They asked for the building to be set back at the corners so as to increase the sidewalk space to about 6.5 metres.²³
- Planners cited a wind study to argue that wind conditions produced by the proposed building design would further deter pedestrians from using the sidewalk, especially on the northern and western sides of the building, where prevailing winds generate near-arctic wind chill levels in the winter. They argued that DARP regulations concerning wind protection mandated a façade that incorporated canopies or arcades for shelter.

- The eastern wall of the proposed bank building was to face onto Rice Howard Mall, a pedestrian walkway that was part of the city's pedway system, already a well-established feature of inner-city development policy. Planners noted that two previous developments along the mall, Scotia Place and the Fidelity Building, had both contained provisions to ensure their compatibility with the mall, but that the Bank of Montreal proposal incorporated no such provisions. They argued, therefore, that the building's design should be modified to include provision for canopies or arcades along the mall and that the developer should assume responsibility for appropriate landscaping and pavement treatment.
- The plans for the building made no provision for connection with the above-ground, indoor pedway system, which provides weather-protected walkways through a substantial part of the commercial heart of the city, but from which the Bank of Montreal was to be isolated, according to the bank's proposal.

Still flushed with their victory on the Tegler issue, officials of the Bank of Montreal were not in a mood to make any more than the most token of compromises. Indeed, they behaved with an intransigence that some observers found puzzling, given the bank's corporate stance in other cities.²⁴ The planners, for their part, showed considerable willingness to compromise. They had already exercised their discretion to reduce the required sidewalk allowances along the east and north sides of the building, asking for changes in the design only at the northwest and northeast corners. In addition, they reduced the 76 metres of retail frontage called for by regulations to 15 metres along Rice Howard Mall only. As well, they chose to overlook the absence of linkages with the indoor pedway system. However, they held firm on the demand for more sidewalk space and on the modification of the design to include canopies or arcades for wind protection and for integration of the eastern face of the building into Rice Howard Mall. In May, the Municipal Planning Commission affirmed most of the planners' conditions, but abandoned the demand for retail frontage along the mall.

Bank officials held firm in their refusal to meet any of these conditions, but offered to ameliorate the planners' concern over retail space by putting street-level stores into a different building. As it happened, the bank held a lease in the nearby Tilden Parkade, which faced onto the mall, and bank officials offered to make street-level space available in that building to be leased out to merchants. The planners replied drily that there could be no objection to that proposal, but that the requirement for minimum retail frontage applied to both the Tilden Parkade and the Bank of Montreal. But the political winds that had brought the DARP By-law to Edmonton had changed, and the planners' attempts to uphold the law no longer counted for much. In June, City Council caved in and accepted all of the bank's demands, holding out—temporarily—on the question of whether the city or the bank

would be responsible for managing the leases of the stores in the parkade.²⁶ In the event, the dispute over the parkade proved academic; as late as 1990, the street-level retail space in the building remained vacant, boarded up with unpainted chip-core panels.

All of the significant components of an attractive street environment—the retail space at street level, weather protection and enough sidewalk space to accommodate crowds in reasonable comfort, as well as linkage with the indoor pedway system—had been sacrificed in the interest of the building's "classical" design. There might be some comfort in thinking that what was at stake here was two contrasting visions of urban design, that bank officials were insisting that their conception of an appropriate aesthetic for Edmonton not be compromised by that of the planners. There is, however, reason to doubt that.

In the closing days of the negotiations, a number of local commentators noted a striking resemblance between the bank's proposed design and another building, headquarters of the Great West Life Assurance Corporation, that had recently been completed in Winnipeg, designed by the same architect. That building, however, was not located amid office towers, but in a park-like setting across from the Roman-styled Manitoba legislature on one side and a stone church on the other. Its height, it was alleged, was dictated by height limitations imposed because of its proximity to the legislature. Ironically, then, it seems possible that the aesthetic in the interest of which the City of Edmonton was forced to retract virtually its entire panoply of design controls was dictated by the legislative grounds in Manitoba.

Donald Smith, formerly of Skidmore, Owings and Merrill in New York City, the architect who designed both buildings, acknowledged the similarity between them, but argued²⁸ that there are always similarities among the different works of the same artist. He maintained that the similarities in the heights of the two buildings had been dictated by similar floor space requirements. Asked about wind levels and sidewalk space, he characterized the bank lobby as an indoor street and asked rhetorically: "Who would want to be outside in Edmonton in the winter?" It would seem apropos to ask in return: Who would want to make use of an indoor street that doubles as a formal bank lobby and is not linked to the rest of the indoor street system? It does seem, even from Smith's account, that the design, however justifiable on architectural grounds, was not based on serious consideration of its suitability to the particular requirements of its location in Edmonton. It is a revealing comment on the attitude a city without bargaining power can face in dealing with developers and those who work for them.

We have seen then how economic pressure forced City Council, including some URGE members, to accept a corporate agenda for the redevelopment of the Tegler property. With respect to that issue

at least, a pure entrepreneurial political economy had been re-established and the planning bureaucracy had lost the initiative. That had shifted decisively into the hands of the Bank of Montreal, which had succeeded in subordinating the local state. At the height of the war of nerves over the Tegler demolition, Lois Campbell of URGE, one of three councillors who had stood firm against the demolition had been quoted as saying, "I get a strong feeling we are being tested by the development community . . . seeing if they can out-do the elected body representing this community."²⁷ Subsequent events lent weight to that assertion. At the same time, resistance against the total subordination of City Council was soon to reassert itself in a new form: a corporate faction with an activist agenda.

4. EATON CENTRE: BAIT AND SWITCH

That reassertion took place in response to a show of developer agility in the subordination of the local state that surpassed anything else City Council experienced in the 1980s, or perhaps ever. Officials of the Bank of Montreal had shown a keen eye for the vulnerabilities of Edmonton's local state and its citizenry as they ratcheted the city into submission on the Tegler issue and immediately proceeded to get their way on all the major points of contention in the design of the new building. That was the behaviour of a hard-nosed bargainer who perceives that the opponent holds a weak hand. Bank officials took advantage of a position of strength to carry out a project according to their own agenda, regardless of opposition. But, by comparison with what was to come, the Bank of Montreal was playing for small stakes.

In the development of the Eaton Centre property, located immediately to the north and east of the Tegler/Bank of Montreal lot, it was not the specific character of the development, but its very viability that was at stake. The prospective developers were Triple Five Corporation, belonging to the Ghermezian brothers, who, in the words of Masson "have had a history of involvement in the city's political campaigns, making presentations before council, and threatening the city administration with dire consequences unless their demands are met" (1985, p. 183). As entrepreneurs who have made a great deal of money in a very short time, they have proved extraordinarily nimble in forging alliances, both with the local state and with other entrepreneurs. Their development of the Eaton Centre rested upon an alliance with the *crème de la crème* of the Canadian merchant class, the Eaton family.

Triple Five's approach to dealings with the city was far more sophisticated than that of the Bank of Montreal, and gave the appearance of being much more carefully calculated. Their strategy was a variation on the time-honoured bait-and-switch tactic; it involved making an irresistible offer in return

for a massive commitment and then using local politicians' commitment to keep them on-side, even as the more attractive features of the original offer were withdrawn, and its price was increased. At the same time, the Ghermezians were more conciliatory than the Bank of Montreal on questions of design. They were making concessions on the kinds of details that had seemed inordinately important to the bank, but that in fact had little pecuniary significance, while gaining financial concessions beyond anything the bank had even contemplated. The key decisions concerning the Eaton Centre development were taken during two rounds of negotiations, the first taking place in 1980 and the second in 1985-86.

4.1 NEGOTIATIONS IN 1980

The 1980 round dates to a time when the boom was still on for Alberta as a whole, and there was not yet the generalized sense of desperation that led to the series of capitulations in the Tegler and Bank of Montreal cases. But there was a more specific problem of decline: that of the inner city. That decline was related to rapid suburban expansion and it threatened to become worse with the anticipated opening, in 1981, of the colossal West Edmonton Mall. The DARP By-law, which was seen as a tool for addressing the problem of downtown decline, was in the process of being finalized in preparation for passage by City Council. Among its provisions, as we noted above, were measures designed to secure the development of downtown housing in return for greater latitude in the granting of commercial development approvals. In the 1980 negotiations,²⁸ the Ghermezians, developers of the West Edmonton Mall, offered themselves as a solution to the problem of suburban commercial expansion that they were helping to create. In July, Triple Five Corporation and T. Eaton Co Ltd of Toronto announced plans for a massive, \$500 million residential and commercial development consisting of an Eaton's store, a 31,500-square-metre shopping mall, three office towers of 39 to 40 storeys and two residential towers of 51 and 52 storeys, with 1,236 one- and two-bedroom rental or condominium units. The development, taking in most of two square blocks of prime downtown land, would boast a roof-top restaurant and gardens and the residential part of the development would include a recreation centre with a gymnasium, swimming pool, exercise room, handball and squash courts and a social room. The development would be linked with the existing Edmonton Centre and a proposed Hudson's Bay project. The Eaton's store was to be the second largest in Western Canada, after the downtown Vancouver store.

For anyone who valued that kind of economic growth, the attractions were virtually irresistible: a massive boost to the economy of the inner city, including both commercial and retail elements, together with a formidable increase in housing to help rally the eroding inner-city housing sector. Even

city planners, with their strong concern for development control, touted the attractions. One planning document, for example, while referring disapprovingly to the high densities called for in the proposal, noted that it offered support for the vision of mixed-use inner-city development that was being written into the DARP By-law. Eaton Centre, the document said, ". . . will provide the only high quality, high density, residential space in the immediate area. This will have a stabilizing influence on this area of the downtown as it will maintain a high level of activity during the evening hours." The rooftop landscaping was characterized as "surpass[ing] all other developments in the area."²⁹

Nevertheless, there were a number of major concerns, from which flowed a host of minor ones. The density (a floor space to lot size ratio of 18.36-to-one, compared with a recommended maximum of 10-to-one); the fact that some 2500 residents were to be accommodated in a two-square-block area; the 50-storey-plus heights of the residential buildings; the failure of the proposal to provide information about the proposed social mix in the housing; the need for a street closure to create a super-block: these features created myriad lesser concerns about social conditions, transit, road traffic, air traffic, policing, rights-of-way, easements and the necessary public works. In negotiations with the planning department, Triple Five officials were able to satisfy a variety of minor concerns—they were clearly much more prepared to negotiate than officials of the Bank of Montreal later proved to be—but in the end they did not convince the planners that the project was in the city's interest.

Neither the Municipal Planning Commission nor Council agreed with them. The MPC accepted the development proposal in a somewhat modified form and it passed City Council in October with three URGE members, Lois Campbell, Bettie Hewes and Ed Kennedy, dissenting. A development agreement was signed on October 8 (Eaton Centre Project, 1980). There was a case to be made for the position adopted by Council. Certainly Triple Five could not have been characterized, at this point, as being engaged in the subordination of the local state nor could Council be accused of having initiated a full-scale retreat from development control. Triple Five had made serious demands for modification of the city's planning regulations, but they also offered a \$500 million project that went a long way toward meeting the city's goals of business and residential development in the inner city, and they had shown their willingness to negotiate. Triple Five's next move, however, was a drastic departure from this relatively conciliatory tone, and a disquieting hint of what was in store.

In December, Nader Ghermezian, managing director of Triple Five, appeared at a Council meeting to demand a re-opening of the agreement and the addition of a series of concessions. He warned that if the concessions were not forthcoming that day, the entire project would be cancelled. He had a letter from a solicitor for Eaton's which was said to confirm the urgency of the need for concessions, but which only Mayor Purves and two councillors were allowed to see. Among the demands were

cancellation of the redevelopment levy and of the plans for a roof-top restaurant, agreement by the city to fund sidewalks and setbacks for the project and to relieve the developer of the costs of leaseholds for encroachments upon city property. Estimates of the cost of these concessions ranged from \$5 million to \$15 million. City Council, galvanized by the impending collapse of such a large project, agreed to the concessions.³⁰ Enquiries by journalists later established that the letter from an Eaton's lawyer had been a formality, designed to protect Eaton's position in case of a breakdown in negotiations, and had not been intended as a sign of Eaton's dissatisfaction with the terms they had received, terms with which they in fact declared themselves satisfied. But the unkindest cut was yet to come. Nine months later, Eaton's backed out of the deal despite the concessions, still denying it had sought them. In other words, the city had granted concessions, which it remained obligated to deliver, even as the rationale for them became moot. Triple Five had demonstrated a keen eye for the vulnerabilities of City Council and had exploited those vulnerabilities with great skill. Even with the boom still on, the inner city, which was not booming, had become the Achilles heel of the local state. Triple Five had found the state an easy prey. It was to become even more vulnerable after the boom ended, while negotiations over the Eaton Centre dragged on through much of the 1980s.

4.2 RISE OF THE ACTIVIST CORPORATE FACTION

Triple Five negotiators had established their *modus operandi*: promise an irresistibly attractive development, promote it in order to secure a psychological and material commitment to it on the part of the local state and the citizenry, and then, one by one, take away the more costly attractions while jacking up the price for those that remain. The company continued this gambit, and continued to succeed at it, but, with the passage of time, began to encounter stiffer resistance. The resistance did not come primarily from URGE, which, as we have seen, lost much of its strength as Edmonton's financial circumstances became more straitened. Instead, a new corporate faction arose to protest the subordination of the local state and to advocate a more activist development policy for the inner city.³¹

The two events that laid the basis for this realignment have already been noted briefly: the 1983 election of Laurence Decore as Mayor, with the support of some of the more powerful segments of the business community; and the appointment, also in 1983, of the Heart of the City Task Force, chaired by Joe Shoctor, who was to emerge as one of those high-powered Decore supporters. As we saw, the 1983 election, in addition to bringing Decore to power, also saw the reduction of the URGE forces on City Council from four to two. The two URGE members of the 1980-83 Council who were not re-elected in 1983 were appointed to the Heart of the City Task Force: Gerry Wright, its vice chair,

and Lois Campbell. Part of the realignment, then, was a shift in the allegiances of two members of the URGE faction, as they joined forces with the new corporate faction.

The emerging activist corporate faction in Edmonton's regime, in addition to co-opting some of the growth management forces, was developing a policy line that was distinct from those of both the growth management and the passive corporate factions. That line was articulated in the 1984 report of the Heart of the City Task Force (Edmonton, Mayor's Task Force, 1984), which called for a two-pronged initiative: a review of the DARP By-law and the implementation of an ambitious plan for the redevelopment of the inner city. The DARP review, as we have seen, resulted in the dismantling of much of the inner-city development control regime. That part of the activist corporate agenda, therefore, was identical with the passive corporate stance. The plan for redevelopment, however, implied anything but a passive local state. It featured such attractions as a formal public square, a concert hall, a downtown campus of Grant McEwan Community College, a recreational theme park, a retail arcade that would have cut through the middle of the Eaton Centre development, and much more. The redevelopment programme would be steered by the Edmonton Downtown Development Corporation (DDC), dominated by the representatives of corporations, many of them from outside Edmonton, that purchased shares for \$5,000 per year.³²

What was being advocated here was the boosterism of an activist local state, a drastic departure from the passivity of a subordinated local state. The scheme smacked of Atlanta, Dallas or Minneapolis, where, as we observed in the introductory section, development policy tends to be a product of the organizational efforts of a corporate community that pursues collectively-set goals and not a series of one-dimensional responses to the initiative of a single developer, or a succession of single developers.³³ The activist programme was a corporate development model writ large, and as such, a reaction against the development controls regime of the late 1970s and early 1980s, as well as the ideas advocated by URGE. But it was also an attempt to counter the local state passivity that was evident in the Bank of Montreal development and that was now manifesting itself in the negotiations over Eaton Centre. For the remainder of those negotiations, Decore and his allies clashed with the Ghermezians and their allies as the vision of the DDC vied with the plans for Eaton Centre. URGE became little more than a minor ally of the new activist corporate faction.

Meanwhile, the game of bait and switch continued, with Triple Five asking for concessions and holding out a variety of bright prospects that evaporated once the concessions were in hand. Two cases in point are a revival of Eaton Centre, promised in 1983, that failed to materialize once an expansion of the West Edmonton Mall had been secured; and an expansion of the project, promised in 1985, that began to shed its more attractive features after the necessary degree of psychological

and material commitment had been secured. We can look at each of these in turn.

While Eaton Centre languished throughout the early 1980s, the other Ghermezian project, the West Edmonton Mall, one of the prime causes of the inner city's distress, opened for business and almost immediately undertook the construction of expanded facilities. In September 1983, while Council was considering a rezoning request from Triple Five that was part of the expansion programme, the developer announced that construction of the Eaton Centre would start in the spring of 1984. Rubin Stahl, senior executive vice president of Triple Five, told the media that two 550-unit apartment towers costing \$55 million to \$60 million, would "launch the revitalization of downtown."³⁴ Shortly afterwards, Council agreed to the mall rezoning, and then the Eaton Centre project evaporated again. A cynic might have entertained the suspicion that there never was serious intent behind the proposed 1984 revival. Early in 1985, the project reappeared. Eaton's declared it could proceed if the city offered further concessions and the negotiations resumed, continuing until mid-1986. In the course of those negotiations, the project changed substantially, first becoming grander in the "bait" phase of the negotiations and then contracting again in the "switch" phase, as final agreement neared. In August, for example, the project's rhetorical status was elevated from the mediocrity of second place in Western Canada to the pre-eminence of world renown. It was touted as including:

a major recreation centre with tennis, racquetball and squash courts, an Olympic-size pool, diving tank, indoor jogging track and gymnasium for aerobics . . . There would be 20 theatres, a 3000-stall parkade, and more than 45,000 square metres of department store and retail space [in place of the 31,500 mooted earlier]. "This will be the strongest magnet in the Province of Alberta," Ghermezian said . . . "It will attract tourists from all over the world like Eaton Centre in Toronto did."³⁵

The two apartment buildings previously promised had been transformed into a 40-storey hotel-apartment. There would be 2,000 apartments (in place of the earlier 1,236 units), and 300 hotel rooms.

By late January, with negotiations well along but not complete, the project had lost some of that sheen, with the profit-making parts of the project expanding while the non-profit-making elements contracted. It was slightly bigger overall than before (3.9 million sq. ft. compared with 3.85 million sq. ft.), but the residential component had been almost halved, from 2.276 million sq. ft. to 1.269 million sq. ft., while the office tower component increased from 850,000 sq. ft. to 1.536 million sq. ft. and additional retail space was added. And then the pressure was cranked up. Eaton's had said it would commit to the project provided excavation started by May 1. In late February, with the development agreement not yet ready, City Council was being asked to approve an excavation agreement in order "to maintain the timetables established by the partners in the project . . ."³⁶ The

request was accompanied by guarantees that there would be compensation for the excavation in case the development agreement did not materialize, but obviously Council was becoming more and more deeply committed to the project without yet having had a chance to read the fine print.

4.3 DECISIONS

It was during this round of negotiations that the conflict between passive and activist development strategies came out into the open. In response to the 1984 report of the Heart of the City Task Force, Council established the Downtown Development Corporation in early 1985. One of the key elements in the task force's downtown redevelopment strategy was the 102nd Street Arcade, a glassed-in mall that would have cut through the centre of the Eaton development. Triple Five was not prepared to make provision for the arcade. Among those disenchanted with the course negotiations were taking were Decore and Councillors Julian Kinisky, Lance White and Lyall Roper, members of URGE, city planners and the Downtown Development Corporation. They argued that Council was too willing to take Triple Five's claims at face value, that competing bids should be solicited for the development of the Eaton Centre project, that the project should be required to accommodate the 102nd Street Arcade, and that the developer should be obligated to include actual housing, as opposed to promises of future housing, in the development.

In order to move the negotiations along, a City Council committee was appointed to take direct control of the negotiations, much to the chagrin of planners who believed that politicians' scrutiny of Triple Five proposals would not be critical enough. Members of the committee were three aldermen: Kinisky, a Decore supporter; Terry Cavanagh, who was characterized in the *Edmonton Sun*, with some hyperbole, as a "Triple Five unofficial publicist . . .",³⁷ and Ken Kozak, a business person who, in the event, voted consistently with Cavanagh and other supporters of the development.³⁸ As negotiations drew to a close, two of the main issues were the inclusion of residential units and provision for the 102nd Street Mall. Triple Five representatives insisted that they could not yield on either point, lest the development lose its viability.

Even though the planners were not conducting negotiations, their advice was still being sought. In March 1986, they recommended acceptance of the development proposal, but with a long list of conditions attached, including provisions obligating the developer to develop the housing and make provision for the mall. In April, they produced two sets of financial projections, one based on their estimate that a "first-class, low maintenance building" in Edmonton was worth a maximum of \$125 per sq. ft., and a second based on Triple Five's estimate of \$250. Both estimates set the total cost of concessions demanded by the developer at \$30.4 million. The net cost, after considering projected

tax revenues to 1997 was \$330,000 on Triple Five assumptions and \$18.4 million on the planners' assumptions.

In May, Council agreed to the concessions, without guarantees of a residential component and without provision for the 102nd Street Mall. Most of the votes were close, and on most of them the activist and passive factions respectively voted in concert. The pivotal vote on a motion by Aldermen White and Kinisky that the developer be required to accommodate the 102nd Street Mall was lost on a tie vote.³⁹ The next day, according to a newspaper report, Ghermezian "surprised reporters by saying the project is 'dead' because he fears attempts by Mayor Laurence Decore to 'kill' the development . . . Ghermezian said, 'I received a call, I hope it's not true, that . . . [Decore and other councillors] are planning to go and put a group together to place petitions and go against this project . . .'"⁴⁰ A few days later, Decore was obliged to meet with Triple Five director Nader Ghermezian to assure him of his support for the development.⁴¹ In short, Triple Five won the day on every score, and marked the achievement by forcing the head of the activist corporate faction to eat a serving of humble pie.

4.4 DENOUEMENT

In the end, it proved to be the Ghermezians, not the local state, whose commitment to the viability of Eaton Centre was shaky. The frank assessment of a business publication offers some insight. *Canadian Business* in 1992 characterized Eaton Centre as a "money-losing mall" that, "In a city vastly overbuilt with malls . . ." was recovering only because new management had found "ways to steal shoppers from competing malls" (Southerst, 1992, pp. 26, 29). The recovery started after Confed Realty Services, a subsidiary of Confederation Life Insurance Co, part-owner of the mall, bought the Ghermezians' share.

The Ghermezian brothers . . . were not prepared to spend money on a loser when its flagship in West Edmonton was suffering . . . [Confed bought] the Ghermezians' 50 percent interest [for] \$1—a good measure of the Ghermezians' faith in . . . the mall (Southerst, 1992, p. 29).

Southerst's account confirms what all other evidence on Eaton Centre suggests: it was the local state that was assuming all the risk connected with the development. Triple Five had little to lose, regardless of the outcome.

A review of the deal by Edmonton's Auditor General concurred that the local state was a sure loser. Projecting the financial consequences 40 years into the future, he found, for that period, costs of \$120 million and benefits of \$282 million. He concluded that

. . . while the Eaton Centre package has a long-term net benefit it does not result in a positive

cash flow to the city until approximately the year 2004. The net present value of this concessions package for the 40-year period is negative (Edmonton, Office of the Auditor-General, Overview).

In 1992, six years after the conclusion of the deal, City Officials were still struggling to salvage what they could from it and still making concessions. All that had been built by that time had been the Eaton's department store, the shopping mall, the hotel and a parkade. The 102nd Street Arcade was a distant memory and the housing had not been built. As well, the parkade, once built, had proven to be 182 parking spaces short of the agreed capacity. In 1992, the new owners of the development were once again offering to build the two apartment towers originally promised by Triple Five as well as one of the office towers, provided the city gave permission for the construction of additional hotel rooms and turned a blind eye to the deficiency in parking spaces. Planning officials recommended accepting the proposal on the grounds that the Transportation Department "have been unable to document any problems associated with [the deficiency] . . . "42 The local state was still swallowing broken promises and still making concessions in return for new promises.

5. CONCLUSIONS

In the preceding pages we have undertaken a careful examination of decision-making about the development of Edmonton's inner city, centring on two cases—the Bank of Montreal and Eaton Centre developments—while keeping the wider context in view. The advantage of this approach is that it has allowed us to observe the forces in action and to gain a close understanding of their respective strengths and weaknesses and of the ways they interact. The principal disadvantage, that we cannot generalize from one case, is gradually being recompensed by a growing stock of comparable studies that are beginning to allow for an overview. In what follows, however, no attempt is made to generalize. For the moment, it will suffice to draw conclusions about Edmonton, with reference, where appropriate, to comparable cases.

5.1 THE GLOBAL ECONOMY AND LOCAL POLITICS

As we noted in the introduction, much has been written about the impact of the global economy on localities, and much has been written about local politics, but there is very little in the literature to help us assess the *relative impact of global and local forces* on particular cities. The data on Edmonton have been helpful in that regard. They offer a striking testimony to the power of the wider economy in influencing local political decisions. The sequence of events set out in Section Two above show very clearly that the recession that began to make itself felt toward the end of 1981 had a direct

impact, not only on particular decisions, but on the climate of opinion in which subsequent decisions were taken.

All the evidence suggests that the economic downturn was directly responsible for the still-birth of the development control regime that was represented by the Downtown Area Plan Review By-law, that the downturn provoked a drastic rethinking of both Council and public attitudes toward the preservation of the Tegler Building, and that it had a great deal to do with the waning influence of URGE. A longer-term and, in the end, more fundamental influence on the politics of downtown development was suburban development, which, as we have seen, was undermining the viability of the downtown before the downturn and is continuing to do so today. Whether that should be seen as an outside economic or internal political factor is problematic. It is part of a world-wide dispersal of industry, of routine corporate decision-making and of commercial and residential development away from city centres. In that sense, it is an outside economic factor. At the same time, it is within the power of local and regional governments to influence it. However we resolve that question, it remains clear that economic influences originating outside of Edmonton have had a great deal to do with the direction of Edmonton politics.

5.2 THE IMPORTANCE OF LOCAL POLITICS

That said, it is also clear that much of the chain of events that followed was not dictated by global influences. Events in Edmonton illustrate, as Stone argues, that local politics does matter. The events as they unfolded were influenced by a series of factors that might easily have been different. The intransigence of the Bank of Montreal on issues that seem to have more to do with managerial vanity than with the bank's economic interests;⁴³ the exceptional skill of Triple Five negotiators in the art of psychological manipulation together with the striking vulnerability of Council; the closeness of the final votes on Eaton Centre: each of these factors had a pivotal influence on outcomes, and none of them were predetermined by Edmonton's economic circumstances. The give and take of local politics and the happenstance of personality factors could have caused any or all of them to turn out differently.

Both the progressively-tinged Downtown Area Redevelopment Plan of the early 1980s and the activist corporate Heart of the City scheme of the mid-'80s were programmes that had been thought through carefully and that could have formed a basis for political action. Given the unhappy outcomes of the decisions that were taken, and especially given the demonstrable economic loss to the city of the Eaton Centre concessions, the alternatives could hardly have been worse. But the plans of the progressive and activist corporate factions were not realized because neither URGE, nor the corporate activists, nor any combination of the two, were able to form a coalition with the capacity to govern. As a result, in Stone's terms (1989, chap. 11), they remained dissenters and the initiative was held by the passive faction, whose only strategy was reaction to events controlled by others.

We noted in Section One that Edmonton is far from alone in its plight. The reality of globalization, which makes it ever easier for powerful corporations to exploit the economic weaknesses of cities, also makes it imperative that such cities as Edmonton formulate strategies reflecting their own economic interests and create coalitions to realize those strategies. The alternative, for many cities, is chronic vulnerability to exploitation. Edmonton has lapsed into a traumatized response to the problem of dealing with developers. A succession of attempted policies designed to regularize the city's response to developers' requests for concessions have either failed or been rejected. In an age of globalization, however, the reality will not go away. Developers will continue to make proposals to the local state, and Edmonton will continue to be an easy mark until policies are formulated that allow for a response reflecting local economic interests.

5.3 THE LOCAL STATE AND THE BUREAUCRACY

A careful examination of the planning bureaucracy's role in downtown development politics

confirmed Elkin's hypothesis, referred to in Section Two, that the bureaucracy's autonomy is enhanced when a regime includes—as Edmonton's did in the early 1980s, and as latter-day Dallas did in Elkin's study (1987a, 1987b)—both popular and corporate elements. We saw how the presence of URGE, and of the citizens' groups whose interests it reflected, gave the planners the necessary leverage to mobilize a consensus around the DARP development control regime and how, once corporate forces were back in control, planners tendered their advice in vain.

How much autonomy planners should have is a question on which it is possible to differ. The impact of repeated rejections of planning advice in Edmonton's case, however, are clear: political amateurs, unwilling to take expert advice as they negotiated with professionals from the development community, became acutely vulnerable. The outcome was more or less inevitable. Once again, the realities of globalization call for a changed approach. A City Council that does not trust its planners had better find advisers it does trust. The consequences of an approach to development that lacks either a strategy or expertise become more severe with each passing year.

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NOTES

1. For critiques, see Horan (1991) and Leo (forthcoming).
2. Exceptions: Garber and Imbroscio (1992); Whelan (1989, 1992).
3. Some writers, including Garber (1992), use the term "growth management" to describe such a faction or regime, presumably to avoid the scientifically indefensible inference that the future belongs to them. The problem with that term, however, is the inference *it* carries that concerns of the municipal left are limited to development control, when in fact a wide range of social issues comes into play as well. Having been noted in order to forestall misunderstandings, these definitional problems need not detain us. In this paper, I will use both terms more or less interchangeably.
4. A few samples of a Canadian literature too large to cite in detail: Gerecke (1991); Leo and Fenton (1989); Magnusson (1990, 1991); Magnusson and Sancton (1983); Lorimer (1978, 1972, 1970); Sewell (1972).
5. Stone (1989), for example, goes well beyond the Canadian literature in his treatment of the political economy of coalition-building (see especially chaps. 11-12). This is a subject that is of considerable interest to Canadian students of urban political economy. See, for example, Magnusson (1990, 1991); Magnusson and Sancton (1983); Lightbody (1983); Lightbody and Wright (1989); Lorimer (1970, 1972, 1978).
6. The variations are undoubtedly worth a closer look, as they likely bear upon differences between Canadian and American politics. Pursuit of this theme, however, is beyond the scope of the present study.
7. It is also argued, by such authors as Newton (1975, 1976), that subordination, or feebleness, as he characterizes it, is a more general characteristic of American local government.
8. Midland did not, in the instance cited by Logan and Molotch, turn out to be a subordinate regime, but the quotation accurately identifies some of the circumstances that are conducive to the development of such a regime.
9. See especially pp. 37 ff. See also Hill (1984, 1986); Hill and Feagin (1988).
10. Thompson (1983), italics in original.
11. This tentative conclusion is based on a variety of reading in the Canadian and American literatures. If the conclusion is correct, it is readily understandable in terms of a wide-ranging literature that, from a variety of perspectives, finds Canadian political culture to be more oriented than American to state intervention in society and the economy, or—as some of the literature would have

it—more Tory than the United States on one hand and more inclined toward democratic socialism on the other. See, for example, Horowitz (1978); Frye (1982); Goldberg and Mercer (1986); Lipset (1990.) Note also Garber and Imbroscio (1992). A careful pursuit of this very important question is beyond the scope of the present study.

12. For the clarification of the series of events that follows, I am indebted to Masson (1985.) See especially pp. 186, 210-11, 219, 226, 228, 242, 351.
13. The following account of the gutting of the DARP by-law and of the reassertion of the business community's dominance in decision-making over downtown development is based on a more detailed account of this sequence of events in Leo (forthcoming).
14. Edmonton, Planning and Building Department, n.d.
15. A similar tactic had been employed three years earlier in Winnipeg by Liberal Lloyd Axworthy to secure an upset victory in a federal election over Conservative Sidney Spivak.
16. Except where otherwise indicated the details of the 1983 civic election campaign are drawn from Lightbody (1984).
17. *Edmonton Journal*, 8 July, 1981, p. B2.
18. The sequence of events that follows has been assembled from these sources:
 - Interviews with Jan Reimer, member of City Council, and Armin Preiksaitis, President, Edmonton Downtown Development Corporation, 4 May 1987, as well as planning officials Kama Joshi, 8 May 1987 and 4 June 1990, and Carl V. Sorensen, 31 May 1990.
 - Edmonton, City of 1981; Masson, 1985.
 - *Edmonton Journal*, 16 September 1980, p. B2; 8 July 1981, p. B2; 14 October 1981, p. B6; 15 October 1981, p. B2; 10 November 1981, pp. A1, A3; 10 February 1982, pp. A1, A2; 10 October 1982, p. A1; 17 February 1983, p. A1.
 - *Alberta Report*, 10 July 1981; 20 November 1981, p. 17; 29 November 1982, p. 15.
19. Alberta, Province of, 1980, sec. 24 (1).
20. The sequence of events that follows has been assembled from these sources:
 - memos, correspondence and other papers from Edmonton, Planning and Building Department, 1983.
 - interviews with Edmonton planning officials Harvey Crone, 5 May 1987, and Kama Joshi, 4 June 1990.
 - *Edmonton Journal*, 11 February 1983, p. D2; 17 February 1983, p. A1; 18 February 1983,

- p. B1; 2 April 1983, p. B1; 1 June 1983, p. B7; 11 June 1983, p. H8; 15 June 1983, p. E8; 16 July 1983, p. B2.
- *Alberta Report*, 13 June 1983, p. 18.
 - Masson, 1985.
21. Calculated from Statistics Canada, 1975, Table 2-41; 1976, Table 2-37; 1981, Table 3-38; 1982, Table 3-43; 1983, Table 3-41.
22. Jim Lowden, Director, Strategic Planning Section, to B. Mohr, Acting Director, Land Use Control, 6 April 1983, Edmonton, Planning and Building Department, 1983. Discussions of the principles involved in the creation of a lively, urbane street atmosphere may be found in Jacobs (1959) and Whyte (1988).
23. Metropolitan Planning Commission Meeting No. 14/83, Minutes of 12 May 1983, IIG, Edmonton, Planning and Building Department, 1983.
24. At Portage and Main in Winnipeg, for example, the bank had carried out a renovation of a historic structure and added next to it a modern building that was thoughtfully designed to reflect its own times while capturing the spirit of the older building—a sharp contrast to Edmonton, where, as we will see, an off-the-shelf design replaced the demolished Tegler Building.
25. In the end, it was the City that bore the responsibility. Bank of Montreal Project, 1983, Art. 6 ¶ 5-6.
26. In an interview on 7 December 1992.
27. *Edmonton Journal*, 10 February 1982, p. A2.
28. The account of the 1980 negotiations and their aftermath has been assembled from the following sources:
- Memos, correspondence and other papers from Edmonton, Planning and Building Department 1980.
 - Interviews with Edmonton Planning Official Harvey Crone, 5 May 1987; Mary Oldring, Assistant to Mayor Laurence Decore, 6 May 1987; and Gary Hanson, Director of Development and Construction, Triple Five Corporation, 5 June 1990.
 - *Edmonton Journal*, 3 July 1980, p. B12; 26 July 1980, pp. A1-2; 10 September 1980, p. G1; 16 September 1980, p. B2; 8 October 1980, p. B1; 10 December 1980, p. B1; 11 December 1980, pp. A1, A3, A7; 12 December 1980, p. A1, A3, A4; 13 December 1980, p. B1; 16 December 1980, p. B1; 17 December 1980, p. A4, B1; 19 December 1980, p. B1; 16 February 1985, p. B1; 18 February 1985, p. B1.
 - *Alberta Report*, 26 August 1985, p. 30.

29. Eaton's Centre DC2 Application, Schedule B, n.d., unpaginated, Edmonton, Planning and Building Department, 1980.
30. The agreement was concluded in February 1981. Eaton Centre Project, 1981.
31. The account of the 1986 negotiations and their aftermath has been assembled from the following sources:
 - A series of Eaton Centre development agreements (Eaton Centre Project, 1986a, 1986b, 1986c, 1987) and planning evaluations of the agreements from the files of the Planning and Building Department, City of Edmonton.
 - Interviews with Edmonton planning officials Harvey Crone, 5 May 1987; Kama Joshi, 8 May 1987 and 4 June 1990; Carl V. Sorensen, 31 May 1990; Wayne Cameron 24 June 1992; Kulbir Singh, 15 July 1992; and Duncan Fraser, 18 August 1992.
 - Interviews with Ian Wight, Manager, Policy and Research, Municipal Services Branch, Alberta Municipal Affairs, 8 May 1987; Mary Oldring, Assistant to Mayor Laurence Decore, 6 May 1987; Frank Markson, Executive Director, Urban Development Institute of Greater Edmonton, 8 May 1987; Kathy Vandergrift, assistant to Mayor Jan Reimer, 4 June 1990; Gary Hanson, Director of Development and Construction, Triple Five Corporation, 5 June 1990; Armin Preiksaitis, President, Edmonton Downtown Development Corporation, 4 May 1987 and 6 June 1990.
 - *Edmonton Journal*, 14 February 1985, p. A1; 16 February 1985, p. B1; 18 February 1985, p. A7; 20 February 1985, p. A7; 13 June 1985, p. E1; 21 June 1985, p. H1; 2 August 1985, p. A1; 3 August 1985, p. B1; 7 August 1985, p. B1; 8 August 1985, p. A1; 9 August 1985, p. A1; 21 August 1985, p. B1; 29 August 1985, p. B1; 22 September 1985, p. cc; 21 October 1985, pp. A7, B2; 22 November 1985, p. A1; 23 November 1985, p. A1; 25 November 1985, p. A1; 28 November 1985, p. A1; 29 November 1985, p. A6; 16 December 1985, p. B9; 20 December 1985, p. A7; 10 January 1986, p. D9; 21 January 1986, p. B1; 22 January 1986, p. B4; 23 February 1986, p. A3; 7 April 1986, p. B3; 25 April 1986, p. B2; 26 April 1986, p. A7; 30 April 1986, p. B2; 4 May 1986, p. A7; 11 May 1986, p. A5; 15 May 1986, p. A1; 17 May 1986, p. A1; 18 May 1986, p. A1; 22 May 1986, p. B3; 23 May 1986, p. A1.
 - *Edmonton Sun*, 29 January 1987, p. 37
 - *Alberta Report*, 26 August 1985, p. 30.
32. For a more detailed account of the ddc, see Leo (forthcoming).
33. Armin Preiksaitis, DDC President, reported that he deliberately chose to emulate such American models as Denver, Minneapolis and Milwaukee. Interview on 4 May 1987.
34. *Edmonton Journal*, 16 February 1985, B1.
35. *Edmonton Journal*, 7 August 1985, B1.

36. *Edmonton Journal*, 23 February 1986, A3.
37. *Edmonton Sun*, 29 January 1987, 37.
38. Edmonton City Council, minutes of 14 May 1986.
39. Edmonton City Council, minutes of 14 May 1986.
40. *Edmonton Journal*, 15 May 1986, A1.
41. *Edmonton Journal*, 23 May 1986, A1.
42. Edmonton City Council, Minutes of 17 August 1992, Enclosure II, Bylaw No. 10101, 8.
43. This is especially clear when one contrasts the behaviour of Triple Five's negotiators, who were busily extracting concessions with a substantial monetary value, with that of the bank's representatives, whose concerns focussed on design issues, most of which were more symbolic than material. On the face of it, this is strange behaviour for a bank's management. Certainly it is not hard to imagine a different course of events, given different personalities and different management priorities. Indeed, as we noted, the local management of the Bank of Montreal behaved quite differently when it expanded its operations at Portage and Main in Winnipeg.

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