Late 19th Century Urban Policy and Industrial Capitalism in Central Canada's Cities

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1. Introduction

The late 19th to early 20th century was a period of significant city-building within North America. Waves of European immigrants swept into the young Canada and USA and settled, increasingly, in urban places. This late 19th century round of demographic urbanization was accompanied by rapid urban industrialization, so that by the late 19th century, it is possible to identify, at least within Central Canada, a budding "system of cities" and the framework of the modern urban network (Smith, 1982; Spelt, 1972; Simmons, 1974).

The impact of demographic urbanization upon Canadian cities has been the subject of a significant scholarship and need not detain us here (Smith, 1982; Spelt, 1872; Simmons, 1974). It is sufficient to note that between 1871 and 1901, the number of urban places doubled within Ontario, the most industrialized and urbanized province, although growth still remained greatest in municipalities that served as central places for the growing rural population. This indicates that 19th century municipalities played an important role in the economic organization of the countryside, a fact substantiated by data to suggest that by 1871 the larger proportion of manufactured goods was produced in urban rather than rural areas of Central Canada (Bloomfield & Bloomfield, 1994). Although a late 19th century politician was to quip that "if all the towns of the Dominion were swept off the map, this country would still remain," in truth, by the late 19th century this assertion was increasingly doubtful (Cornwall Reporter, 1878).

Similarly, the industrialization of Canada's urban work force has also been well documented and indicates that large scale factory labor became increasingly important after the second half of the 19th century (Palmer, 1979; Kealey, 1980). Like other aspects of late 19th century
society, urban labor forces were increasingly affected by industrialization and urbanization. The impact of these larger forces upon Canada's cities and towns was great—not just in terms of defining urban physical and social space—but in terms of the way in which they shaped the nature of municipal political governance. Industrialization became a positive amenity, associated with prosperity, while the delivery of industrial jobs became associated with the broader societal goal of "employment." A subsidy request for the rebuilding of the Cornwall Manufacturing Company, for example, was granted by the City of Cornwall in 1871 specifically because a promise of employment, or delivery of jobs, was attached to the agreement. The Company was to "give employment to an equal or nearly equal number of operatives as were employed in the same previous to its destruction" (City of Cornwall, 1871).

This scene was repeated countless times across Central Canadian municipalities (Figure 1), as municipal legislation developed to foster new instruments and policies to harness the potential of industrial capital and industrial employment for city-building purposes. (Government of Ontario, 1882–1883; Government of Ontario, 1900). Like those of the Cornwall Manufacturing Company, industrialists were successful not just because they offered the promise of progress and employment, but because they succeeded in fusing industrial capitalism to the practice of local government itself. Having planted the idea that progress, employment, and industrial development was the responsibility of local political cultures, industrialists used municipalities to provide the much-needed capital for their own purposes.

Or did they? Did municipal government not also use industrial and business elites, and their class alliance, as a means of increasing not only consensus for development of delivery on a range of "public goods" instrumental to the new industrialization (such as urban employment) but also for strengthening the idea that municipalities ought to be involved in the definition and delivery of these goods? Perhaps the relationship was more mutually constitutive than has previously been understood. While "boostering" is a topic normally approached from the perspective of its role in promoting the interests of a narrowly-based elite within Canada's urban places, this may only be part of the story. Seen as a necessary precedent provoking a strong 20th century urban reform movement, the study of boostering is no longer a topic on the cutting edge of urban studies. But the delegation of the study of industrial subsidy to the "particularistic" description of "elitist" small town Canada is somewhat premature: industrial bonusing, or promotionalism, as it was practiced in this period, gave birth to a broader political culture which used subsidies as a delivery system for much-needed industrial capital and industrial employment and subsequently contributed to the idea of certain urban activities as "public goods." It associated jobs with the responsibility of municipal government and public welfare in ways which were quite new for
Figure 1. Ontario municipal governments which offered tax relief and bonuses to manufacturing industries 1872-1899.

the day and age. Indeed, it can be argued that through industrial subsidy policies, the fortunes of elites and the fortunes of home town became increasingly tied to a broader municipal and regional government, and a narrative increasingly tied to the notion of progress and a public culture of progress (Nicol, 1995). The definition of progress itself was linked to industrialization, the provision of jobs and the expansion of urban services and infrastructure. It was constitutive, in many ways, of the transformation of capitalism and the internalization of industrial capital in Canada's urban places, as well as the development of an "urban consciousness" as a social and political process.

2. Finding the Big Picture: A World Systems Framework to Canadian Urban History

Clearly the story of urbanization and urbanism within Canada cannot be understood without reference to the big picture of urbanization in the late 19th and early 20th centuries. With this in mind, the problem becomes one of defining what is meant by "the big picture." In this analysis we apply a "world systems approach" to the study of Canadian urbanization—placing the Canadian experience in context of the global experience. This includes analysis of the urban economic processes and the sociopolitical narratives
which, during the late 19th and early 20th centuries, linked the local municipal context in which urban industrial worlds were constructed to the broader process of “modernity” as it has been sociologically and historically defined by Berman (1982), Perkin (1969; 1989; 1992), and others. It is linked, as well, to what Harvey has dubbed the “meta-theory” of the “urbanization of industrial capital” (Harvey, 1985). The latter approach is consistent with the broader brush painted by Wallerstein’s World Systems Theory, particularly in terms of its role in the historical development of western urbanization and capitalism (Wallerstein, 1984). This model suggests that industrial capitalism, its technology, financial infrastructure, and its political discourse exercise considerable influence over the economic, social, and political fabric of urban places. As new waves of capital investment, along with new and enabling technologies, were introduced throughout the 19th and early 20th centuries, they effected changes upon the broader sweep of regulatory policies organizing industrial production. The result was a series of expansions and contractions in the world economy which had geographically specific repercussions and which increasingly concentrated capital investment and activities in the urban centers of what are now the core countries. These rounds of capital investment in Canadian cities were thus linked to the broader contours of urban-economic development and 19th century globalization and sociopolitical change which swept through North America and Western Europe prior to the 20th century. Indeed, a World Systems approach to urban industrialization has been used effectively by geographers studying the history of urban-economic development in contemporary times and offers potential in assessing the historical situation.

In order to demonstrate this point, this essay of the 19th century urban system in Central Canada looks at the emerging industrial fabric of Canada’s urban places and the evolution of municipal welfare and reform. Canada’s municipal government history requires, but has not been given, consideration in terms of its relationship to the broader picture of urban industrialization and the formation of a 19th century urban industrial revolution in North America. For example, Wallerstein argues that the process of production, extraction, and distribution of surplus value under capitalism, and the exchange of products containing inequitable social labor, are defined by a core/periphery relationship. Some areas are less equal than others, and “there tend to be geographical localizations of production activities such that core-like production activities and periphery-like production activities each tend to be spatially grouped together” (Wallerstein, 1984). This allows states within the interstate system in general to achieve hegemony within the world-economy. The notion of an interstate system is inimical to World Systems Theory, as is the postulation of a period of organized and then disorganized capitalism. Globalization, on the other hand, generally postulates the end of the interstate system. Moreover, national economies, regimes of accumulation, and expanding and contracting waves of economic investment, development, and price
inflation are characteristic of the world economy process, in ways which the simple postulation of "globalization" lacks.

Also important is the fact that there is both a spatial and temporal dimension to the process of building a world economy under World Systems Theory, which is critical to the understanding of how urban places develop in relation to broader economic processes. It is this temporality which underscores its importance to the study of Canadian urban development and the evolution of municipal government policies. Wallerstein, for example, identified "cycles" in the expansion of economic production processes and the social relations that underlie them. The particular cycle of significance to our study of Canadian urbanization in the late 19th and early 20th centuries is the period between 1873 and 1945, when hegemonic control of the world economy shifted from Britain (1815–1873) to the USA (1945–1967). This shift resulted not only in economic restructuring but in the reorganization of social and political practices to accommodate the shifting development of core-like activities in the 19th century (Wallerstein, 1984).

In addition to sketching the temporal and spatial dimensions of an evolving world economy which, in the 19th and early 20th centuries involved dynamic spatial shifts in the concentration of industrial capitalism, this World Systems Model also situates contemporary processes of urbanization and globalization conceptually within the interstate system (Taylor, 1993). It argues that there was significant involvement of local and national political systems in the transition from competitive to organized capitalism in North America and Western Europe over the four broad cycles of cyclical expansion and contraction of the world economy identified. Periodic expansions and contractions in both the domestic and world economy in the late 19th century were derived from major technical innovations and shifts in changing labor processes, as the global economy moved from a commercial to industrial foundation. The shift from mercantile to industrial capitalism was disruptive on all fronts, but creatively so. Harvey suggests that the shift was from appropriation of surplus capital (through trade) to the production of surplus value (through production), and as such "the whole basis of urbanization had to change" (Harvey, 1985). Industrial capitalism became central with the effective displacement of mercantile capitalism after the industrial revolution, and initially it relied upon small industrial firms to be the central engines for economic growth (Agnew, Knox, & McCarthy, 2003). It both responded to, and was also constitutive of, broader shifts in ideological, political, technical, and economic processes which came to bear in the early 20th century.

The relevance of this fact to the discussion at hand is that one of these critical shifts was clearly reflected in the reorganization of municipal governance in late 19th and early 20th century Ontario cities. This was a period which saw municipal government legislation restructured, even overhauled,
to promote the internalization of surplus capital production within the province's urban places. This process took place in the period between 1873 and 1945, and specifically, within a period of rapid political, social, and economic change after 1873 and prior to World War I.

Although clear from a World Systems approach, a similar understanding of the big picture is generally lacking in our understanding of Canadian urban history and geography. Indeed, Gaffield observes that "urban historians have argued that Canadian cities must be treated as unique places created by specific city builders, in the sense that each city represents a particular convergence of individuals and environment and thus historical analysis must begin at the level of character and circumstance" (Gaffield, 1984). But, as Taylor recognizes, elites in Canadian municipal government were important to the process. Taylor argues that the fortunes of elites and the fortunes of home town became increasingly tied to a broader regional government in Canadian cities as the 19th century drew to a close (Taylor, 1986). Urban governments were increasingly central in this process, so that municipal responses to development issues contributed to the development of what Taylor refers to as an "organically linked delivery system" (Taylor, 1986). Indeed, this concept of an "organically-linked delivery system," while specific to the conditions of late 19th century Canadian urban growth, is reminiscent of the broader context of industrialization as defined by Harvey, turning urban regions "into a quasi-competitive unit within a geographical division of labor" (Harvey, 1985).

3. Applications: 19th Century Industrialization as an Economic and Demographic Process

Increasingly, in the late 19th century, in Canada, the geographical division of labor was focused firmly on the urbanization of industrial production facilities and the urbanization of industrial employment. During the second half of the 19th century, parts of Central Canada, particularly those of Southern Ontario, experienced profound changes as a result of such processes. We have already seen, for example, that after 1871, the urban population more than doubled, concentrating population within urban centers. During this same period, the relative contribution of manufacturing industry in Ontario became greater than any other economic sector, and increasingly, this industrialization was urban in location, although tied to markets which found their source beyond regional populations (Bloomfield & Bloomfield, 1994). This fact alone argues for recognition of the importance of this period in the consolidation and organization of urbanized industrial capitalism. Indeed, as Kealey demonstrates in his study of Toronto, the increasing scale of factory enterprise, as industrial enterprise shifted "machinofacture" toward large-scale urban production facilities,
occurred fairly early in Canada’s largest cities, reflecting the increasing mechanization of industrialization, and underscoring the fact of the increasing spatial concentration of industrial capital within urban places and the growing geographical significance of the spatial division of labor (Kealey, 1980).

The impact of industrialization and industrial revolution on Canadian cities was thus rapid and dramatic, and took part during a corresponding period of significant expansion in the part of the broader world economy. This accelerating industrialization meant that new transportation facilities had either to be built (or existing ones rationalized); that investment capital had to be mobilized; that new resources needed to be exploited; and that a labor force had to be recruited, all in relatively short order (Bumstead 1992). Capital investments were needed to construct both the physical means of production as well as to facilitate the circulation of manufactured goods. But technology, machines, large factory premises, and unlimited sources of power were expensive and required more investment from the private sector than was often feasible.

It is no coincidence, therefore, that the idea of industrial promotionalism first emerged at this time, and that its advocates attempted to use existing municipal government for the advancement of private industrial development projects. The notion that cities ought to build industry and provide jobs as part of their regular functions gained ground, and indeed the idea was not particularly far-fetched. Taxes from local assessment already provided funds for other necessary municipal facilities such as roads and bridges, buildings and services—and the extension to industrial projects was not a long stretch. It was, rather, a pragmatic response to the need for capital investment and was initially based upon a much-touted railway-building precedent. Indeed, for much of the 19th century, railways throughout North America had been funded, at least to some degree, by municipalities. As a result, cities and towns became one important source of funds for transportation and infrastructure development subsidization. Increasingly, after 1870, municipalities could raise funds through local assessment, which had experienced significant growth. Perhaps the clearest indicator of the increasing ability of municipalities to subsidize industry is the average increase in local assessment in Ontario municipalities between 1882 and 1892. Local assessments increased as much as 25% in Ontario’s townships, while increases closer to 85% were registered in villages and towns. A stunning 122% increase in local assessment was registered in Ontario’s cities during the same period (Nicol 1995). Towns and cities increasingly found the capital to build infrastructure and facilities, and an important relationship was clearly growing which was reproduced across other parts of Canada too, although not quite as dramatically as in what was to become the industrial heartland.
The road to industrial subsidy was not unproblematic, of course. Railways and the municipal bonuses they received earlier in the 19th century had been hotly debated by major urban places, not just in Ontario, or even in Canada, but within the continent as a whole. The same was true of industrial subsidy. The debate developed into more than a dispassionate discussion about railway finance. It became a powerful discourse concerning the goals of economic development and the best strategy to secure a progressive future. Consequently, railway subsidization debates structured ideas about the role of boosting in regional development strategies around a sense of community and consensus. The argument for railways played to moral and ethical values, ideas about progress and patriotism, and served to loosen the public purse and its grip on much needed capital funds (Nicol, 1995). It also contributed to a rudimentary understanding of what constituted "public goods" and the place of municipal governments in providing goods such as transportation facilities, as any number of historical studies of Canadian railway development have shown. Consequently, in Central Canada, particularly in Ontario, the 1870s and 1880s were major periods of railway building, and considerable money was invested (Smith, 1982).

But considerable sums were also invested increasingly in industrial subsidization as the century drew to a close. We have seen that provincial data indicate that participation in industrial subsidy programs was widespread in Ontario's municipalities after 1870, and that a broad array of urban centers participated actively in a promotional political program. True, in relation to railway funding, the amounts were modest, and this was at least partly a result of the fact that provincial legislation prohibited industrial development projects from accessing the Municipal Loan Fund, although these funds were available to railways. Initially, the provincial government did not calculate the value of industrial "bonusing" in the same way as it calculated the value of railway promotion schemes—that is, as objects for municipal subsidy. Indeed, by the time that industrial subsidization became common practice, the Municipal Loan Fund had ceased to exist. Municipalities were then forced to turn to other forms of raising funds to encourage manufacturing activities, including borrowing through municipal bonds and debentures, as well as the imposition of special "rates" so the costs of industrial bonusing were taken directly from revenues generated by property taxes. As such, industrial subsidies were always awarded by local municipalities based upon local assets, rather than with reference to what earlier had amounted to a broader provincial "slush fund."

Still, even with these limitations, the extent to which Ontario's municipalities were subsequently prepared to seize control of local development and provide funds for industrial infrastructure is evident from a document dating
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To the end of the 19th century. In 1894, over $700,000 was outstanding for manufacturing bonuses, and $4,700,000 for railways (Table 1). This can be compared to a total of $49,000,000 owed by municipalities for all forms of public works and municipal bonuses, including electric and gas works, sewers, roads, bridges and schools. Approximately 10% of all municipal debt went toward railways and industry (Province of Ontario, 1896).

Table 1. Total amount of municipal debt for various projects (Province of Ontario, Sessional Papers, 1896, Chapter 68).

<table>
<thead>
<tr>
<th>Project</th>
<th>C</th>
<th>T</th>
<th>V</th>
<th>Co.</th>
<th>Tsp.</th>
<th>Tt</th>
</tr>
</thead>
<tbody>
<tr>
<td>roads and bridges</td>
<td>4.76</td>
<td>0.58</td>
<td>0.03</td>
<td>0.96</td>
<td>0.14</td>
<td>6.47</td>
</tr>
<tr>
<td>railway bonuses</td>
<td>2.26</td>
<td>0.85</td>
<td>0.16</td>
<td>0.54</td>
<td>0.84</td>
<td>4.65</td>
</tr>
<tr>
<td>manufacturing</td>
<td>0.03</td>
<td>0.58</td>
<td>0.10</td>
<td>0.02</td>
<td>0.00</td>
<td>0.73</td>
</tr>
<tr>
<td>waterworks</td>
<td>7.64</td>
<td>1.68</td>
<td>0.26</td>
<td>0.00</td>
<td>0.01</td>
<td>9.59</td>
</tr>
<tr>
<td>gas/electricity</td>
<td>0.04</td>
<td>0.32</td>
<td>0.01</td>
<td>0.00</td>
<td>0.00</td>
<td>0.37</td>
</tr>
<tr>
<td>schools</td>
<td>2.19</td>
<td>1.10</td>
<td>0.34</td>
<td>0.02</td>
<td>0.50</td>
<td>4.15</td>
</tr>
<tr>
<td>sewers</td>
<td>3.57</td>
<td>0.50</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>4.07</td>
</tr>
<tr>
<td>other</td>
<td>9.17</td>
<td>2.45</td>
<td>0.22</td>
<td>0.5</td>
<td>0.58</td>
<td>12.97</td>
</tr>
<tr>
<td>local improvements</td>
<td>3.91</td>
<td>0.91</td>
<td>0.07</td>
<td>0.31</td>
<td>0.86</td>
<td>6.06</td>
</tr>
<tr>
<td><strong>Tt</strong></td>
<td>33.57</td>
<td>8.97</td>
<td>1.19</td>
<td>2.40</td>
<td>2.93</td>
<td>49.06</td>
</tr>
</tbody>
</table>

C=Cities
T=Towns
V=Villages
Co=Counties
Tsp=Townships
Tt=Total ($ millions)

Although in 1894 this was the amount still owed, and not the total borrowed, these data also suggest that over one third of all money borrowed by municipalities during the second half of the 19th century remained outstanding as debt by the end of the century. This means that the promotion of industries compatible with 19th century industrialization remained relatively dependent upon legislative instruments which allowed municipalities to borrow money on the strength of local taxation and the relative autonomy afforded municipal governments by provincial legislation. These efforts were buttressed by instruments which allowed local governments to borrow, the end result being that by these means, what was at first erratic and localized—the process of supporting a business scheme often on the
basis of the personal reputation and social status of the industrialist—became incorporated into a broader practice of industrial subsidy which was eventually to be felt at the regional level. Or, in more academic terms, what has sometimes been called the "competitive parochialism" of community efforts to fund railways and industries was transformed into a broad-based political process with a well-defined institutional infrastructure (Ward, 1990).

This interpretation is consistent with a broader, revisionist urban history scholarship in North America, which has focused largely to date upon the revaluation of American municipal government in the "Gilded Age." Faced with the challenges of rapid urban growth, poverty, industrialization and decentralization, 19th century municipal governments undergoing rapid industrialization and urbanization were hard pressed to find means "for extension of services and the construction of municipal facilities . . . Improved and expanded municipal services, however, required funding, and revenue therefore posed another challenge for city rulers" (Teaford, 1984). While conventional scholarship has treated the late 19th century in America as a period where municipal government was elitist, corrupt, and self-serving, Teaford (1984) emphasizes the important role which municipalities played in the delivery of goods and services and emphasizes that American cities rose to the challenge of providing services and infrastructure while remaining solvent: "No major American city defaulted on its debt payments during the 1890s, and by the end of the century all of the leading municipalities were able to sell their bonds at premium and at record-low interest" (Teaford, 1984).

Industrial subsidization thus sparked development of a political process whereby municipalities developed the political tools to solve the technical problems imposed by late 19th century urban-industrialization and maturing industrial capitalism. If we relate this to Wallerstein's World Systems approach, outlined earlier, it is clear that in the late 19th century, Central Canadian municipalities were preoccupied with the issue of developing enabling technologies, infrastructures, and industries consistent with the ongoing shift between the age of railways and steel, and the age of steamships, gas, and electric power (Taylor, 1993). Indeed, the process of promoting gasworks and power plants originated in much the same ways as did industrialization—that is to say as highly speculative projects which required large sums of municipal funds. By the end of the 19th century, promotionalism had become more than an issue for bureaucratic debate around the council table. It had become a political culture by which social goals, such as jobs and employment, were incorporated into burgeoning urban places in which population increasingly concentrated.
4. The Discourse of Promotionalism

During the late 19th century the important organizational role played by cities in building industrial infrastructure spilled over into social and political life. Here promotionalism, community building, and economic development became increasingly linked to the provision of industrial capital and the provision of an urban infrastructure compatible with large scale manufacturing industry, so that industrialization was a social discourse as well as an economic one. A reading of Perkin’s study of modern English society, the rise of professional classes, and the role of Victorian enterprise culture indicates that not only was industrialization a social as well as economic project, but that a more generalized basis for the understanding of enterprise culture exists, although it was expressed differently in North American and British industrial urban centers. In 19th century Britain, Perkin argues, for example, that the ideology of industriousness or “enterprise culture” “led the self-interest of the individual to promote the good of the community, and conversely, it guaranteed success to the most meritorious: those who had served the interests of the whole best promoted their own interest” (Perkin, 1969, p. 224). Thus community as a social process and community as a political process were one and the same and turned upon the conflation of class and enterprise.

During the same period in the USA, similar events occurred—in terms of the emergence of a class alliance with promotional overtones. Teaford indicates that elitist municipal politicians in American cities ensured that the bigger picture—the city as a whole—remained in view rather than simply the patronage politics of the ward system. Politicians and bureaucrats from the upper echelon of municipal governance in the USA, for example, tended to support projects which were considered good for the city as a whole, while the politics of the lower echelon remained in control of the lesser social classes—the ward bosses and aldermen, both of whom tended to focus on segmented and parochial concerns (Teaford, 1984).

It is not particularly remarkable, therefore, that a belief in enterprise culture, initially expressed through the politics of promotionalism and class alliance, was also a touchstone for late 19th-century political culture in Canada. Indeed, although the Canadian experience with enterprise culture differs in detail, the idea of enterprise culture is consistent in many late 19th-century documents describing the ways in which communities evaluate progress, development, and intervention. Canadian cities lacked the “city boss” structure of their American counterparts, yet were similar in the challenges they faced as a result of demographic and industrial expansion in the late 19th century. Heelas and Morris have argued that, in a broader sense, this was an era where “supply side” economic policies evolved...
compatible with moral idealism at the community level (1992, p. 16). If they are correct—"It isn't your town, its you"—as one late 19th century Canadian poet waxed eloquent in the print of several small town newspapers, refers to the intertwined economic fortune of individuals and urban places.

The phenomenon of problem industrial subsidy really encapsulates the problem of how cities managed to meet the challenge of dynamic urban industrial growth and balance the political cultures which sustained such growth. If industrialists and wealthy elites tended to control local political processes which allocated funding to industry, local governments also increasingly required the potential employment such projects might bring. Perhaps the fact that in Canadian municipalities elites were securely in control of municipal politics ensured that this urbanization was intimately bound up with the process of industrial capitalism in Canada—or at least that the process was mutually constitutive. In this way, the process of industrialization, the fortunes of home town, and the evolution of world economy were firmly linked. City-building was not independent of the more global phases in the evolution of a 19th century global economy, nor was it, strictly speaking, simply an elitist process which resulted in self-privilege.

For skeptics, it is worth dwelling upon some of the more compelling evidence of the ways that this late 19th century urban consciousness reflects this argument in the contemporary discourse of the era, among Ontario's cities and towns. The idea of intertwined industrial-community interests which spawned the belief in industrial subsidy was evidently in existence before 1872, and indeed continues to exist elsewhere even today (Deakin & Edwards, 1992). Yet the years between 1872 and 1892 represent, more or less, benchmarks in an important political process. The early 1870s saw the beginning of provincial legislation in Ontario, which although it set fairly precise limits to municipalities' power to interfere in local development, still allowed municipalities considerable autonomy in the decision-making process and in the area of industrial promotionalism. Indeed, it was in 1872 that amendments to the Municipal Act first allowed municipalities to offer "cash bonuses" and loans to local industries to encourage the growth of a local manufacturing base. Over the next two decades, as these powers were refined and expanded, Central Canada's municipal governments regularly utilized industrial incentives to encourage local economic development.

While we know that during the late 19th century industrial intervention policies became important tools by which powerful industrial entrepreneurs and politicians could serve their own interests, the question remains as to how this propensity for class alliance impacted local governance. Did these activities translate into a political mandate to provide
jobs, wages, and local improvements to their towns? Or, were the goals of industrialists, politicians, and the general population mutually exclusive?

It is clear that great pains were taken by some advocates of industrial enterprise to convince all ratepayers, through public statements, that these goals served one and all. A case in point occurred in Cornwall, Ontario. Here the goals of businessmen became broader community goals, fomented through a process of political generalization and public discussion. Yet, Cornwall's success has often been explained as the result of the actions of Montreal businessmen and entrepreneurs who successfully established a new sphere of interest and influence within this small Eastern Ontario center (Stein, 1992, p. 88). Stein, for example, argues that George Stephen, Benedict Rosamond, the Gault Brothers, Hugh Allen, and other well-known businessmen successfully campaigned for public support of the textile industry within Cornwall in the 1860s and 1870s (1992). Stein sees Cornwall as a field of play for these Montreal investors, and as such its subsequent industrial history was dependent on Montreal. The politics of community economic development and public debate, at the local level, was no more than artful manipulation.

Yet there is more to the story in Cornwall than the actions of a few powerful men. There is also the problem of explaining how the interests of these few became the source of inspiration for a more generalized enterprise culture which targeted textile mills as a means to secure a progressive future for the town. Newspapers, council minutes, editorial letters, and other venues for public discussion provide ample evidence to show that textiles manufacturing and related enterprise proved to be irresistible to politicians and ratepayers, and that it strengthened the position of the business class within this Eastern Ontario community. These same documents suggest that Cornwall was not merely an extension of Montreal, but a new municipal medium in which local institutions played an important role in shaping the course of municipal capitalism as well as being co-opted in the process, so much so that as late as 1906, one publication would claim that the factories "are the life of the town . . . and everything that would act in a prejudicial way against them is looked upon with justifiable indignation" (Senior, 1983, p. 245).

This idea that economic development, public good, patriotism, and municipal government were mutually definable in terms of promoting an industrial version of economic development was new to the late 19th century. It supplanted the idea that the future was to be secured by lines of steel and movement of peoples across continents, although all along the railway as industry had itself fuelled the engine of this development momentum. Moreover, this political culture of subsidy was linked to a more popular discourse at the local level. Late 19th-, and to a lesser
extent, early 20th-century newspapers and journals, are notable for the way in which they editorialize concerning political and economic issues.

In this journalistic universe, political and economic events were mutually constitutive, and to a large extent redefined the importance of industrial subsidy as a public good. This was a time period when partisan national debate was focused upon protectionalism and related tariff structures. Indeed, in terms of a popular discourse, this was a period in Ontario’s cities and towns when a version of economic nationalism took root. The role of civic culture became one of articulating local community interests and organizing them into specific development discourses. These included the “home trade” and “buy Canadian” campaign which took a most tenacious hold in Western Canada, and manufacturing protectionalism discourse which found a home in Central Canada. Through these venues of popularized debate and discourse, boosting, promotionalism, and city-building ethos all developed as major influences and grassroots movements at the local level.

In many ways these discourses complemented the protectionist policies of the national government (Kealey, 1980, pp. 13–17). This can be seen in the local newspapers of the period, where for example, “the N.P. [National Policy] and Brockville” boomed from the hopeful headlines of the Brockville Recorder, and other similar papers, in the 1870s. Such headlines also indicate that by the late 19th century, Ontario’s municipal governments had become the negotiating ground for a particular type of enterprise because politics at the civic level were chronically dominated by problems of economic development. These included problems of how to fund railways and manufacturing industry as well as problems of how to pay for necessary public facilities such as schools, roads, poor houses, and hospitals. In attempting to grapple with these problems, distinctive solutions were proposed, and these amounted to a mix of business and belief.

Local development policies that encouraged commercial and industrial development, particularly those that used local government funds to subsidize them, took on significant nation-building properties. Although elitist in tone, industrial boosters were supported in their endeavors by a broader community which translated the goals of enterprise into public goods, jobs, employment, and prosperity. If the “encouragement of manufacturers in our midst . . . could . . . take another step forward on the good way . . . to advance the broader more patriotic problem of National protection,” wrote one late 19th century journalist, “our joy would be complete.” And, in case the point was missed, he went on to add that “this great Dominion of Canada is only an aggregate of towns . . . and . . . such a boom to part will . . . prove proportionately beneficial to the whole” (Napanee Standard, 1878).
5. Building a Municipal Framework for Competitive Industrial Capitalism

We have seen that industrial promotionalism comprised an important phase in the broader evolution of a social and political system. It was compatible with a late 19th century phase of expansion and consolidation in industrial capitalism, rather than a distinctive and idiosyncratic era in Canada's urban and small town development. Faced with considerably more difficulty in acquiring funds for municipal works, projects, and infrastructure, Canadian cities relied heavily upon private sector development for city-building purposes. They balanced the need for expanded infrastructure, jobs, and services, the result of a burgeoning urban population, by utilizing all the tools at their disposal. These included problem-solving which deployed an ideology consistent with the privileging of private enterprise, and the even broader process of harnessing industrial capitalism to provide the political and fiscal momentum for city-building. Neither the pragmatic nor ideological aspects of the process were exclusionary. Rather, the one reinforced the other, and indeed the broader outcome was the rise of an urban political culture and municipal structure of governance not only conducive to the requirements of urban industrial capitalism, but having the consensus or political will to develop them.

As early as the mid-1860s, for example, it was evident to many that the private sector could not raise adequate capital to stimulate industrial development at the scale desired by many of the province's municipalities. Indeed, one Brockville newspaper cajoled public sympathies for industrial aid, observing that "it is plain that the future greatness of our town depends more upon the extent of our manufacturing interests than upon general commerce, therefore we should reach out for, and by every legitimate means, encourage the establishment of new manufacturing enterprises" (Brockville Recorder, 1890). Another paper, the Cornwall Reporter, remarked that "the only question upon which any difference of opinion can arise is are we asked to pay too high a price for the advantages which we are sure to reap" (Cornwall Reporter, 1878). The response to the new certainty that industrialization was a worthy goal and its development fell within the realm of the public domain was first and foremost legislative. Initially, industrial subsidies were quite small and varied in form and substance. They might consist, as they did in the case of the Town of Belleville, Ontario, of generous leases for waterfront property. Or, they might consist, as they did in the case of a petition by I.P. Cummins of Hastings County, in petitions for obtaining the rights to water and land allocations (Nicol, 1995, p. 63). To others, it meant cash grants or loans to cover start up or renovation costs. It could mean tax breaks, free grants of land, and discounts on water and power rates.
Probably the earliest initiative to subsidize manufacturing activity on record in Ontario, for example, appears to have occurred in the City of Toronto, when in the mid-1850s Toronto's Council loaned two cabinet makers sufficient funds to rebuild their factories after a disastrous fire (Kealey, 1980, p. 19). Another effort was made to promote the general practice of industrial subsidization in 1864, when a committee of Toronto's City Council prepared a draft petition for the Ontario Legislature for the municipality to “exempt the real and personal property used for manufacturing purposes” (The Globe, 1864). This was followed by a series of formal recommendations in favor of tax exemption for manufacturing industry in the province, drafted by Toronto's Select Committee on Municipal Amendments to the Municipal Law of Canada, the following year. This report followed the Council's decision to grant land to Gzowski McPherson and Co. for construction of a rolling mill.

Although Toronto was able to assist Gzowski McPherson and several other companies in this way, it still remained illegal for municipalities to offer more lucrative types of aid—these subsidy events were therefore isolated, proving the exception rather than the rule.

The process began in earnest in 1868, with the passage of legislation at the provincial level permitting limited municipal inducements to industry. Previously, the industrial subsidy agenda amounted only to ad hoc attempts by municipal councils to offer concessions to newly forming manufacturing firms. Indeed, until 1867, the Municipal Manual for Ontario's towns and cities authorized only the collection of taxes for the purposes of “public improvements”—generally described as sewers, roads, and sidewalks. Industry was not considered as a “public improvement” at this time.

Still, attempts to petition the Ontario government to allow municipal subsidy of local industry gained momentum, and were not confined to Toronto. Other centers had joined the cause. In 1867, for example, George Stephen approached Cornwall's town council to ask for a concession to build a textile mill. Stephen's request was favorably received by the town, which resolved to petition the Ontario Legislature for permission to offer incentives (Senior, 1983, p. 227). A similar mind-set about the importance of manufacturing subsidies was developed in Kingston, and pressure was applied provincially for amendments to municipal law (Minutes of the Council, 1868).

All of these concerns and initiatives were eventually incorporated into provincial legislation. For example, in 1867 the Municipal Institutions Act was amended to allow municipalities to play a role in arranging debentures, funding public utilities by assessing and levying taxes upon real property. And, in 1868, the Province's municipal committee responded to the desire of municipalities to have the issue of industrial intervention assessed. Rykert, a MLA representing St. Catherine's, stated that amend-
ments to the Municipal Act were the result of an overwhelming response to a survey undertaken by the provincial legislature by municipalities in Ontario to award manufacturing subsidies (Globe, 1868). In addition to this survey, to which upwards of 200 municipalities responded, many of Ontario’s urban places had directly petitioned the Legislature for changes to the Municipal Act to accommodate industrial subsidy practices. Indeed, in this last sitting of the legislature during the spring of 1868, amendments to tavern closings and police matters commanded more attention and controversy than did industrial subsidization. The specific clauses under debate, which passed easily, included those involved in awarding municipalities “the power of exempting from taxation, for any period not longer than five years, manufacturers of woolens, cottons, glass, paper and such other commodities of like nature” (Statutes of Ontario, 1867–1868).

With the approval of the amendment of Section 44 of the Municipal Institutions Act, the stage was set for a comprehensive industrial subsidy program which continued to expand to include many other forms of industry. Within a year, the Municipal Institutions Act had been further amended to allow tax exemption to include all forms of manufacturing industry—not just textile mills, glass, paper factories, and other similar concerns. Exceptions to the Municipal Institutions Act (or requests for provisions which exceeded those allowed by the specific exemption amendments) still required special acts of the legislature such as that passed in December of 1869, which allowed Ontario Sugar Refining a twenty-one year period of tax exemption.

Further legislation passed in 1871 broadened the municipalities’ power to aid industry by allowing them to offer cash grants and loans to manufacturing companies. This new amendment to the Municipal Act allowed Ontario’s municipalities to bonus manufacturing industry in much the same way that they had allowed railways to be subsidized. Within two years, this device for industrial subsidization was made into what has been described as a broad–based scheme for aiding any manufacturing establishment “as the municipality might deem expedient” (Bucknall, n.d., p. A-3). There was, of course, some debate and dissent about the role of the public sector in industrial development. More often than not, and especially in the early years, this dissent was not so much on the part of the municipality but issued from the province itself. In 1871, for example, Holliwell found provincial resistance to his request for exemption from municipal taxation in the City of Toronto, although it was eventually granted (The Globe, 1871).

This resistance should not be overstated, however. Eventual approval of Holliwell’s refinery was consistent with the fact that the province had already spent a considerable amount of money through the Municipal Loan Fund for railways. It had enabled municipalities to use the local
assessment base as a resource for local economic development and had at all turns encouraged municipal governments to enter into a partnership with the province to construct crucial public works, transportation, and communication systems. The more general position taken by the province with regard to municipal affairs during the early 1870s was expressed by at least one legislator, who argued that municipalities were involved in the important process of building public facilities not just "to the particular districts interested but to the nation" (The Globe, 1871).

Throughout the remainder of the 1870s, the practice of allowing cash bonuses and loans to municipalities was continued. After 1872, however, there were numerous changes to the Municipal Act, including a myriad of new provisions to further define and elaborate upon municipal powers. These included 1873 amendments to allow municipalities to offer longer periods of property tax exemption to manufacturing industry: It allowed every municipality "the power of exempting any manufacturing establishment, in whole or in part, from taxation for any period not longer than ten years" (Statutes of Ontario, 1873). The same amendment allowed municipalities to take security from bonused industries to ensure compliance with any terms or conditions attached to the bonus agreement between town and industry. This new power gave local governments the right to insist upon mortgages or the right to make first claim upon the assets, properties, and buildings on whose behalf they had intervened (Statutes of Ontario, 1873).

At the same time that the bonus powers were refined, other, new legislation was also being passed with the intention of specifying or refining the new municipal powers to aid industry and making municipalities more accountable to taxpayers. In 1873, for example, an amendment was passed which required ratepayers to turn out and vote upon bonus by-laws, although no minimum number of ratepayers was required to vote: of those who voted a simple majority would prevail. By 1880, however, it had become necessary for the majority of ratepayers to vote, and the majority of all those who voted to be in favor of a bonus by-law. This was a requirement which put greater restrictions upon the practice and broadened the interest group (Statutes of Ontario, 1873). Other important changes to the Municipal Institutions Act made between the 1880s and 1890s included a provision for a two-thirds majority vote by ratepayers on bonus clauses (Bloomfield, 1981, p. 69). In addition, new legislation required that if an existing industry of a similar nature to that bonused by the municipality was already established, the bonus by-law was invalid—there were to be no competitive industries encouraged by the public

1. This returns us to the initial argument of this paper—that industrial subsidy as a political process was firmly linked to a burgeoning world economy, increasingly mediated at the regional, if not national, level.
purse, only complementary ones. Moreover, the industry bonused must not be established in any other provincial municipality. Finally, the fact of granting industrial bonuses could not add any burden to the taxpayers which exceeded a levy of 10% of the annual assessment (Bloomfield, 1981, p. 69).

So the period between 1872 and 1892 succeeded in fine-tuning the industrial subsidy legislation to the demands of both the municipal governments and their manufacturing firms. The system proved to be a popular one, but it was not without undercurrents of resistance. Indeed, just as bonusing had caught fire, resistance to the practice mounted over time. This resistance was increasingly expressed over the last decade of the 19th century, until, in 1892, the bonus clauses of the Municipal Institutions Act were repealed, and it was no longer legal for municipalities to aid industry unless the permission of the province was first obtained by special act of the Legislative Assembly. While we will discuss this repeal and its consequences below, it is important to pause and explore, at this point, the relationship between municipality and industrialization during the period between 1849 and 1892, when industrial subsidization was in ascendancy.

The first clear trend is that municipal governments, when they formally came into being, were increasingly eager to co-opt industrial growth by legislative means. The development of urban governance and provincial legislation controlled urban governance was clearly linked to the development of the role of local democracies as grounds for the definition and development of public goods deemed necessary to progress at the local and national level. The linkages forged between manufacturing and local industry reinforced a particular pattern of industrial growth—that of dispersed urbanizing agglomerations which encouraged the development of a broad industrial base. This is clear in the nature of the bonusing legislature, which became more particular in terms of the terms for subsidy, and also in terms of the patterns of subsidization itself.

It is also clear in the pattern of debt to manufacturing industry shown in Table 1, previously discussed. Up until the 1890s, Ontario's smaller centers borrowed more heavily than its larger centers—or at least according to this surviving data. Is this a product of population size and property tax values, or is it an indication of the keen need and interest in these smaller centers in promoting industry? There is evidence to suggest that prior to the last decade of the 19th century, the province's smaller centers were much more active in subsidizing industry and much more likely to approve of using public funds for this purpose. This interest and investment may well reflect the fact that manufacturing industry was widespread in Ontario's municipalities by 1870 (McCallum, 1986, p. 100). It was geographically dispersed and indigenous to many of the province's smaller places as well as the larger ones. Only in later days would the concentration of industry become more
focused upon industrial complexes to the center, south, and west of the province, as large new industrial concerns associated with the automobile industry and Fordism reshaped the industrial landscape. In the world of the late 19th century, the still formative patterns of industrialization suited the economic development imperatives of its smaller urban places as well as its larger ones.

6. Regulating Industrialization: From Competitive to Organized Capitalism

While initially cities and towns promoted railways and factories and used municipal funds to encourage the building of this much-needed industrial infrastructure, by the beginning of the 20th century the concept of bonusing private industry and joint stock companies had given way, instead, to a more general practice of building roads, bridges, and public works. Prior to the 1890s, local municipal institutions were the forum for encouraging industrial development. Industrial subsidy flourished under conditions in which local governments were left relatively free to pursue their own policies, rather than answer to a bureaucracy at a more senior level. This period has sometimes been dubbed "The Golden Age of Liberalism" in Ontario and was a period of remarkable political stability and economic progress (Evans, 1967, pp. 97–106). Yet in retrospect, stability may not have been what was most characteristic of this period, after all. It was during this time that, as we have seen, social, political, economic, and demographic systems underwent considerable transformation. Under these conditions of relative freedom, manufacturing industry flourished in Canada's towns and villages hand in hand with a growing sense of enterprise culture (Perkin, 1992, pp. 1–25).

But by 1900, all this had changed. Over the 1890s, most local subsidization policies had been altered if not retracted, and new instruments for building infrastructure and consensus emerged—a new type of enterprise culture which looked to government, rather than a corporate agenda, for direction. If the previous decades of the 19th century, in Ontario at least, saw the formal articulation and institutionalization of the important concept that industrialization was to be encouraged by local government—by the turn of the 20th century municipal and provincial decision-makers were more skeptical. Looking back, from the vantage point of some twenty-five years in the future, R. A. Freeman observed that "the appointment within the last thirty-five years by the Ontario Government of a municipal auditor, an inspector of asylums and public charities, and a highway commissioner, and the establishment of a Railway and Municipal Board and the Hydro-Electric Power Commission are evidence of a progressive application of central control and supervision to municipal
affairs” (Freemen, 1925, p. 215). By these comments, Freeman identified the period following the industrial subsidy era as one of increasing regulatory control over Central Canadian municipalities, consistent with the broader picture of municipal government in North America.

In approaching the history of 19th and early 20th century urban industrialization in Central Canada from a World Systems approach, this disjuncture makes sense. After all, the historical importance of industrial subsidies was not just the functional role they played in the establishment of Ontario’s factories or the building of the province’s industrial cities, but also in the structural role they played in networking and organization of a system of organized and competitive capitalism—focused on cities and towns, and dispersed throughout the system. A World Systems approach also helps us to make sense of the change in attitude toward industrial subsidy practices as the 20th century reform movement got underway. This was an era when industrial capitalism matured within North American cities, and its requirements shifted from that of a highly competitive structure but relatively autonomous one at the local level, to one which increasingly required greater levels of control and coordination.

This point is not insignificant because the normative interpretation in Canadian urban history is that there was a “Reform” reaction against the evils of elitist, uncontrolled, and potentially corrupt urban government practices which had evolved in Canadian municipal government during the late 19th century. In the paragraphs below the argument is made that this interpretation may be somewhat over-emphasized. That there was, at this time, a movement toward increasing regional regulation and rationalization of urbanization itself, was in many respects an important step in the development of new rounds of capitalization and new rounds of industrialization. Indeed, in Ontario we have seen that there was an increasing propensity for using the slogan “businesslike government” at the municipal level, where “businesslike” was increasingly taken to mean efficacy in terms of urban planning and infrastructure projects. This ultimately resulted in the development of new labor and technology processes associated with the burgeoning of what would eventually become known as “Fordist” industrial economy, or the industrial economy of mass production in the 20th century. In this light, we view boosterism in Canadian cities not as an episode in political malfeasance, the action which provoked municipal “Reform,” but as staging ground for the initiation of a coordinated regulatory response to industrialization, one which was to culminate, as a “World Systems” approach suggests, in an uploading of responsibility for coordination from neighborhood to regional governance in the late 19th and early 20th centuries. Indeed, in the latter phases, urban industrialization would require an increasingly regulatory and regionally defined government framework, coordinating all facets of urban
infrastructure and political economy. Coincidentally, such a regime emerged during the early 20th century in the cities of Central Canada.

By the late 19th century, then, new waves of investment swept across Ontario’s urban centers, and so did change. The change was specific and pushed urban industry toward the larger process of reorganization associated with the change from the production systems of “machinofacture” to the more regulated regime of Fordism. This meant, during the century that followed, the development of larger factories and a larger scale of industrial production, as well as the eventual replacement of machinofacture by more organized labor processes under Fordism, the rise of labor unions and the increasing propensity for industrialization to occur within urban centers. As Agnew and Knox suggest in their analysis of the global economy, the late 19th and early 20th centuries were a period where “the role of government . . . also expanded—partly to regulate the unwanted side-effects of free-enterprise capitalism, and partly to mediate the relationship between organized business and organized labor” (Agnew, Knox, & McCarthy, 2003).

Evidence for this interpretation comes, oddly enough, from the repeal of municipal bonusing legislation in 1892. These events clearly indicate that the responsibility of industrial regulation had begun to shift “upwards” to more regionally standardized policies and practices.

While less than a decade earlier, many of Ontario’s municipalities believed industrial subsidization to be a splendid tool to encourage industrial development, the political landscape was beginning to change. For example, the Throne Speech of January of 1877 was roundly criticized for not addressing the issue of tax exemptions which was the subject of “great interest . . . by the people at large” (Cornwall Reporter, 1877). As if to prove this point, the Throne Speech was followed quite quickly, by a series of petitions from Ontario municipalities “praying for the abolition of the tax exemptions” (Ontario Legislative Journals, 1892).

While some advocated that such an approach was “most illiberal,” by 1892 the subsidy critique was becoming more developed. This was evidenced in the opinions of the popular press and the trade journals. An editor in the Municipal World in 1895, observed, for example, that “the fallacy of the municipal bonus system has so often been exposed that the subject has become hackneyed” (Municipal World, 1895, p. 136) This opinion was shared by at least one other government body: Speaking about tax and public debt, the officers of the province’s Royal Commission on taxation observed “from many parts of the province a demand now comes that municipalities be deprived of the power to grant sums of money in aid of business undertakings” (Ontario Sessional Papers, 1888, p. 56). The voice of critics grew so strong that in the first session of Parliament, in 1892, at least fifteen petitions were received from Ontario municipalities requesting
the repeal of the “bonus clauses” of the Municipal Act. In February of the same year, the City of Brantford petitioned the legislature to repeal the same clauses, while in March another fifteen municipalities, including Kingston, also submitted a similar petition (Ontario Legislative Debates, 1892).

Discussion over bonus industry became increasingly rancorous in the spring of 1892, culminating in the introduction of a new bill to end the whole practice. Titled “An Act Respecting Bonuses by Municipal Corporations in Certain Cases,” it was given first and second reading in short order (Ontario Legislative Debates, 1892, p. 195). On April 14, it was given final reading, with no debate recorded, and no mention in the closing comments of the spring session for 1892. Indeed, it appears that there were more pressing issues of concern to Ontario’s municipalities.

What were the reasons given for the repeal? These areas are more sketchy in the political instruments, but it would seem that to a large extent it was specifically the issue of subsidy “abuse” that was most contested. There was a sense that municipalities were being hoodwinked by industry—although no consensus on this emerges in the texts. Despite what amounts to a series of unresolved debates on the merit of bonusing within the provincial legislature, it is more likely that the bonus repeals were effected not because there was a clear consensus by municipalities about their effectiveness, but because the process was part of a set of changes to local governance which had begun to take effect in the late 19th century. These changes influenced the degree to which municipal governments enjoyed autonomy in all areas and saw the general rise of senior government intervention in local affairs with the creation of controlling boards (Taylor, 1986, pp. 272–274). Indeed, Taylor has identified two areas in which increasing intervention was occurring simultaneously during the late 19th century. The first focused on statutory controls which regulated municipalities, and the second affected the area of administrative and regulative control at the senior level (Agnew, Knox, & McCarthy, 2003, pp. 13–14). Control over municipal affairs was shifting to more senior levels of government, and as a result industrial subsidy practices were affected by changes in both areas. Rather than simply the outcome of debates about efficacy, the repeal of municipal bonus legislation at the provincial level appears to have been part of a more generalized and broad-based reorganization of local political control and senior levels of provincial or regional governance.

These events were a benchmark for Central Canadian municipalities. By 1900, when bonusing resurfaced with new vitality, the urban context had changed. The reform movement was making inroads and there was new concern for “businesslike government.” Bonusing, under these conditions, became a bureaucratic tool for professional planners and urban
personnel. It was no longer a naïve municipal movement, but a polished and professional means of enhancing the emerging corporate role of local and provincial government.

Just as the development of Ontario’s municipal governments had coincided with the age of rail and machinofacture, and just as the process of industrial subsidization integrated industrial capital and urban economic development processes with concurrent changes in provincial legislation, so too, the end of the bonusing legislation coincided with new developments and new political requirements for control. The age of machinofacture now over, the emerging Fordist regime of accumulation changed the logic of production and labor processes among Central Canadian cities. As industrial capital entered what Agnew and Knox have called the age of “organized capitalism,” the nature of policy and regulation regimes shifted sharply. Indeed, in their overall model of world systems theory and its impact on geographical specialization, Agnew and Knox suggest that by the early 20th century, central governments throughout the industrialized world, rather than sitting on the sidelines, played a “strong direct” role in economic development—and acted as a “manager regulator” in the process (at least in contrast to the aftermath of World War II, and the late 20th century, where the age of “disorganized capitalism” marked a distinctive shift to privatization and diminishing regulatory regimes) (Agnew, Knox, & McCarthy, 2003, pp. 13–14). In Canadian cities this meant that during the late 19th century, the role of senior government at some point had to ensure the creation of conditions conducive to provision of jobs as well as the provision of markets, with rationalization across the board. Greater control over municipal government was thus central to the development of the 19th century world economy, and central to the development of a regulatory regime in which organized industrial capitalism was to thrive.

7. Assessing the World Systems Model

Based upon the preceding discussion, it is clear that there are some general patterns evident in Central Canadian urbanization which are consistent with those at a more global level, even in the late 19th and early 20th centuries. Between 1872 and 1892, for example, the concept of industrial aid caught on in much of urban Canada, stemming in part from practices established to promote railways earlier in the century. Prior to the 1890s, local municipal institutions were the venue by which competing industrial capital interests were resolved, using a powerful consensus-building imagery which reconciled what could be considered the most disparate of causes—such as production of textile and “nation-building;” tax exemptions and “progressive economics;” and community interests
and corporate managerial interests. Industrial subsidy flourished under conditions in which local governments were left relatively free to pursue their own policies, rather than answer to a bureaucracy at a more senior level. Under these conditions of relative freedom, manufacturing industry flourished in Canada's cities, towns, and villages, hand in hand with a growing sense of enterprise culture (Perkin, 1972, pp. 1–25).

Enterprise culture during the late 19th century meant promotionism, bonusing, and industrial subsidy. Although industrial subsidy began as a practice for individual entrepreneurs to wring money from municipal government for their industrial and transportation schemes, by the end of the 19th century such forms of subsidization were strongly advocated by communities as a form of community welfare. Increasing public interest, scrutiny, and debate recast the character of promotionism, making it a collective expression of a community desire for progress. On one level, this burgeoning subscription to enterprise culture was an expression of an individual moral and economic philosophy concerning the merit of competitive entrepreneurialism. But at the community level there was an added dimension. Communities and their local governments provided the political will and policy instruments to institutionalize Victorian idealism and, in doing so, developed instruments which were to have lasting impact upon the shape of government and its responsibility for meeting the “public good.” During the late 19th century, belief in the tantamount importance of enterprise was transformed into a political culture in which community welfare was associated, at least in Central Canada, with aggressive industrial policies designed to encourage manufacturers to build factories and other industrial facilities.

In this sense the resulting fusion between elitism and industrial capitalism within local governance, as a means for redefining and delivering economic development, was perhaps as inevitable as it was complete. It was at the same time local and parochial as well as global and impersonal. This was the political culture of machinofacture, in 19th century urban Canada, and it comprised a significant stage in the development of organized industrial capitalism. Linked to labor processes and technology systems, and having a basis in local government, economic development policies were fused with “boostering.” This was more than an idiosyncratic response born out of self-interest among local elites. It amounted to a delivery system in which local development was coupled with burgeoning corporate definitions of public good. Indeed, it was to become “jobs,” as well as “railways,” “roads,” “public education,” and later “public housing” that became part of the host of commodities delivered by the public institution of local municipal government.

At the local level, while initially cities and towns promoted railways and factories, using municipal funds to encourage the building of much-needed industrial infrastructure, by the turn of the 20th century the concept of
bonusing private industry and joint stock companies had given way instead to a more general earlier practice of building roads, bridges, and public works. But rather than cronyism, this practice reflects a political culture in which community and economic development were simultaneously viewed as one and the same. Moreover, as large-scale industrialism and factory enterprise increasingly replaced traditional artisan production systems, the notion of progress and development was increasingly defined with reference to the new rounds of industrial capitalism and the need for more comprehensive modes of regulation.

Indeed, by 1892, subsidization policies had been altered if not retracted, and new instruments for building infrastructure and consensus emerged—a new type of enterprise culture which looked to government, rather than a corporate agenda, for direction. Moreover, by 1900, the urban context had changed throughout the economically developed world. This same period saw the rise of a “regulatory” regime in North America and Western Europe, as government involvement became more “direct” at all levels. The changing role of government vis-à-vis industrial policy and social welfare in Canada’s towns and cities was not divorced from this larger sociopolitical and economic transition, and was witnessed also in the USA and Great Britain. Moreover, the contemporary Canadian city, despite the watershed changes which occurred in local governance and consolidation in the late 19th century, had its roots in this transition, as it became increasingly characterized by accretion in scale and power, and was increasingly integrated into the nationally organized system of cities (Nicol, 1997, pp. 17-32).

We should be increasingly aware of the fact that an understanding of the impact of recent change to Canadian urban society, including post-industrial restructuring, urban consolidation, and even privatization of municipal services, cannot be understood without more careful analysis of the structural changes which accompanied redefinition of mandatory services by municipal governments in the early 20th century. As I have argued elsewhere, if Canadian cities have recently realized a new degree of global interconnectedness, municipal governments have constantly evolved not only as the result of the changing dynamics at the local, provincial, and federal levels, but also as the result of corresponding changes in the spatial, ideological, and structural realities that accompanied them (Nicol, 1997, pp. 17-32). Indeed, the significance of the period, and the quantum change that ensued, was enormous.

Moreover, as Harvey suggests, shifts in the structure of capitalism occurred under a strong regulatory regime in which management control was direct. This was the beginning of a political process tied to the organization of national economies within strong states, fostering “the political and institutional basis for private property and that sort of control over the
means of production which allowed for the exploitation of labor power” (Harvey, 1985, p. 29). Part and parcel of this control was the development of a new type of civic governance, which while remaining focused on class, made room for the new industrial imperatives. Harvey asserts that for most industrial cities “the tasks of urban politics within the industrial city had to shift to more mundane things,” so that “the transformation of physical and social infrastructures adequate to support the reproduction of both capital and labor power, while serving as efficient frameworks for the organization of production, consumption and exchange, surged to the forefront of political and managerial concerns” (Harvey, 1985, p. 29). As a result, Harvey asserts, “problems had to be approached with an eye to efficiency and economy because that was the way to assure growth, accumulation, innovation and efficiency in interurban competition.” This meant that “public investments also had to be organized on an increasing scale and on a more and more long-term basis and in such ways as to compensate for individual capitalists under-producing collective infrastructures” (Harvey, 1985, p. 29).

8. Conclusion

In the end, it is clear that we must build analysis of historical moments in Canada’s urban past within a broader political economy perspective—particularly in terms of identifying the nature of political institutions which define urban life, and their relationship to capital, technology, and ideology. In this paper we have looked specifically at a small period in time (1872 through 1892) when Canadian municipalities redeveloped a range of legal and political instruments to reproduce and to accommodate the changing nature of a world economy which had not yet become global, but which demanded a new way of organizing urban-industrial relations in terms of policies to encourage regulatory control in the reproduction of labor and capital. While it began with a flurry of activity centered upon using municipal powers to subsidize industrial development, it ended with a reorientation of policy toward the provision of public goods in a broader sense. Accordingly, “the use of these surpluses to build physical infrastructures, communications systems, and market centers formed a potential basis for capital circulation at the same time as the assembly of commodity use values (including wage laborers) in urban centers created the prior conditions under which the circulation of capital could be more easily launched” (Harvey, 1986, p. 24). In this sense, the history of late 19th-century industrialization in Canada’s urban places is also about the development of the physical, social, and economic conditions for the circulation of industrial capital. This includes not just the building of industry, however, but the building of class alliances and political frameworks which facilitated this project (Harvey, 1985, p. 24).
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