

THE STATE AND THE  
REPRODUCTION OF CAPITAL:  
URBAN RENEWAL IN THUNDER BAY  
1965-1973

by

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A thesis  
submitted in partial fulfillment  
of the requirements for the degree of  
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## Acknowledgement

To the memory of  
my Grandfather

Juha Peerla

born January 6, 1902

Toysa, Finland

died August 13, 1983

Garson, Ontario

## ABSTRACT

The purpose of this inquiry is to examine the relationship of the state to the reproduction of capital. The thesis will consider the question of the relationship of the state to capital at the theoretical and empirical level, in a case study of urban renewal in Thunder Bay.

At the theoretical level we will consider; (a) the relationship of the state and capital accumulation; (b) collective consumption; (c) the general necessity of state intervention into the production of the built environment; (d) the state and crises in capital accumulation; and (e) urban protest movements. At the empirical level we will discuss: (a) a particular state agency responsible for regulation of the built environment - the Ontario Municipal Board and (b) The Local State. Finally, we will bring these theoretical and empirical analyses together in considering the case of urban renewal in Thunder Bay.

The thesis concludes with a discussion of the necessity of an integrated theory of the state which is a combination of both instrumentalism and structuralism. The concept of structurally induced instrumentality is offered as a possible resolution of the structuralist versus instrumentalism dilemma.

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## CHAPTER 1

### Introduction

There are certain texts which become landmarks in a particular field of scholarship. The publication of the English translations of Manuel Castells essays, "Is There an Urban Sociology?" and "Theory and Ideology in Urban Sociology" in 1976 constituted such an event. In the destruction of the myth of urbanism Castells rejected the analysis of a city as an independent or dependent variable. Returning to these essays I am struck by two statements.

...what characterizes urban sociology is precisely the absence of any clear delimitations of its real object. (Castells, 1976b:73)

Thus, while,...There is no field of reality which can be termed 'urban', urban sociology has in fact tended to tackle two types of problem: (1) relationships to space; and (2) what may be termed the process of collective consumption. (Castells, 1976b:74)

The production of space and the provision of collective consumption involve two processes; capital accumulation and state intervention. The spatial structure of the city is the historical product of public and private decision making. The post 1945 period in Canada was characterized by the concentration and centralization of capital. In the same period state intervention in the accumulation process increased to the point where state expenditures comprised 40% of the GNP.

These observations raise important questions for analysis. First, why has the state increasingly intervened in the accumulation process? Second, what is the spatial/material impact of state intervention? Finally, what is the relationship of the state to capital accumulation?

This thesis will try to address these questions at both the theoretical and empirical level. At the theoretical level we will consider; (a) the relationship of the state and capital accumulation; (b) collective consumption; (c) the general necessity of state intervention into the production of the built environment; (d) the state and crises in capital accumulation; and (e) urban protest movements.

At the empirical level we will discuss: (a) a particular state agency responsible for regulation of the built environment - the Ontario Municipal Board and (b) The Local State. Finally, we will bring these theoretical and empirical analyses together in considering the case of urban renewal in Thunder Bay.

Chapter 2 elaborates the relationship of capital accumulation and the state at the theoretical level through the classification of Marxist Theories of the State into four general types of reductionism. We will further consider the Neo Weberian Theory of the State and a Marxist Theory of the State which purports to escape classification as reductionist. The typology of reductionism is intended as a heuristic device which reveals the limitations of particular theorizations of the relationship of the state and civil society. The conclusions of this critique will inform our own case study.

In Chapter 3 we will define and discuss the concept of collective consumption focussing on the necessity of state intervention in the accumulation process. In this context we will critically explain two forms of Marxist crisis theory: under consumption and profit squeeze.

Chapter 4 will begin the examination of a particular state agency at both the theoretical and empirical level. After establishing the legislative and legal powers of the Ontario Municipal Board and its historical role in the built environment we will discuss the general



necessity of the existence of such a state agency. This discussion will consider the process of state intervention in land use and the response of the state to crises in capital accumulation.

Chapter 5 attempts to establish the specificity of the local state in Ontario through the delineation of political, economic and ideological constraints on local state autonomy.

The nature of urban protest movements is considered in Chapter 6, with a particular concentration on the class composition of protest participants.

Chapter 7 attempts to draw on previous discussion in order to provide an analytical framework for the understanding of a particular state intervention; urban renewal in Thunder Bay. We consider the relationship of urban property capital, the local state, the Ontario Municipal Board and the Citizens' Association from the conception of urban renewal in 1965 to its realization in 1973.

The thesis concludes with a discussion of the significance of our research for the theory of the production of space in advanced capitalism, specifically the relationship of the state and capital, the spatial/material impacts of state intervention and the limitations of the political logic of the state when applied to the logic of capital accumulation.

## CHAPTER 2

## A Critical Evaluation of the Theory of the State

In order to differentiate the various theories of the state we will classify them in terms of four types of reductionism as defined by Mouzelis (1980; (1) Agent/Agent; (2) Agent/Structure; (3) Structure/Structure; and (4) Structure/Agent. In developing a Theory of The State as Marxists we are interested in the relation of capital and the state. Capital may be defined in terms of individual capitalists (agents) or as a social relation in which the telos is the accumulation of surplus value (structure). Similarly the state may be defined in terms of personnel (agents) or as a formal social organization for the furtherance of existing relations (structure). The reductionist nature of the theory of the state arises out of the necessity of the assumption that a relationship between capital accumulation and the state exists. We will move beyond this assumption in our discussion to the Weberian assertion that there is no necessary direct relation of the state and capital and conclude with a discussion of a recent theory which has been advanced as non-reductionist in nature.

The intention of our critique is to reveal the limitations of particular theoretical discussions of the relationship of the state and civil society and thereby generally advance our understanding of the state and its relation to capital accumulation. The conclusions we draw from this critique will inform our own case study.

Agent/Agent Reductionism:

Agent/agent reductionism is most frequently associated with the analysis of Mills and Miliband. "This reductionism typifies all those theories claiming that the actions and policies of those directly exercis-

ing state power are invariably subjected to the pressures of an omnipotent bourgeoisie constantly pulling the strings behind the backs of the politicians or military"(Mouzelis, 1980:174). While not explicitly Marxian, this form of reductionism occurs in the work of urban analyst, James Lorimer, the key figure in what may be termed the 'City Magazine' school of urban research. Lorimer and associates like Donald Gutstein of Vancouver establish a simple linkage between the property industry and the local state. In a discussion of the linkages of the property industry to local government in three Canadian cities, Lorimer concludes:

Data about performance (voting) confirms the links by property industry and politicians. Industry linked politicians were the core of the industry's majority group at city hall. Policies were instituted which protect and promote the industry's interests even when these are controversial and conflict with the interests of other groups (Lorimer, 1980:220).

In parallel research design where the voting records of the city of Ottawa 1970 - 1972 were analyzed, Goldberg concurred with Lorimer's assessment of the local state - property industry relationship: "City councils act as the political arm of the property industry" (Goldberg, 1974:122).

In a more sophisticated version of what has been termed the instrumentalist theory of the state, Miliband moves beyond considering the social class backgrounds of state personnel and the pressures of big business to propose a form of 'relative autonomy' for the state. Given 'the structural constraints imposed by the mode of production' "the state does act, in Marxist terms, 'on behalf' of the 'ruling class', it does not for the most part act 'at its behest' " (Miliband, 1977:74). It would seem that to avoid the pitfalls of 'naive

instrumentalism', Miliband has adapted a modified concept of relative autonomy from the structuralists (cf. Crouch, 1979:29).

The initial critique of instrumentalism or agent/agent reductionism lies in the portrayal of an external relationship between the state and the larger society. In a desire to avoid economism, Miliband defines the relationship of the state to social classes as external:

In reality, there is the capitalist state on the one hand and 'monopoly capitalism' on the other. The relation between them is close and getting even closer, but there is nothing to be gained, and much by way of insight to be lost, by a reductionist over simplification of the relations. (1977:96).

The external position of the capitalist state of Miliband's theory begs the question of the relationship of capital to the political. The structural constraints of the mode of production remain in the abstract realm of theory and do not inform the empirical research. The relative autonomy of the state is thereby explained in a purely functional manner. Miliband has realized that the accumulation process is not external to state action but is unwilling to theorize with the mode of production as an initial starting point. The accumulation process may be a constraint on political action but it is not 'determinant'. As Saunders has noted:

If the state can act to some extent autonomously, then we need to know how to draw the line between determination and autonomy, constraint and discretion, action and structure. This is a serious deficiency in Miliband's work, for it results in ad hoc attributions of causality to either those in power or to the structure without any theoretical rationale (1979:162).

## Agent/Structure Reductionism: Lojkine's Theory of the State

In contrast to the instrumentalist concept of the state, Lojkine has advanced a theory of 'mediated instrumentalism' (Saunders, 1979:163) in which ". . . the instrumental use of the state by the dominant class is 'qualified' by the balance of forces in the class struggle" (Pickvance, 1977:221). Lojkine has rejected Miliband's depiction of a united bourgeoisie in favour of an argument which emphasizes the dominance of a monopoly capital fraction which is engaged in conflict with other fractions of capital as well as with the working class. Further, Lojkine develops Engels concept of 'relative autonomy' whereby the balance of forces in the class struggle may compel the state to act in the interest of other classes or fractions of capital in the face of monopoly capital opposition (Pickvance, 1977:220).

Pickvance had condensed Lojkine's theory of the state into three axioms:

- (a) The relation between the state and social class is internal.
- (b) State policies reflect the class struggle.
- (c) State interventions exacerbate social conditions (1977:222).

From these theoretical assumptions, Lojkine derives his approach to state actions: ". . . urban policy is an 'active reflection' of the relation between different class and class fractions. It 'condenses' and 'exacerbates' the contradictions arising from the segregative character of the use of space by the dominant class" (Lojkine, 1972:8; cited in Pickvance, 1977:238).

The reductionism of Lojkine's analysis stems from the empirical

implications of the theory. In defining the role of the state as essential in maintaining 'the cohesion of the social formulation' and the domination of the monopoly fraction of capital an implicit tension has been created (Saunders, 1979:165). When the state acts against the interests of monopoly capital, these actions are informed either by a clairvoyant anticipation of working class protest or as a response to organized urban protest movements (Harloe, 1977:29; Pickvance, 1977a:244; Saunders, 1979:164).

In reality, Lojkine does not seem to have much faith in the efforts of urban protest:

Such protests merely result in regulative action or even, according to Lojkine action which involves no compromise to monopoly capital at all. This amounts to a division of urban politics into an element based on 'ineffective' class struggle, encompassing the majority of urban political issues, and a far smaller element based on 'effective' class struggle from the point of view of dominated groups and their interests (Harloe, 1979:142).

The state has in essence become a monolith, a mere functionality for monopoly capital (Harloe, 1979:141; Pickvance, 1977a:252). In the overemphasis of the economic basis of policy, Lojkine has neglected political and ideological issues. Lojkine has overlooked the variation in class orientations within the non-monopoly sector of the economy. A cursory analysis of urban protest movements would confirm that the proletarianized white collar worker often acts against the interest of his/her working class counterpart, thereby, calling into question the concept of dominated classes as monolithic in their outlook (e.g. Bassett and Short, 1980:147). The application of concepts such as maintenance of social cohesion, class struggle or the clairvoyant 'anticipation' recall the worst excesses of

structural-functionalism. Research must specify the limits of state action not the party line of the French Communist Party.

If we are to retain concepts such as the 'balance of social forces' to explain cases when the state acts against the interests of monopoly capital then to avoid circularity evidence must be provided which indicates the relative strengths of classes or fractions at that particular historical instance or conjuncture (Saunders, 1979:165).

In accord with French communist party politics, Lojkine has attempted to demonstrate the possibilities for an anti monopoly capital alliance (Harloe, 1977:27). In an analysis which parallels to some extent the work of Carchedi, Lojkine sees a proletarianized new middle class developing. These deskilled workers have the potential to ally with the working class against monopoly capital and the state (Lojkine, 1977:149-50). Examination of urban processes such as gentrification destroy this concept of a monolithic dominated class. Workers who have been displaced from their houses by the middle class rehabilitation of downtown cores are unlikely to perceive the proletarianized new middle class as allies. The discussion of intra-class cleavages by Dunleavy further weakens Lojkine's argument (Dunleavy, 1979a:7, 1979b:9). Inter class alliances may develop but the basis of this alliance is more likely to be if one is a home owner or transit rider not one's perception of monopoly capital and its relation to the state.

Structure/Structure Reductionism: Offe and the Capital-Logic School

Saunders has identified the third form of reductionism with the reconciliation of the managerialist and instrumentalist perspectives (Saunders, 1979:174). In this form of structure-structure reductionism ". . . the institutional features of the political system are derived from or reduced to the 'laws of motion' of the capitalist mode of production" (Mouzelis, 1980:177). The theorist identified by Mouzelis as representative of this form of reductionism, Claus Offe, has reacted to the focus on external variables such as class origins of the requisites of capital accumulation by Miliband or Poulantzas to redefine the direction of inquiry to consider the internal structure of the state which filters the decision making process to ensure:

- (a) the elimination of all policies representing non-capitalist or fractionally capitalist interest;
- (b) that the "proper" decisions (from the point of view of the general interests of capital) are taken for the further accumulation of capital;
- (c) that the state policies in favor of capital are presented as favoring the general interest of all classes (Mouzelis, 1980:177).

If we assume these selective mechanisms or filters, how do they come about or persist? The answer to this question involves the theoretical elaboration of the relationship of the structure of the economy and the structure of the polity.

The initial point of this discussion is Offe's distinction between allocative and productive state intervention (Offe, 1975a: 127-34). The allocative intervention of the state exists in the form of infrastructure such as roads or training institutions to provide



a skilled labor force for industrial capital. This allocative intervention which aids in the reproduction of capital and labor is inadequate under the conditions of advanced capitalism. The state must further intervene by producing commodities and services such as housing or health which are unable to be produced profitably in the private sector.

It is in productive intervention that the state assumes autonomy. The allocative function reflects the external political climate but the productive decisions necessary for the long term interests of the capital accumulation process may be opposed by various fractions of capital. The policies derived by the state at this juncture are a result of the aforementioned selective mechanisms or filters. Thus, the internal structure ensures a policy decision congruent to the necessities of the accumulation process.

The necessity of increased state productive intervention in the capital accumulation process induces a crisis of legitimacy in that the class bias of state organization and operation must be masked (cf. Habermas, 1975; Haas, 1979:32-5). This masking process is attempted through three modes of organization:

- (a) bureaucratization
- (b) state planning
- (c) public participation (Harloe, 1979:146-7).

Bureaucratic methods involve a logic which is not congruent with the necessities of productive intervention. The logic of bureaucracy at best approximates 'rational redistribution' in the case of allocative intervention (cf. Konrad and Szelenyi, 1979). When

confronted with the necessity of productive intervention, what is required is a market logic which is not available. Thus, the productive intervention of the state is inefficient, resulting in at best Band Aid solutions and at worst accelerating the crisis.

Attempts at rational planning fail as the state incurs the wrath of capital or fractions of capital or must plan in an environment where development is individually initiated. In the case of land use planning, the state may provide legislative regulation such as zoning or physical infrastructure such as roads but the whims of the market may determine that development is unprofitable (cf. Crouch, 1979:37; Saunders, 1979:177). Planning becomes reactive in the absence of state productive initiative which, as was previously noted, is in itself ineffective. Further, planning itself calls into question the distributional impacts of plans. The rationality of a plan may be class biased in that public facilities such as hospitals may be relatively more inaccessible to the working class than the new middle class.

The advent of public participation in the state intervention process creates a new set of problems. Citizens may make demands which delay development or even stop it, thereby inhibiting capital accumulation. Public participation may serve as a vehicle for urban protest movements, thereby increasing rather than defusing conflict (cf. Mason, 1977; Bassett and Short, 1980:144-8; Kirk, 1980:158-9).

The intervention of the state whereby individuals are provided education, health care - in general social welfare - has changed the nature of the distribution of wealth in society. The distribution of goods such as public housing or rent subsidies is a political question.

Governments can change their commitment to 'welfare' programs in response to the political and economic climate of the day. The welfare state changes the awareness of the populace as to how wealth can be distributed. There is a realization that social distribution operates on a different logic than the market and thus, must be legitimized. The populace must not become too aware that there is a contradiction between 'natural' market distribution and state run socialized production. This context defines the legitimacy crisis inherent in advanced capitalism.

The inefficiencies of bureaucracy, the irrationality of planning in an economy dependent on individual initiatives and the anti-capitalist nature of public participation combine to undermine these organizational strategies. The reactive nature of the state intervention with the concurrent failure of internal crisis management strategies cause Offe to conclude that state activity ". . . may be described as cautious crisis management and long term avoidance strategy" (Offe, 1976:415).

Offe's analysis is useful as a conceptual tool but offers little in terms of empirical analysis. The creation of state organizations such as the Ontario Municipal Board may be seen as bureaucratization or increased state planning with Board policies as selective mechanisms to filter out non-capitalist interests. The Spadina expressway case becomes a decision taken against a particular fraction of capital in favour of the general interests of capital. This is fine at a high level of abstraction but more problematic when one is interested not only in structures but how the players got into the positions they are

in (cf. DiTomaso, 1973:83). In short, it leaves unanswered more questions than it answers.

As a final variant of structure-structure reductionism, one must consider the capital-logic school. The capital logic theorists reject the institutional focus of 'relative autonomists' which over-emphasizes the political instance and begin with the underlying logic of the motion of capital. Holloway and Picciotto have identified three streams of thought within the capital logic debate:

- (1) Given the anarchic conditions produced by mutually antagonistic fractions of capital, the state exists autonomously of capital to ensure the reproduction of capital and existing social relations (Holloway and Picciotto, 1978:19).
- (2) The second theoretical position stresses not only the necessity of the state as in (1) but addresses the question of how the state comes to be accepted as a 'neutral' institution, a question of the legitimacy of the state and its fetishized appearance (1978:23).
- (3) The final approach to the derivation of the state begins from not the relationship of fractions of capital but from the relationship of capital and labor. The necessity of the state is derived from the ". . . nature of the social relations of domination in capitalist society" (1978:24).

The essence of Marx's 'Capital' is its attempt to reveal the social relations which lie behind the traditional political economic categories of value, price and profit. The capital-logic school advances the premise of Marxian political economy to derive a theory of the state. "Just as the social relations of the capitalist mode of production have given rise to the economic form and the categories of political economy, so they have given rise to the political form and

categories of political science" (Holloway and Picciotto, 1978:18). In their desire to advance the analysis of 'capital' to create a theory of the state, the capital-logic theorists have neglected the limitations of political economy. As Thompson has argued, 'capital' as an 'abstraction of political economy' is not 'capitalism'.

. . . the whole society comprises many activities and relations (of power, of consciousness, sexual, cultural, normative) which are not the concern of Political Economy and for which it has no terms. Therefore, Political Economy cannot show capitalism as 'capital in the totality of its relations': it has no language or terms to do this (1978:62).

The capital logic theorists have extended Marx's analysis of capital to social and political questions which are questions not of an economic logic of capital but of the historical logic of capitalism. This is the cornerstone of Thompson's argument against those who would confine Marxism to the categories of 'Capital'. Engels in his later letters provides the basis from which Thompson concludes ". . . that Engels is saying, in effect that historical materialism and Marxist Political Economy have failed to find a common junction and theoretical vocabulary capable of encompassing both process and structure; that Marxism is in danger of being imprisoned within the categories of 'capital' ."

(Thompson, 1978:68). It would appear that the capital=logic school with their Althusserian counterparts have created a structuralism which is abstract, obscure, functionalist, and a historical , celebrating the death of man in the reification of Marxian categories. One can only applaud the wit of Thompson

All this "shit" . . . in which both bourgeois sociology and Marxist structuralism stand up to their chins (Dahrendorf beside Poulantzas, modernization theory beside theoretical practice) has been shat upon as by conceptual

paralysis, by the dehistoricising of process, and by reducing class, ideology, social formations, and almost everything else to categorical stasis (1978:107f.)

The major criticism of the capital-logic theorists derives from the failure of these theorists to go beyond their 'logico-deductive structural analysis' to a historical analysis of specific forms of conflict. Class struggle has become ". . . deus ex-machina to save the analysis from the circular formalism and teleological tendencies necessarily entailed in structure-structure reductionism" (Mouzelis, 1980:181).

The theoretical propositions of the capital-logic school are useful in terms of question formulation. They allow one to see how state intervention such as zoning legislation was necessary to reduce uncertainties in the land market or the adverse effects of congestion which ultimately were a product of the anarchic conditions of an economy based upon individual initiative. The researcher is awakened to the relationship of 'neutrality' and 'legitimacy' to the logic of capital. Further one realizes that the relation of capital and labor is the ultimate constraint on state intervention. The shift from classical capitalism to welfare capitalism is one of the adjective not the noun. In the end, however, the abstract remains and the linkage to empirical questions unmade.

Structure/Agent Reductionism: Poulantzas Succumbs to  
the Liars Paradox or was it Godel's Theorem?

Poulantzas located the core of the Marxist problematic in the question of the determinant role of the relations of production. If

we accept that we are Marxists, we must accept the determinant role of the relations of production (cf. Poulantzas, 1979:198f). Proceeding from this assumption the autonomy of politics exists only within the limitations imposed by the relations of production and is hence a relative autonomy. The tension created by the acceptance of the determinant role of one factor in a theory which must account for the totality resulted in an elaborate theoretical system which is ultimately reductionist.

The reductionism of Poulantzas develops from his conception of causality (Goodfriend, 1979:94). At the most abstract level a given mode of production consists of an articulated combination of structures or levels; the economic, the political, and the ideological. At the more concrete level the concept of social formation is introduced to account for cases where more than one mode of production is present.

The social formation consists of the three structures or levels which are ". . . not to be seen as given essences which enter into external relations with each other, but constitute an articulated combination in which each presupposes the other two" (Abercrombie et al., 1976:511). In defining the relations of production as determinant, Poulantzas has constrained the relationship of the economic, the political and the ideological. The economic orders the relationship of the other levels of the social formation and determines which level is to be dominant (Goodfriend, 1979:94). The linear causality of economism vanishes through the structural causality of overdetermination.

Poulantzas follows Althusser in defining the economy as 'deter-

minant in the last instance'. The economy dialectically ". . . determines the determined instances . . . in the sense that the former calls into existence the latter as a condition of its own existence" (Connell, 1979:317). The economy orders the relationship of the other parts of the social formation and determines which of these parts is to be dominant. The simple linear causality of economic explanations are avoided through the 'structural causality' of 'over determination':

The premise of 'over determination' was that different realms of social practice, politics, ideology, culture, could not be understood as simple one-to-one derivations from economic life. Modes of production and social formations, instead, were complex systems of different levels of practice whose relative weights varied in accordance with the fundamental nature of the mode of production and its stage or development. The accumulation needs of a mode of production determined, in the last instance, the relative weights of different levels of practice, but only in the last instance (Ross, 1979:201).

The economy ". . . determines the limits of functional compatibility between levels, hence their internal variation. This is essentially a negative determination, since it determines what can not occur but not what must occur" (Friedman, 1975:163). Thus, structural causality is a form of 'restrictive determination' which retains the materialism of the economic and allows for the autonomy which one can observe in the political or ideological realms, albeit the limits of this autonomy being economically defined.

From this definition of 'structural causality', Poulantzas constructs his theory of the state. The essence of the state for Poulantzas is its function in reproducing the social formation through the maintenance of social cohesion and the reproduction of the rela-



tions of production: ". . . the bottom line for Poulantzas always seems to be the stability of the capitalist system, the reproduction of capitalist production relations, and the continuation of capitalist class domination. Poulantzas' capitalist state is basically a vehicle of system maintenance" (Skocpol, 1980:171).

Operating in its role as system maintainer the state acts to organize the dominant class and disorganize the dominated class(es). The reproduction of the social formation requires the state to be 'relatively autonomous' from the dominant classes (Poulantzas, 1980: 127). The various fractions of capital may conflict internally as well as with the dominated classes.

In order to make economic concessions . . . the state has to dissociate itself from the economic interests of the dominant classes in order to guarantee their political interests, and so has to establish its autonomy relative to the dominant classes. Hence, in order to preserve the structure, it is necessary for the state to express not the power of the dominant class but the power relations of all classes in the conjuncture (Clarke, 1977:19).

The preservation of the structure of the social formation is a determining constraint. The 'conjuncture' defines the structural limitations of conflict within and between classes at a given historical moment (Clarke, 1977:18). Thus, all conflicts occur within structurally imposed limits. It is for this reason that Poulantzas can criticize the instrumentalist Miliband. For Poulantzas the relation between the dominant class and the state is an objective, structural one (Poulantzas, 1976:74). Therefore, the composition of state personnel is insignificant. As the state exists within the capitalist mode of production, it will be capitalist in nature. It

is the form (structure of capitalism) not the content (personnel) which conditions politics. The relationship between the state and social classes is one internal to social classes and reflects the balance of class forces at any given instance.

Poulantzas' theory of the state has provoked heated debate within Marxism. Skocpol has termed the theory one of 'political functionalism' and Clarke in a polemical response describes it as 'bourgeois' (Skocpol, 1980:169; Clarke, 1977:24). In defining the state as the guarantor of the reproduction of a social formation dominated by one class:

. . . the state is, therefore, always and tautologically the representative of this one class, whether or not the political or ideological representatives of this class predominate in political or ideological conflicts, and irrespective of whether this class has any kind of representation at the level of the state (Clarke, 1977:18).

Further, individuals/groups become 'agents' of the structure operating within structurally defined limits. Power becomes the ability to achieve 'objective interests' within structurally imposed limitations (Connell, 1979:317).

The mystifying nature of the structuralist position fails to account in a meaningful way for change. If we have 'structural limits' this implies an invariant component of the structure. But if we have structural contradictions this implies we have a variation which is structurally incompatible. The escape hatch for structural causality is in stating that the structure is non-contradictory, it is the effects of the structure which are contradictory and eventually produce change (Goodfriend, 1979:98-103, 106).

The inherent limitations of the political functionalism of Poulantzas theory of the state becomes evident in empirical applications. In research on the New Deal policies of the 1930's Skocpol concludes:

Poulantzas' theory predicts functional outcomes of state policies and interventions. It offers little direct theoretical guidance for explaining why and how failures of state policies could occur, especially not failures threatening to capitalists. It offers little guidance for dissecting the concrete course of political and social struggles over time, especially not struggles that lead toward deepening political contradictions as opposed to functional resolutions of crisis through stabilizing actions (Skocpol, 1980:172).

It appears that the movement of analysis from level of structural determination to social practices is less problematic than Poulantzas theory would allow. In the desire to avoid the excesses of conspiracy theory Poulantzas has succumbed to the teleology of structural-functionalism.

Poulantzas fails to answer the question of why the state in capitalist society is a 'capitalist state'. The preservation of social cohesion and the reproduction of existing production relations by the state are axioms not explanation. Connell has cogently summarized the implications of this 'apriori' thesis:

We know the system is capitalist; we have a model of it which, because it comes from Marx, must be right; therefore, those things which the model tells us about must be there in reality, or the capitalist system will cease to be such. The non-capitalist sector must be subordinated to the capitalist, the labor process must be subordinated to the surplus value producing process, the state must present an intrinsic unity, reformist parties

must contribute to the organization of bourgeois hegemony, the ideological apparatuses must function to insert workers in their class places, and so on and so forth, or the capitalist system will cease to be such. It is, indeed, unarguable - given the definitions, and a completely closed conceptual system (Connell, 1979:334).

Connell has located the achilles heel of Poulantzas' analysis. Through the use of concepts such as relative autonomy or historical conjuncture structuralists seem to be able to account for all situations. "If the state acts to support monopoly capital then this is due to the political domination of 'that class'; if it does not, then this is due to its relative autonomy from that class" (Saunders, 1979:185).

Poulantzas' analysis developed from the realization that the relationship of individuals or classes to the productive process and their political organizations, ideologies and actions is complex. In other words, a recognition of the fact that miners in Sudbury vote Liberal is allowed. The structural holy trinity of the ideological, political and economic in a complex interaction has convinced Sudbury miners that contrary to what their objective class location would indicate, it is in their interest to vote Liberal. How this process occurs is never elaborated beyond the ritualistic incantations of 'relative autonomy', 'ideological state apparatus', 'specificity of the political', 'over determination', not to mention the monotheistic 'determination in the last instance'. The miners are agents of the structure succumbing to the numbing influence of the ideological state apparatuses whose liberal ideology has asserted the neutrality of the government, made them all middle class not to mention anti-communist, thereby, reproducing the existing class relations

obfuscated, of course, by their hate of the shift boss, thereby, perpetuating the accumulation process which has given them 1.4 televisions, 1.2 cars and for over 50% summer cottages. These same agents after a 'strike' of nine months duration voted Liberal. Why? The structures of course - the complex interaction .

These observations return us to the question of causality. Saunders contends that Poulantzas mistakes causes for their effects (Saunders, 1979:146,186). If state policies aid in the exploitation of labor, can we infer that this role developed out of necessity. This ambiguity in Poulantzas' analysis applies to his last discussions of state apparatuses and policies. While acknowledging the chaotic nature of state policies in the short term he asserts that in the long term state policies serve the interests of the dominant class (Poulantzas, 1980:133-5). Why or how this occurs is never elaborated, leaving us with a theoretical construct which parallels Adam Smith's 'invisible hand'. It appears that if this is capitalism and the state is internal to capitalism then state policies are capitalist.

### Reprise

The crux of the problem of the theory of the state lies in the essentially contested nature of its assumptions. As a Marxist, one assumes a materialist philosophical position which leads one to consider that particular relations of production have implications for the institutional nature of the state. As Poulantzas has stated, one can never be sure that one is right to be a Marxist (1979:190), but, if we reject the determinant role of the relations of production, we accept that a materialist philosophy cannot provide a theory of

the state. Why does the social formation have only three instances (the political, the economic and the ideological)? If the state organizes the dominant class or 'power bloc' under the unity of the hegemonic fraction (monopoly capital) is this really any different than state monopoly capital theorists such as Lojkine? Above all where is the study of historical process? These are questions - the answers of which are fundamental to any real understanding of the state.

The Neo-Weberian Alternative: Urban Managerialism,  
Last Vestiges of British Idealism

The alternative to Marxist theories of the state develops out of the Weberian school of British urban sociology as represented in the work of Rex, Dennis and Pahl. The urban managerialist thesis is based upon two key assumptions: ". . . that there is no necessary relationship between economic classes and politics, and that the mode of political domination in modern societies is increasingly and necessarily bureaucratic" (Saunders, 1979:166). These two principles allow Pahl to locate the social constraints on access to urban facilities within the realm of the bureaucratic 'gatekeepers' who control the distribution of urban resources with the city (Pahl, 1975:201). This location of social constraints within the bureaucracy directs ". . . critical attention to the malpractices and incompetence of local bureaucracies" (Harloe, 1977:4). This isolation of attention on the bureaucrats has been developed historically by figures such as Burnham, Rizzi and Djilas and has served the political task of equating capitalist states and 'socialist' states, thereby, attempting

to neutralize the political implications of Marxian based theory (cf. Pahl, 1977a).

The criticism of 'naive' urban managerialism has largely been directed at its neglect of the larger system of constraints that the bureaucracy operates within (e.g. Norman, 1975; Kirk, 1980; Leonard, 1982; Harloe, 1977; Saunders, 1979; Bassett and Short, 1980).

Urban managerialists examine how 'gatekeeper' bureaucrats allocate scarce resources to the neglect of why and how resources come to be scarce. The implications of managerialist research correspond with those advocated by liberal reformers in Canada. The capture of city government by citizens groups is deemed sufficient to end the exploitation of residents by the property industry (Lorimer, 1978:247-9). Unfortunately as Goldrick concludes:

They seemed to ignore the real issue - 'that conflicts in the living place . . . are mere reflections of the underlying tension between capital and labour. Governments stand between capital and labour shielding the real source of tension from view. The surface appearance of conflicts around the built environment . . . conceals a hidden essence that is nothing more than the struggle between capital and labour.' By proceeding pragmatically, by intuition, progressive elements in the reform movement succumbed to a liberal temptation and failed to exploit the opportunity they had won (1978:39; cf. Harvey, 1976:289).

At this point, one may become somewhat depressed by the inadequacies of recent theorizations of the state. Alas, there appears a glimmer of light in our tunnel of abstraction - the work of Block.

The 'Crisis' Theory of Relative Autonomy or How Block

Read Offe Carefully in the Light of O'Connor

There has been some suggestion that the theory of Block escapes the reductionism of most of the neo-Marxian theory of the state (Ornstein, 1980; Skocpol, 1980). Block recognizes that capitalists are not clairvoyant and cannot possibly know what is necessary for the reproduction of the social formation - their aim is to make profit not social policy (Block, 1977:9-10). On the other hand, the 'state managers' realize that they are dependent for their security on a healthy economy. Crises in the accumulation process translate into decreased tax revenue and concomitant cutbacks in state expenditure and personnel. Further, inflation or unemployment are often the source of voter discontent in the liberal democracies of advanced capitalism (Block, 1977:15). It is in the reconciliation of political and economic necessities that the 'state managers' seek to promote an atmosphere of 'business confidence'. (Block, 1977:16-17). Motivated by institutional self-interest, the state looks toward long term socio-economic policy which will preserve a healthy investment climate, thereby, insulating state managers from the political uncertainty of economic crises.

As a theory of the state, Block has really only translated the work of Offe and Ronge into less abstract language (cf. Block, 1977: 25, note 3). Offe and Ronge recognize that capitalism is based upon private property and thus, private initiative for productive investment (1975:346f.). This represents the initial constraint for the



state, in that the state cannot begin directing productive investment. Secondly, they explicitly note the dependence of the state on the accumulation process and its institutional self interest in promoting capital accumulation. Finally, they examine the electoral process as a method of disguising the dependence of the state on capital accumulation. The liberal democratic politic translates an economic failure into a political failure without the realization that the state is not the primary cause but an effect of crisis in capital accumulation (Offe and Ronge, 1975:346-7).

The theoretical lineage of Block's work and the implications of his relationship to Offe have often been ignored or confused. An example of the misinterpretation of the Block argument is found in the work of Ornstein. We will examine Ornstein's analysis to clarify Block's theory of the state.

The initial point of departure is the position advanced by Offe regarding the ability of capital to formulate policy. Ornstein criticizes Offe for arguing that capital is unable to formulate policy (Ornstein, 1980:24). If capital were to successfully articulate policy and strategy would they not be class conscious? I would argue that successful strategies and policy making by capital imply class consciousness. What becomes interesting in the context of Ornstein's critique of Offe is his position regarding Block.

In the conclusion of his summary of the Block position Ornstein asserts: "Of the modern Marxist theories of the state, Block's provides the clearest basis for predicting that capital and the state

might pursue different policies (1980:25). The pursuit of different policies by the state and capital in Block's theory clearly derive from a rejection of " . . . the idea of a class-conscious ruling class" (1977:10 cf. Skocpol 1980:182). Ornstein cannot have it both ways, if he accepts Block's theory, he must accept Offe's. Block himself acknowledges the influence of Offe (1977:25 note 3) and a comparison of Offe and Ronge's 'Theses on the Theory of the State' (1975) with Block's 'The Ruling Class does not Rule' (1977) would clarify the inconsistency in Ornstein's argument.

What Ornstein has chosen as the important contribution of Block's theory is in fact a significant misrepresentation of the theory's originality. Ornstein states that Block's contribution is the " . . . recognition of the role of struggle between classes (not just among anarchic capitalists) in seeking to account for systematic divergencies between capital and the state" (1980:25). In fact, this is an over simplification of a much more subtle argument. The development of a theory of 'relative autonomy' for Block entails answering the question of " . . . why, on occasion, state managers actually extend state power, even in the face of capitalist resistance, in order to rationalize or reform capitalism" (Skocpol, 1980:182; cf. Block, 1977:15). The extension of reform in the face of capitalist resistance is not simply the responses to the stimulus of class struggle. State intervention largely expands in time of major economic crises or wars (Block, 1977:20). In both of these instances the ability of capitalists to mount a concerted effort to block reform is weakened. In times of economic crises, the struggles of workers and the political reality of

the electoral process may prod the state into making concessions to the working class. Block qualifies the nature of reform intervention by stating that it must extend the institutional power of the state (1977:25). Ornstein in stating that Block and Offe define the state as 'externalized from capital' (1980:25) may lead one to conclude that they advocate a modified instrumentalism. On the contrary both Offe and Block initiate a critique of the focus of instrumentalist theories of the state on external pressures and constraints (Offe, 1974:32; Block, 1977:8-10). Block's theory may be said to be an elaboration of the internal structure of the state which 'selectively' ensures that the capitalist social formation will be reproduced. Finally, in the recognition Block gives to the fact that not all state intervention is 'successful' or reform may be withdrawn in the changing political climate, he implicitly supports Offe's portrayal of policy decision-making as an reactive, ad hoc, 'case by case muddling through' (1977:25-26; Offe, 1974).

In an empirical application of neo-Marxian theory of the state to the New Deal, Skocpol describes Block's theory as 'elegant and powerful' (Skocpol, 1980:184). The major criticisms of Block arise out of three arguments:

- (1) Block's theory fails to explain why a particular state intervention may fail in its objectives (184).
- (2) The level of abstraction of the theory is such that there is no consideration of the constraints imposed by existing state structures (e.g. bureaucracies, political parties, administrative structures, existing legislation) on the action of state managers (184).

- (3) The concepts of 'working class struggle' or pressure must be clarified through historical-empirical research (:185-186).

Skocpol concludes her critique in general by stating that

. so far, no self-declared neo-Marxist theory of the capitalist state has arrived at the point of taking state structures and party organizations seriously enough (1980:199f.)

The above analysis of the theory of the state leads to two general conclusions. First, a more empirically oriented analysis of the relationship of the state and capital accumulation must be made and secondly, the state must not be considered as a monolithic entity. To address these issues we will examine at the theoretical level the relationship of the state to capital accumulation specifically focussing on state interventions defined as collective consumption. At the empirical level we will consider the heterogeneity of the state apparatus referring to the articulation of the provincial and local state as mediated in our specific case by a quasi judicial state agency, The Ontario Municipal Board.

### CHAPTER 3

#### The Accumulation Process and State Intervention

The relationship of the accumulation process to state intervention has been elaborated within the Marxist debate of capitalist crises. Wright has distinguished between four general theoretical positions which elaborate 'critical impediments to accumulation':

- (1) the rising organic composition of capital (falling rate of profit);
- (2) the problem of realizing surplus value, and in particular problems of underconsumption in capitalist society (underconsumption);
- (3) a low or falling rate of exploitation resulting from rises in wages (profit squeeze);
- (4) the contradictory role of the state in accumulation (state expenditures) (Wright, 1978:124).

These independent categories may be collapsed whereby the falling rate of profit theory and the profit squeeze theory are considered as variants of one theoretical position, profit squeeze. Similarly, state expenditure and underconsumption theories may be regarded as developing from one logic, underconsumption (Greenberg, 1978:177, cf. Weisskoff, 1979:342).

In considering theories of the state within the underconsumption tradition, O'Connor's discussion of the fiscal crisis of the state is relevant.

On a theoretical base largely derived from Baran and Sweezy's work on monopoly capital, O'Connor depicts state expenditure as a response to problems of surplus productivity and surplus labour (Harloe, 1977:23; cf. O'Connor, 1981a:41-43; O'Connor, 1981b:306). The welfare/warfare state exists in a milieu of unproductive state expenditure which aims to increase demand in the economy while

siphoning off capital which could have been used for social investment or consumption. "The socialization of costs and private appropriation of profits creates a fiscal crisis, or 'structural gap', between state expenditure and revenues" (O'Connor, 1973:9).

Not surprisingly O'Connor's underconsumption/state expenditure crisis theory has come under attack from profit squeeze theorists. Gough rejects the 'law' like nature of underconsumption theory and the domain assumption that state intervention responds to malfunctions of the economic system (Gough, 1975; cf. Harloe, 1977:23-5). The 'economism' of O'Connor's theory ignores the impact of class conflict on the social expenditures of the state. Gough has rejected O'Connor's attempt to functionally relate, social policy, the structure of a particular capitalist state and the 'requirements' of the capitalist mode of production (Gough, 1980:9).

In a recent elaboration of his theoretical position Gough defines the state in terms of its organization of social reproduction of labour. Towards this end the state engages in three general functions; accumulation, reproduction and legitimation/repression. The first function refers to interventions such as the provision of roads and sewers which are necessary for the productive process. The second refers to measures such as public education or housing, labour legislation or supplementary income. The last general function refers to the maintenance of 'law and order' whereby the state tries to avoid large scale conflicts while retaining its legitimacy. As in O'Connor's typology state interventions may fulfill one or more functions. For example, education may be used to provide a skilled labour force thereby contributing to economic productivity while at the same time legit-

imating the existing economic system. The function of social reproduction assumes the most significant role in 'welfare' state activity (Gough, 1980:9-10).

The application of these categories by Gough avoids crude functionalism by his consideration of working class conflict. The state becomes the vector of two sets of political forces: 'pressure from below' and 'reform from above' (Gough, 1980:9). Pressure from below refers to the myriad ways in which class movements together with social and community movements demand social reforms to protect or extend their interests. Reform from above refers to the various ways in which the state seeks to implement social reform which will serve the longer-term economic, social and political interests of capital, or particular sections of capital. The increasing necessity of state intervention generated its own momentum which Gough concludes: ". . . contribute to the British economic crisis by exacerbating inflation and undermining market mechanisms" (Gough, 1980:10). The displacement of tax burdens from labour onto capital when coupled with the market inefficiency of social welfare programs aided and abetted the development of the British economic crisis.

The critique of Gough has developed on a number of fronts. Fine and Harris locate the weakness of Gough's theory in its 'over-politicisation' (Fine and Harris, 1976:110). In discussing class struggle, Gough fails to distinguish between economic, political and ideological class struggles - all are reduced to a political manifestation. In collapsing state-provided social services which are in the form of cash into the category of social wages Gough fallaciously equates two

distinct levels. Struggles over wages at the point of production are informed by a different logic than the more politically determined social wages. Gough's assumption that increased 'social wages' will result in a decline in wage demands at the point of production has produced a tenuous form of political reductionism (Fine and Harris, 1976:106-108).

The focus on the reproductive nature of state expenditure while interesting conceptually is never really empirically supported. Further, if the welfare state exacerbates inflation and undermines market mechanisms how does this serve the long term interests of capital or even particular sections of capital? Finally, Gough's discussion of the profit squeeze crisis induced by the market inefficiencies of social expenditures and the ability of workers to resist taxation has no empirical basis (Hawley, 1980:128-130).

The political implications of Gough's analysis are somewhat distasteful. By fallaciously equating wage struggles with inflation Gough has forgotten that wages are determined by the accumulation process not vice versa. From a neo-Ricardian position which is in vogue within established European communism, Gough portrays a direct relationship between wage increases and the fall in the rate of profit. This type of analysis has supported political positions of 'austerity' whereby conservatives and 'radicals' agree that public spending is excessive and wage increases cause inflation (cf. Mandel, 1978:126-130).

The location of the economic crisis in the process of distribution is sharply rebuked in the analysis of Aronowitz and Mandel (Chorney and Hansen, 1980:72). The working class 'concessions' of the welfare



state were not entirely the product of class struggle, rather, social welfare policy measures exist to absorb the surplus capital of commodity over-production. As the 1970's have progressed the economic crisis of capitalism is now one of accumulation itself. "What was established by the state to 'realize' capital must now be restructured by the state to 'rationalize' capital" (Chorney and Hansen, 1980:73). Given that social welfare programmes are predicated primarily on the 'health' of...(rapid expansion of production, incomes and capitalist profits of the economy and were ". . . never established wholly as a legitimating strategy in response to class based opposition" (Chorney and Hansen, 1980:73) the whole of Gough's analysis is called into question. Perhaps this explains why no legitimation crisis has arisen in the face of rationalizing cutbacks in any of the advanced capitalist economies - but we must beware of the economic determinism implicit in the above critique and hastily refer to the political culture of a given country as a significant factor in the question of legitimation.

In Gough's desire to escape O'Connors functionalist economism he has appealed to the concepts of 'class struggle' and 'relative autonomy'. However, as Hawley has asserted there is ". . . a large gap between Gough's explicit theory of the state and the actual political workings of a specific state" (Hawley, 1980:125). Once again there is a failure of the linkage of abstract theory and empirical data.

At the theoretical level the capital logic school has criticized Gough for failing to realize that the constraints class conflict imposes on state intervention derive from the logic of capital which

is a social relation not merely an economic one (Holloway and Picciotto, 1978). The displacement of an economic crisis into the realm of political legitimacy disappears in the realization that the laws of capital are inherent in the political and economic sphere: " . the task is not to develop 'political concepts' to complement the set of 'economic concepts' but to develop concepts of capital in the critique not only of the economic but also of the political form of social relations" (Holloway and Picciotto, 1978:4). The debate concerning the fiscal crisis has been lost in abstract verbiage as writers fire salvos of 'economism', 'functionalism', and 'reductionism'. One can only concur with von Braunmuhl in concluding: "The most suitable way to achieve . conceptual clarification . . would seem to be through historical analysis informed and accompanied by systematic reflection" (von Braunmuhl, 1978:167).

If we 'abstract' ourselves from the internecine conflict of neo-Marxian intellectual warfare and reflect we may find ourselves considering the apparent anarchy of state intervention.

One has reached the crux of the dilemma of the state. Economic constraints limit the possibilities of intervention and yet " there is, logically, nothing to stop any particular state from adopting a course of action which would lead to its own destruction, just as there is nothing to stop a company from going bankrupt through failing to observe market constraints" (Scott, 1979:152). The avoidance of the implications of this statement exist in mechanisms of selectivity which filter out interests and policy which threaten the capitalist

system. These mechanisms of selectivity are institutional artifacts of trial and error response. The state responds to problems such as congestion or population density with policy such as zoning or rapid transit which succeed or fail in the political and economic climate of the day. These policy responses reflect the interests of capital and thus through their success and survival become historical artifacts of class bias (Scott, 1979:152-157; Hirsch, 1978:100-101).

The state apparatus becomes:

a heterogeneous conglomerate of only loosely-linked part-apparatuses . . . . Already from this it follows that under capitalist conditions, there can be no unified interventionist strategy, let alone, a consistent political planning, but that state intervention necessarily consists of a heterogeneous conglomerate of individual bundles of measures . . . . The programme of unprincipled 'muddling through' is therefore also not to be understood as the peculiarity of a particular political party but is inherent in the system (Hirsch, 1978:101).

The state has assumed a reactive role in which questions of rationality of action lack criteria for evaluation. The state is imposing a particular order on the 'system' through intervention, an order which is class biased in terms of social impact and yet our analysis of this order can only be comparative to alternative impositions of order. We seem to be captured in a paradox of order: "Although whatever is, is inevitably ordered, if there is to be order, there must be that which is relatively without order" (Weiss, 1968:15).

All this analysis and yet we are left to consider the state intervention as institutionalized trial and error and state policy merely as 'muddling through'. Somehow one might think that 'muddling through' will never approach the piety of 'relative autonomy'.

State Intervention in the Urban System: Castells'  
Concept of Collective Consumption

The discussion of collective consumption by Castells is useful as a theoretical bridge in the examination of a particular historical example of a collective consumption expenditure in a city. Castells provides us with a more empirically based set of concepts to examine the question of state intervention and its relationship to capital accumulation. Castells' conceptual framework was an explicit response to the earlier urban sociology of the Chicago School which has taken capital accumulation as given.

The redefinition of the theoretical object of urban sociology by Castells has involved locating the specificity of the city or urban unit in the reproduction of labour power (Castells, 1977:236-7). The accumulation of capital takes place on a spatially extended scale. Through the medium of money and credit one can trade stocks or speculate in commodity futures on a world scale. Production is disaggregated such that the components of an automobile may be produced in three or more spatial locations. In contrast, consumption which is largely comprised of the reconversion of money wages into the means of subsistence by workers is spatially concentrated. These spatial concentrations of labour power are referred to as urban units and are to " . the process of reproduction what the companies are to the production process" (Castells, 1977:236-7).

The concentration and centralization of capital have resulted in a parallel concentration of labour power and the means of reproducing labour power. Advanced capitalism has been characterized by state intervention into the reproduction of labour power. This is the essence of the concept of collective consumption. The reproduction

of labour power increasingly involves the creation by the state of socially necessary facilities such as medical clinics or public transportation systems which are collectively consumed. This form of state intervention politicizes the question of labour reproduction and thereby creates new sources of social inequality and new opportunities for social movements.

The significance of Castells' argument derives from the recognition that in advanced capitalism 'contradictions' other than the primary antagonism of capital and labour can be sources of social movements and hence social change. One might find a parallel in the discussions surrounding domestic labour and its role in the reproduction of capital accumulation.

Castells' introduction of the concept of collective consumption as a new theoretical object for urban sociology has generated much controversy. Bassett and Short refer to the concept's 'relatively unrefined state' and lack of integration into " . . . a wider theory of the state and urbanization process" (Bassett and Short, 1980:205).

Referring to our previous discussion of the theory of the state and the accumulation process we will attempt to clarify the definition of collective consumption and thereby advance our argument.

The prelude to any specific analysis of a theory of state intervention requires an examination of assumptions at the most abstract level. Castells asserts that in advanced capitalism " . . . the key problems are located at the level of the realization of surplus value" (Castells, 1975:294). Castells locates the source of economic crises in the sphere of the circulation of commodities; capital cannot sell what is produced. According to Wright's typology of variants

of crisis theory this argument is a form of underconsumption theory. State intervention resolves this realization failure by increased expenditures on goods and services. Castells specifies the type of expenditures undertaken by the state as those " . which are less profitable (from the point of view of capital) but necessary for the functioning of economic activity and/or the appeasement of social conflicts" (Castells, 1978:18). State interventions lessen the cost of reproducing labour power, (e.g. public housing) while at the same time represent investments of capital at a loss or devalorized capital which counteracts the tendency of the rate of profit to fall (Castells, 1978:18f).

Thus the process of consumption whereby labour power is reproduced and surplus value realized has become socialized by state intervention and is thereby collective consumption. The question for analysis is: Why does the state intervene in the process of reproducing labour power?

Castells provides both an economic and political response to the question of the why of state intervention. If the major economic problem of advanced capitalism is the realization of surplus value, then state intervention through the purchase and consumption of commodities will temporarily provide a solution to this crisis of underconsumption. The specific areas of intervention will be determined by the average rate of profit. Commodities which are 'socially necessary' for the reproduction of labour power but unable to be produced by capital at the average rate of profit will be produced as collective consumption by the state.

The social necessity of a particular commodity is a political

question. Therefore a commodity such as housing may be produced both by the state and capital depending upon particular historical circumstances. Further, the state itself is financially constrained in its ability to intervene in the area of labour reproduction by the limits of state revenues.

The critique of Castells' analysis of collective consumption may begin with his initial assumptions concerning the realization crisis of advanced capitalism. As an underconsumption theorist he makes the implicit premise that individual consumption provides the solution to economic crises (Weeks, 1977:284). The failure of capital to realize the surplus value embodied in commodities is the effect, not the cause of economic crises. Castells has failed to consider that production precedes the circulation of commodities and is hence antecedent to any realization problems (cf. Marx, 1977:414f.). Any theory of economic crises must begin in the sphere of production.

The second criticism of Castells derives from his emphasis on consumption. While deriving the general necessity of state intervention from the failure of capital to provide commodities which are socially necessary for the reproduction of labour power he neglects the economic constraints of the state itself. The endemic crises of advanced capitalism must ultimately affect the ability of the state to raise revenues. With the onset of a fiscal crisis of the state, the social necessity of particular forms of intervention become a moot political question. The historical response of the state to its own fiscal crisis has been a cutback in expenditures particularly in the area of collective consumption as defined by Castells.

Finally, Castells has explicitly neglected the relationship of the state to the reproduction of the means of production (Castells, 1977:460). In the last instance without a reproduction of the means of production, will there be a necessity to reproduce labour power? If capital has shut down, what impact will this have on the reproduction of labour power? These are questions which can only be answered by historical analysis.

We have examined the relationship of the state and capital accumulation at the abstract level of the mode of production. Castells' analysis of collective consumption specified the relationship of the state to the reproduction of labour power within the city. In order to draw these themes together it is necessary to introduce the consideration of a particular historical case. The Ontario Municipal Board is a specific agency within the state which was developed in response to problems inherent in capital accumulation within the urban unit or city. The activities of the Board provide a historical basis for our evaluation of the validity of theoretical assertions discussed in previous chapters and prelude our analysis of a specific state intervention, urban renewal.



## CHAPTER 4

### State Intervention in Land Use Planning: The Ontario Municipal Board

In the Grundrisse Marx discusses the costs of the circulation of commodities, specifically those costs involved in transportation and communication (Marx, 1973:524-533). At particular historical instances means of communication and transport become "a condition for production based on capital" (Marx, 1973:525). However, in order for capital to produce the means of transportation and communication these commodities must be able to be exchanged on the market for the realization of surplus value and hence profit. "Capital as such...will produce roads only when the production of roads has become a necessity for the producers, especially for productive capital itself; a condition for the capitalist's profit making" (Marx, 1973:530). Thus roads and other forms of infrastructure necessary for the circulation of commodities and hence the reproduction of the capitalist mode of production which cannot be produced by capital at a profit must be produced out of deductions from the general social revenue by the state (Marx, 1973:531). Marx did not foresee the necessity of state intervention in the production of infrastructure in all historical periods. He assumed that at some point which he termed the "highest development of capital" all the general conditions of the social process of production would be undertaken by capital as all needs would be satisfied through the exchange form (Marx, 1973:530). We may conclude that the general necessity of state intervention in land use derives from the inability of capital to produce the general conditions of the process of social production.

The forms that this intervention takes may be divided into two general categories:

- (a) interventions which are necessary to the social process of production to reproduce capital and;
- (b) interventions which are necessary to the social process of production to reproduce labour power.

An example of state interventions which are necessary to the reproduction of capital are roads, sewers and other physical infrastructure necessary for the production and circulation of commodities. State-produced housing or hospital facilities represent examples of interventions which act to reproduce labour power.

In the case of interventions which are necessary to the social process of production to reproduce capital the criteria for state intervention is unambiguous - can a use value which is essential to capital accumulation be produced by capital at a profit?

However, the question remains as to who decides which use values are essential for the reproduction of capital. Further, by what method can we assess the profitability of producing a particular use value? Finally, historical circumstances change thereby altering the conditions of accumulation such that what was once profitable may be unprofitable and vice versa.

These problems are reflected in Offe's discussion of productive state activity (Offe, 1975). The irreconcilable contradictions of defining the essence of capital reproduction at the level of the particular case result in a depiction of the state as responding in an ad hoc manner to shifting perceptions of what is necessary to reproduce capital.

Political decisions regarding the reproduction of labour power

are equally problematic. We return to our earlier discussion of the Theory of The State where we concluded that it is difficult to define the limits of state activity. We can appeal to the traditional Marxist categories of class struggle and assert that state intervention is a function of the class struggle. Our only recourse to the empty rhetoric of class struggle is the examination of a particular case of state intervention. It is to this end that our efforts are directed.

At the abstract level we deduced following Marx's argument in the Grundrisse that the general necessity of state intervention in land use derives from the inability of capital to produce the general conditions of the process of social production. Thus the structure and policies of the state apparatus which regulate land use should reflect historically what the state has defined as failures of capital to reproduce the general conditions of the process of social production.

The state apparatus which regulates land use in Ontario is the Ontario Municipal Board. The Ontario Municipal Board was preceded by the Ontario Railway and Municipal Board which acted to regulate railways, municipal assessments, debentures and annexations (Ontario Railway and Municipal Board, 1906).

The inability of capital to provide the social conditions for production such as roads or other forms of infrastructure has necessitated state intervention in land use. These interventions which act to reproduce capital are reflected in the state apparatus created

in Ontario to regulate land use.

The Ontario Municipal Board was preceded by the Ontario Railway and Municipal Board which as is indicated in its title acted to regulate the major means of transport and communication of that particular period as well as municipal assessments, debentures, and annexations. (Hefferon, 1972:2). The major form of state intervention which impacts upon both the reproduction of capital and the reproduction of labour was zoning.

The logic of capital accumulation whereby individual capitalists are driven to compete has particular spatial implications. The city becomes concentrated and congested as capital seeks to tap economies of scale, external economies and agglomeration economies. This concentration and congestion resulted in problems of public health, sanitation, fire protection, environmental pollution and overcrowding. The state responded to the imperfections of land use with zoning legislation which was aimed at reducing externalities such as congestion and aiding capital accumulation through the efficient allocation of infrastructure (Hason:1980). The development of urban kind by this fusion of private and public initiative defines the spatial structure of the city as a system of "collectively produced differential location advantages" (Scott and Reweiss, 1977:20). Thus any effort by the state to improve accessibility, for example by constructing a new expressway, or reducing an externality such as the emissions of a paper mill immediately increases the value of adjacent land for its owners. This increase or decrease in land

value for an individual land owner through the action of the state is central to the analysis of state intervention in the land market.

With the expansion of capital accumulation in Canada during the early twentieth century state expenditures for the provision of physical infrastructure to reproduce capital and social services to reproduce labour increased (Russell, 1982). With the onset of the general crisis of accumulation represented by the world depression of 1929 the state in general and the local state in particular experienced a fiscal crisis. In 1932 19.1% of Ontario municipalities were in default (Holman, 1956:42). The response from the province was a decisive move towards fiscal centralization.

In 1932 the Ontario Municipal Board Act came into effect. The OMB was given drastic powers of fiscal and administrative control over the local state. This legislation acted to reduce local councils to mere agents of the OMB (Holman, 1956:28). The emergency intervention and extension of the power of the provincial state represents a qualification of Block's theory of the state. Not only can state intervention act against the interest of capital, but in times of crisis the state may act to centralize state power. The OMB during the depression stabilized local finances and promoted a policy of increasing municipal interest rates to attract capital investment. The 'watchdog' role assumed by this arm of the provincial state created a more secure economic climate thereby enhancing business confidence.

This centralization of fiscal and administrative control which occurred during the Depression is retained in the present legislative framework for land use planning. The Planning Act legally defines the

division of state power concerning state intervention in land uses in Ontario. The overwhelming conclusion is that the key state apparatus in local land use planning is not the local state but the Ontario Municipal Board.

The Ontario Municipal Board's jurisdiction and function are established in the Ontario Municipal Board Act, R.S.O., 1980, Chapter 323. The duties of the Board are not limited to those in the Municipal Board Act but extend to other statutes of particular relevance to our discussion: the Municipal Act and the Planning Act.

The Board's jurisdiction has been divided into 5 major categories:

- (1) Constitution, Boundary Revision and Dissolution of Municipalities;
- (2) Approval of Capital Undertakings and the Imposition of Rates and Levies to Recover the Cost thereof;
- (3) Approval of Restricted Area By-laws, Official Plans and Plans of Subdivision;
- (4) Assessment Appeals; and
- (5) Miscellaneous Appeals (Ontario Municipal Board, 1976:7).

The Board recognizes that as an administrative tribunal with this wide jurisdiction it has largely supplanted the role of the Province with respect to local matters.

Thus all financing, servicing and planning of the local state must be approved by the Ontario Municipal Board. The Board asserts that it is "...not a department of Government but a tribunal exercising a wide variety of jurisdiction with respect to municipalities" (Ontario Municipal Board, 1976:5).

Planning may be divided into two major functions, policy making and regulations. The primary municipal planning policy is the Official Plan. Regulatory planning is implemented through zoning and development control. Underlying the planning process is the capital budget of the municipality. The Ontario Municipal Board has the right to approve both the capital requirements of planning policy and the regulatory instruments necessary for the implementation of the plan. The critics of the municipal planning system concur in their argument that there is an excessive amount of provincial intervention in the municipal planning process (Jaffary and Makuch, 1977, Comay, 1977, Bossons, 1978, Hefferon, 1972).

The municipality submits the Official Plan to the Minister, who may approve the policy or delegate his decision making power to the Ontario Municipal Board. Regulatory instruments such as zoning by-laws are submitted directly to the Board for approval (The Planning Act R.S.O. 1970). If objections to the Official Plan or zoning by-laws are raised, a hearing of the Board is required (Planning Act R.S.O. 1970, section 35(221)). If the objectors are not satisfied with the Board decision they may appeal to the Lieutenant-Governor in Council (Ontario Municipal Board Act, R.S.O. s. 94). All capital expenditures which require the issuance of debentures or costs in subsequent years must be approved by the Board (Ontario Municipal Board Act, R.S.O., 1970, s. 64). Further, municipalities cannot incur debt without the consent of the electors (Municipal Act, R.S.O. 1970, Ch. 323, s. 293) but this requirement may be dispensed with by the Board under section 63 of the Municipal Board Act. Thus,

opponents of capital expenditures of the local state may file objections with the Board and require a hearing on the matter. The requirement of Board approval allows objectors to call into question not only the level of expenditure but also the object of the expenditure, for example, urban renewal. However, this requirement reinforces the subservience of the local state to the decisions of the Provincial state.

The Board acts in an appellate function requiring those parties who object to the decisions of the local state to demonstrate that, "...Council's action was not clearly for the greatest common good, that it created an undue hardship, that some private right was unduly interfered with or denied, that Council acted arbitrarily on incorrect information or advice or otherwise improperly" (G. J. Smith, 1979:11).

Those who object to the decisions of the local state face a significant barrier in demonstrating that the Council acted on incorrect or inadequate information or advice. The record of Council proceedings and planning board meetings is absent and the local state managers are unlikely to voluntarily refuse the full record of its information and advice particularly if the advisors support the position of the objectors ( G. J. Smith, 1979:12).

The Supreme Court of Canada has established that citizens have the right of a hearing with regard to planning decisions which affect them. This right of hearing in Ontario is at the Ontario Municipal Board not the local council (Makuch, 1976:30). We may infer that the Supreme Court has decided that local decisions are in reality



made at the Municipal Board level. The political responsibility of the local state is supplanted by the Board's ability to act as "City Council and Supreme Court" in reexamining and even replacing the decisions of the local state (Makuch, 1976, c.f. Hefferon, 1972).

Any systematic analysis of Board decisions is hindered by the fact that the Board is judicially restrained from relying on precedent to make its decisions (Hopedale Developments Limited and Oakville, 1965:259). Further, Board proceedings are not recorded and the written decisions of the Board include findings of fact but not evidence presented.

Nonetheless two studies exist of Board decisions, Adler's analysis of 1964-1966 and McKenna's of 1973. Adler's analysis supports the argument that the Board acts to sustain capital accumulation and reproduce labour power. Specifically the Board affirms local state decisions which generate economic gains in terms of the tax base subject to the conditions that these decisions do not adversely impact upon low density urban residential areas:

"underlying the Board's policy is on the one hand, the articulated premise that, the occupants of existing single family middle class housing need protection even against municipal attempts to attract high assessment yielding projects and on the other hand, the non-articulated premise that apartment dwellers of all income ranges are less entitled to residential amenities secured to single family units" (Adler, 1971:223f.)

Adler attributes the lack of representation of working class interests to substantive and procedural reasons. Notification of by-law changes are restricted to property owners within 400 feet of the area in question. A second factor which inhibits worker participation

arises out of the legal nature of the hearings. The relegation of those attending the Board hearings without benefit of legal counsel to appearances at the end of the hearing and the discussion of issues in legal jargon make participation an intimidating experience (Adler, 1971:224).

The OMB as a state apparatus developed within the flux of a particular historical conjuncture. Mahon has posed the question of regulatory agencies in terms of a choice between a 'captive agent' or 'hegenonic apparatus' theory. From an analysis of the ideological impact of the OMB legal structure one may support a thesis of 'hegenonic apparatus but if one examines the 'decisions' of the OMB one may support a 'captive agent' theory. The support of either position is reductionist in the case of the OMB.

The OMB developed out of problems in the accumulation process. Land use conflicts, congestion problems and other externalities necessitated state intervention in the urban economy. The OMB was created to regulate the anarchy of the privately developed land market. Crises in the accumulation process during the Depression whereby municipalities were defaulting on debts required further state intervention. The OMB assumed control over municipal finance. As capitalism developed, the necessity of reproducing the labour force required additional state intervention, for example, educational facilities. Local state finances were inadequate to provide these services and thus the responsibility shifted to the provincial level with a concurrent loss of local autonomy. In the post World War II period the

desire of the state to avoid recession resulted in the Keynesian policies which stimulated suburbanization. The OMB in its decisions sustained this particular form of urban development. By the 1960's the negative impacts of suburbanization began to appear. The central business district had declined with the advent of suburban shopping centres. The state intervened once more creating a federal-provincial-local urban renewal programme which tacitly required OMB support for local capital debentures, property expropriations and the 'positive' resolution of undersirable opposition. In the precarious economic climate of the 80's the OMB is once more the watchdog of municipal finance.

## CHAPTER 5

### The Local State: An Illusion of Autonomy

In our discussion of land use planning we concluded that the local state was but an administrative arm of the Ontario Municipal Board. It will be our intent in this chapter to further examine the institutional context within which the local state acts. The overwhelming conclusion one can draw is that the local state is structurally constrained from acting in many policy areas but that local state actions are best understood as responses to these constraints, a relative autonomy in which the role of primacy is conceded to the provincial and federal governments.

The initial question we can pose is: what are the constraints which limit the autonomy of the local state (cf. Dear and Clark, 1981: p. 1)? The constraints on the autonomy of the local state may be defined as originating from two major sources: economic and political.

The initial political constraint on the local state in Ontario is the constitutionally defined subordination of local government to the provincial government. The British North America Act which defines the powers of the federal government and the provincial legislatures accords the province the responsibility for municipal institutions. "The legal principle that applies is that because municipalities are not sovereign, the authority for their actions must be derived from

provincial statutes" (Report of the Royal Commission on Metropolitan Toronto, 1977, Vol. 2: p. 93). As has been noted, this legal principle has been narrowly interpreted such that municipal powers are specifically defined in legislation such as the Municipal Act, the Planning Act and other statutes.

The Report of the Royal Commission on Metropolitan Toronto has elaborated two implications of the constitutional constraints on local governments in Ontario:

First, municipalities today have very little authority to initiate policies independently of the province. In the past few years, for example, municipalities in Metro (Toronto) have been forced to ask the legislature for statutory amendments to sanction simple initiatives such as providing free shovelling of snow for elderly persons, creating bus lanes on major roads and funding information centres. Second, the scope of municipal decision-making is severely circumscribed by statutes which not only state what the precise role of the municipality shall be, but also prescribe in very specific terms the ways in which the municipality must carry out its responsibilities (1977: p. 95).

The limited constitutional powers of the local state in Ontario are reflected in the restricted fiscal autonomy of local governments. An examination of the Tri-level Task Force on Public Finance of 1976 reveals the increasing dependence of local government on senior levels of government for financing. In the period 1940 - 1974, the financial expenditures of the local state in comparison to the two other levels of government had diminished. Local government expenditures as a percentage of gross national product had declined from a 1971 high of 9.4% to 8.5% in 1974. Increasingly, local governments had become dependent on provincial transfers to offset the inadequacy of locally

generated revenues to cover necessary expenditures. In fact over 50% of local state budgets derive from primarily (over 90%) provincial government income transfers. In the period 1968 - 1973 local state revenues increased by 32%, local state expenditures increased by 54%, and most significantly transfers from the province increased by 102% (Report of the Tri Level Task Force on Public Finance, Feb. 76, Vol. 2). However, the increases in provincial grants to the local state cannot be expected to sustain this growth rate given the commitment of the provincial government to fix the increase in transfers to the growth rate of Ontario's total revenues (11.7% in 1974) (Report of the Provincial-Municipal Grants Reform Committee, May, 1976). The significance of the fiscal dependence of the local state on the provincial government derives from the nature of provincial transfers. Given the constitutional framework, it is not surprising that over 90% of provincial grants to the local state are conditional in nature. To receive these grants the municipality must comply with explicit conditions as to the use of the funds which are defined by the province. Further, any major capital expenditures or borrowing must be approved by a quasi-judicial state agency, the Ontario Municipal Board, which acts to further limit local autonomy (Jaffary and Makuch, 1977: p. 54). In this context it is consistent that some analysts conclude that the local state in Ontario is not a representative body but an administrative agency of the provincial government (Jaffary and Makuch, 1977: p. 52).

The subordination of the local state to more central state apparatuses is a fact of life in most advanced capitalist countries. The question remains: given these politically imposed limits how much variation exists at the local level?

In a discussion of the relationship of British local government to the central state apparatus, Saunders has concluded: "The overall picture which emerges is confused and contradictory. While it is clear that power has become increasingly centralized, it is also the case that local autonomy in some areas of policy remains marked" (Saunders, 1979: p. 193). The British and French research on the local state diverge from the Canadian case because of the party domination of local politics. The presence of organized political parties allows one to compare the housing policy of Labour as opposed to non-Labour controlled local governments - a situation which has no parallel in the Canadian context (cf. Saunders, 1979: p. 194, and Lojkine, 1976).

What does emerge in a comparative analysis of local-central state relationships is the theme of fragmentation of governmental responsibility. This fragmentation of authority between the various levels of government has been defined as the central problem of government planning by analysts in Britain and Canada. Saunders and Bossons concur that the relationship of the local state to the central state is inherently ambivalent. Saunders derives this ambivalence from the necessity of centralized rational planning where at the same time maintaining a local state which is accountable to 'local political pressures and social and economic needs' (Saunders, 1979: p. 194). Bossons views the planning process in Ontario as necessitating predictability (rationality) and accountability (Bossons, 1978: p. 12f). By increasing the powers of the local state and thus political accountability, we may lose the regulatory predictability of the present

political framework. Saunders views this tension or ambivalence as ensuring local autonomy, but, given the apathy of the electorate at the local level and the realities of the economic climate of the late 70's and early 80's, the failure of local governments to be politically accountable will not provoke a legitimation crisis. On the contrary, the commitment of governments to cutbacks and 'system rationalization' will reduce the political leeway of local government further.

The second major constraint on the autonomy of the local state is the economy. The debate which has arisen over the cuts in social expenditure in Britain have provided us with one of the most lucid expositions of the relationship of the local state and the economy. In the words of a Lambeth councillor:

I don't think it is possible for a council's method of working to be fundamentally changed because a local authority works in terms of capitalism. Councillors are in this peculiar dual position of representing working-class people but also of running the local state which is part of the central state. I don't think you're going to be able to change the way the local state operates within capitalism (Bowring, 1980:23).

As an institution within and dependent upon the capitalist accumulation process the local state must pursue policy which facilitates this process. A healthy local economy means political stability and increased tax revenues for local state coffers. Ideally, the local state desires to promote development which will increase its tax base thereby decreasing dependence on the central state apparatus.

The local state is fiscally dependent on the central state apparatus and the local economic base. Organizations of local governments such as the Association of Municipalities of Ontario have



militated against the conditional nature of provincial grants to local governments with the explicit aim of increasing local expenditure autonomy. Given the desire of the local state to decrease economic dependence on the conditional transfers of the provincial government, it is 'rational' for the local state to assume a pro-development attitude. Economic growth at the local level implies an increased tax base and hence increased local fiscal autonomy. The 'rationality' of this pro-development position often results in a close relationship of the local state to the land development industry. This relationship becomes at times symbiotic, thereby, prompting analysis of the 'City Magazine' school which depicts the local state as the instrument of the property industry (cf. Lorimer, 1980). This conception of the state has been critiqued previously and it would be redundant to reiterate the argument.

What is significant in the recognition that the local state has a vested interest in development is the observation that the local state itself may even initiate change. In a submission to a symposium on downtown cores sponsored by the Ontario Ministry of housing, the clerk-administrator of the City of St. Thomas stated:

In conclusion, we must continue to seek means and to adopt policies, practices and control which will enable us to give support and reinforcement to our downtown cores and to initiate redevelopment and revitalization where required (New Directions: Proceedings of a Symposium on Downtown Cores, Nov. 1977, B. Barrett: p. 30).

The Impact of Property Tax Dependency  
on Local State Action

What little fiscal autonomy the local state enjoys derives from

property tax income. In the post-World War II period local state expenditures have shifted from services to property to services to people. For example, the local state spends approximately one third of its income on education. Over 50% of the education expenditure is financed directly from property tax revenue (Royal Commission on Metropolitan Toronto, Update, Dec. 1975: p. 10-11). Two questions arise:

- (a) Who is bearing the burden of property tax?
- (b) How does the dependence of the local state on property taxes affect decision-making?

The answer to the first question is quite simple. The property tax is regressive with respect to income. Low income residents in Ontario pay a disproportionate percentage of their income in property tax, even if we take into account the Ontario tax credit. One might reply that the regressive tax is necessary given that low income earners consume a disproportionate amount of social services. However, as Patterson's analysis demonstrates in 1974, households with income in excess of \$20,000 were the real winners in the property tax assessment and all other households were experiencing net losses in terms of services received as compared to tax paid (Patterson, 1979: p. 16, cf. Report of the Royal Commission on the Reform of Property Taxation in Ontario, 1977: p. 5).

In contrast to the commonly held view that low income earners are feeding excessively at the public trough, both government (C.M.H.C.) and independent analysis has confirmed that high income households are public welfare bums. The 'redistributive' ideology of the welfare

state is more than a myth, it is an outright lie. The distribution of the costs of reproducing the labour force in Ontario are such that in a perverse inversion, labour pays the most to reproduce itself.

There has been some movement on the part of the state to address the problem of the property tax. The Blair Commission in Ontario was mandated to analyze the property tax system in Ontario and propose reform. One of the reform possibilities was a shift to market value assessment (Report of the Royal Commission on The Reform of Property Taxation in Ontario, 1977: p. 29). But as an analyst has stated:

From the experience of other cities, it has been observed that market value assessment increases the share of taxes borne by homeowners and reduces the tax burden on commercial and industrial sectors unless compensating measures are taken (Royal Commission on Metropolitan Toronto, Update, December 1975: p. 11).

It would seem that property tax reform is a complex problem requiring a reconciliation of political reality and economic necessity. If the state implements market value assessment, it will alienate the substantial home-owner vote. But if the state were to implement a property tax reform which was redistributive, it would alienate high income groups with political clout and may inhibit private investment and reduce corporate profits. As Connell has noted: ". . .the state reacts not to contradictions of accumulation but to their political consequences." Therefore, we can expect little in the way of redistributive property tax reform. However, in a society where a large number of voters are home-owners, one can expect the occasional political gesture, perhaps a mortgage deductibility tax break, but, the extent of this reform is limited in an economy where increasing social

expenditure is counter productive. If the state were to relinquish the revenue to be gained from tax to mortgage holders without increasing some other form of taxation or decreasing some other expenditure, then one could only hope that the extra income which this tax break represents would create the demand benefits of classical Keynesian measures - a hope which has not been borne out by history.

The answer to the second question regarding the policy impacts of property tax dependency on the local state is an elaboration on the theme of greed. Local state managers may 'rationally' decide it is in their best interest to plan to maximize assessment rather than achieve specific social goals (cf. Plunkett, 1980: p. 193). It is this form of 'dollar planning' which occasions analysts to portray the conspiring city politicians and businesses. A more informed research would reveal that the pro-development ideology of state managers arises out of the structural imperatives imposed by the lack of fiscal autonomy, the ideology of capitalist accumulation and the political reality of the electoral process. Land developments such as shopping centres are sold to the public in terms of tax benefits by local state managers who see a dynamic city as the key to success. A 'blighted' downtown, declining industrial base or contracting property tax revenues make a re-election campaign more difficult for city politicians. A succinct appraisal of the distorted rationality produced by the economic and political constraints of the local state has been provided by the Social Planning Council of Metropolitan Toronto:

While we acknowledge the responsibility of the province for the appropriate functioning of municipal government, one wonders whether some process of partial 'deconditionalizing' - might not be warranted. Very often local

government places less emphasis on the determination of local priorities, and concentrates more on ways of cashing in on 12½ cent, 20 cent, or 25 cent dollars (where the balance is co-shared by senior levels) (Royal Commission on Metropolitan Toronto, Update, June 1976, p. 11, cf. Municipal Liaison Committee, 1976: p. 11).

It is in the acquisitive pursuit of tax revenue that the local state reaches an impenetrable barrier. While corporately constituted, the local state is not a business corporation. The political nature of the state creates a context wherein the 'corporate municipality' cannot approximate the logic of capital. In its reactive role the local state can facilitate development such as urban renewal but it cannot directly undertake this development on a large scale without dissolving the private property basis of capitalism. The tensions of private initiative/public initiative, development/re-election, local economy/national economy, local state/provincial state provide the context in which decisions are made by local state managers. Quite clearly the local state is subordinate to the central government; for example, urban renewal was a federal-provincial creation. However, it can be seen that within these constraints, the local state will tend to pursue policies which promote development and increase tax assessment. It is within the economic and political constraints defined above that local state decisions occur. The relationship of the local state to capital is much more complex than any instrumentalist theory would allow.

## CHAPTER 6

### The Politics of Ambiguity: Urban Social Movements

Classical Marxism defined the major contradiction of capitalism as the antagonism of capital and labour. With the entrance of the state into the process of the reproduction of the means of production and the reproduction of labour power, secondary contradictions have developed. Castells sees the politics of these secondary contradictions of collective consumption as the key to revolutionary political opposition (Castells, 1977:464-5). It will be our argument that urban protest movements far from constituting a revolutionary vanguard are reformist.

Castells' analysis of urban social movements is an exercise in the creation of a typology. In contrast to traditional research which focuses on organization Castells examines the issues at stake which stem from the structural contractions of advanced capitalism and the effects of the protest or actions of the social movement (Castells, 1977:270, chpt. 14; cf. Pickvance, 1976). A typology is created by the examination of several urban social movements whereby each particular movement is defined in terms of the issue at stake, the social base concerned, the organizations present, the social force constituted, the adversary, the claims made, the action taken and finally the urban and political effects (Castells, 1977:344). From this typology Castells draws conclusions for urban social movements in general. The major deficiencies of this inductive analysis stem from the derivation of the relationship of the social base, organization and social force (cf. Pickvance, 1977:175).

The social base of an urban social movement has never been explicitly defined by Castells. An examination of his typology of social movements would allow us to concur with Pickvance in stating

that the social base ". . . refers to the population directly concerned or affected by the issue at stake" (Pickvance, 1977:176; cf. Castells, 1977:344). Pickvance criticizes Castells' conceptualization of the social base for the reliance on demographic characteristics and the neglect of the 'value orientations' or ideology of those composing the social base (Pickvance, 1977:177). The value of Pickvance's critique is in the recognition that urban social movements are not constituted along traditional class lines and that ideological practices are significant in discussing the mobilization of protest.

The demographic characteristics of a particular social base would allow one to locate classes in terms of the relations of production. However the intervention of the state in the reproduction of labour power has resulted in one's position in collective consumption processes to be independent of one's position in the production process. If state intervention politicizes the reproduction of labour power as Castells asserts and is thus the basis for secondary contradictions in capitalism which foster the social movements, then specification of the social base must consider the relationship of that base and hence classes or class fractions to collective consumption processes. We would assume that actions by the state which directly affect the reproduction of the labour power of a particular social base, for example, the demolition of all housing in a particular area for the purpose of urban renewal, would engender an urban social movement.

This expectation of mobilization is critical to the understanding of urban social movements and reveals a lacuna in any typology. Analytically you may specify the significant categories for classifying a social movement but the relationship of these categories must be theoretically specified. In Castells' typology the question of

how a social base is transformed into a social force or how protest is mobilized remains unanswered.

If we examine various studies of urban social movements, discussion of the critical organization or mobilization stage of urban protest remains vague and provides little theoretical insight. For example, one is faced with statements such as:

The Riverdale Community Organization . . . grew out of frustration and anger. (Toronto) (Goldrick, 1978: 34).

In the late 1960's this subculture merged with other social movements of the day advocating more open and responsive government, greater attention to the environment, and a more humane, livable city. These popular movements were institutionalized in the formation of a new civic reform party . . . (Vancouver) (Ley and Mercer, 1980:93).

Perhaps the most significant finding in a review of the research concerning urban protest is the consistent class bias in organizations which develop as the result of specific conflicts. Overwhelmingly protest organizations are initiated and/or controlled by the new middle class. The following statements indicate the non-localized, non-country specific nature of the middle class domination of urban protest:

A profile of TEAM Leadership in 1969 showed that almost 60% were professional or semi-professionals while a little over 20% were businessmen. (Vancouver). (Ley and Mercer, 1980:93).

A survey in 1972 of eleven inner-suburban residents' groups indicated that their members are predominantly middle class and professional...(Australia) (Sandercock, 1975:172)

The MCM internal struggle, in class terms a struggle between two fractions of the petite bourgeoisie wing for political leadership of a possible mass movement . . . (Montreal) (Raboy, 1978:12)

The middle class (along with finance capital) was the major beneficiary of urban development, and it was ready to forsake much of the individual freedom urban



life entailed. But when costs were extracted from their own properties, neighborhoods and environments, the line of tolerance was crossed. A new bourgeois reform movement was launched. (Toronto) (Goldrick, 1978:32)

The Barnsbury Association is an amenity society formed in 1964 by a group of newly arrived young professionals in a traditionally working class area of private, rented accommodation. (England) (Lowe, 1977:44)

The identification of organizations with the 'middle class' is problematic. The ambiguity of this conceptualization of class weakens the analysis of the implications of class on the resolution of urban conflict. Carchedi's elaboration of the concept of class beyond identification at only the productive level is relevant at this point. The essence of the 'new middle class' for Carchedi lies in the fact that ". . . they are either the exploited or the economically oppressed; . . . they are the exploiters or the oppressors . . ." Thus, ". . . they are partly on the side of capital and partly on the side of labour" (Carchedi, 1977:88). The contradictory nature of the class location of the 'new middle class' wherein their proletarianization may cause them to identify with the working class has not occurred in the arena of urban conflicts.

On the contrary, the 'new middle class' has been identified with a liberal reform ideology which is defensive, often narrowly self interested. This narrow self interest is particularly significant in the process of 'gentrification', where inner city working class rented accommodation is improved and turned into middle class owner occupation. The policies of organized professionals in zones which are undergoing this form of transition may, in reality, conflict with those of working-class residents, thereby, making 'success' of protest a class specific

concept. New middle class organizations such as the Barnsbury Association in Britain in their pressure for residential rehabilitation effectively displaced working class tenants as property values escalated under the increased market pressure (Bassett and Short, 1980:147).

The Barnsbury case is interesting in that a parallel working class organization developed at a later stage of the conflict. The political ideology and representation of the middle class organization in combination with ever increasing property values relegated the working class organization to a force of amendment and opposition (Lowe, 1977:44-5).

A further division between working and new middle class organizations lies in their ideological orientation:

Upper and upper middle class people are more likely to think in terms of general plans, the neighborhood or community as a whole, and long term benefits (even when they might involve immediate costs to themselves); lower and lower middle class people are more likely to see such matters in terms of specific threats and short-term costs (Lowe, 1966:46).

The ambiguity of the discussion of urban protest movements derives from the nature of the 'stake': collective consumption. Contrary to the desire of some Marxist analysts to conflate the politics of the workplace and the politics of the community, no such fusion is possible (cf. Lojkine, 1977:153).

The validity of Dunleavy's discussion of collective consumption lies in the recognition that one's class position is not identical to one's consumption location (Dunleavy, 1979, 1980). This divergence creates a non-correspondence of workplace and community politics.

Working class homeowners may stigmatize fellow workers who reside in public housing thereby creating the basis for intra-class cleavages or class fractions.

Further, it is difficult to measure the material impacts of particular forms of state intervention. The construction of a hospital or school in a particular location may reinforce spatial segregation of a class or class fraction. However, the determination of the material impact of this locational decision requires a sophisticated form of analysis involving measures of accessibility. For most people the construction of a hospital is 'good', few tend to consider hospital accessibility in terms of class interests. If conflict over collectively consumed goods arises it is difficult to relate the politics of urban issues to the workplace. One would be hard pressed to find evidence of urban struggles which had organizational linkages to trade union struggles.

Two conclusions may be drawn from this analyses. Firstly, it becomes clear that collective consumption has divided the working class internally and prevented working class mobilization on issues such as low income housing. Secondly, the politics of collective consumption have been dominated by the new middle class. This domination has been reinforced by institutional mechanisms for the resolution of consumption conflicts.

In our examination of the nature of urban conflict resolution we focussed on the state and state apparatuses such as the Ontario Municipal Board. The OMB structurally precludes specific forms of discourse by virtue of its quasi-judicial nature. Hearings confine those not represented by legal council to speak after all other

representations are complete. In the instance of a hearing notification only property owners are notified thereby excluding tenants. Finally, the appellants must always oppose the state or urban property capitalists who are represented by both legal counsel and/or planning professionals.

This institutional structure within which urban protest is resolved acts to structurally preclude the participation of the working class who lack the resources of 'articulation' enjoyed by their new middle class counterparts. Even in instances where the class base and class interests of a particular movement have been working class invariably the leadership consisted of 'new middle class' advocates (Fraser, 1972).

Institutional mechanisms for conflict resolution such as the OMB reproduce existing class relationships by structurally precluding the participation of the working class. This is not to imply that the 'new middle class' can escape the domination of legal discourse in advanced capitalism. Our research has demonstrated that urban protest movements have been singularly unsuccessful in their efforts before the OMB regardless of their class base.

The lack of success of urban protest movements may be attributed to the nature of legal ideology.

The original impetus of urban protest movements arises in the everyday practices of individuals which we may term "practical cognition". Individuals experience conditions such as the building of a high rise next door within their practical discourse. The impact of the high rise becomes a source of talk. Through talk

some divergence may be noted between what individuals value or define as desirable, perhaps individual privacy, and the proposed high rise development. This conflict of desirability is resolvable within particular institutional mechanisms, in this case the OMB.

Once individuals accept that the conflict must be resolved in the legal realm of The Municipal Board hearing they accept that the 'rules' of OMB discourse are legitimate. The structural selectivity of OMB procedures serve to reinforce the hegemony of the existing class structure.

The institutionalized knowledge and qualifications necessary to 'articulate' a position at an OMB hearing selectively exclude working class representation. Workers lack the cultural capital necessary to perform the symbol manipulation which will sway OMB adjudicators.

The creation of a particular form of conflict resolution, the quasi-judicial hearing, represents the imposition of a particular formalized order on speech: legal discourse. Danet has captured the essence of legal talk. "The 'fact'-oriented genres publicly claim to deal with truth and facts but are actually preoccupied with elaborate rules governing the flow of talk and silence and have evolved a highly esoteric professional language, incomprehensible to those whose fate is at stake, that dominates the courtroom" (Danet, 1980:540).

The success of urban protest for the working class depends on the 'delegitimation' of ritual discourses such as legal ideology through attacks on forms of formalized speech which restrict what can be said. We join with Willis in asserting that; "In a real sense for the working class the cultural is in a battle with language" (Willis, 1977:124).

## CHAPTER 7

### Urban Renewal in Thunder Bay: 1965-1973

The initial legislation regarding urban renewal in Canada was the National Housing Act of 1954. The intent of this legislation was to provide funds to municipalities to redevelop urban land for low or moderate cost rental housing projects. If we were to categorize the initial urban renewal policy as a form of state intervention, in terms of our previous discussion it would represent a state intervention designed to reproduce labour power. Urban renewal in the 1954 legislation would conform to Castells definition of collective consumption - state expenditures "which are less profitable (from the point of view of capital) but necessary for the functioning of economic activity and/or the appeasement of social conflicts" (Castells, 1978: 18).

The post war period in Canada has been characterized by cyclical recessions. In 1948-49 and 1953-54 unemployment increased and wages declined (Bowles and Gintis, 1982:81). Housing policy, specifically the construction of new housing was used by the Canadian state as a counter-cyclical, demand-stimulating economic measure to ameliorate the effects of the recessions. In a period of declining wages and rising unemployment the problem of low and moderate cost housing for workers was acute. The rate of profit for house building corporations was low and private ownership of land represented a barrier to the redevelopment of the inner city urban land.

The 1954 Federal National Housing Act addressed the problem of low and moderate cost housing by providing funds and legal authority for municipalities to acquire and redevelop urban land for low and

moderate cost housing.

The declining wages and rising unemployment of the 1953-54 economic recession created the classic scenario of an underconsumption crisis. As economic demand declined state interventions such as urban renewal which acted to stimulate demand through the construction of housing temporarily resolved the realization problems of capital. The selection of low and moderate rental housing was not accidental as it was both a commodity necessary for the reproduction of labour power and one which was unable to be produced at an average rate of profit by capital.

Castells' discussion of collective consumption locates the root of economic crisis in the inability of capital to realize surplus value, a variant of the underconsumption theory of crisis. Our critique of Castells centred on his neglect of the production process as the origin of crises and his failure to consider economic constraints on state intervention. The validity of these criticisms are reflected in the historical development of urban renewal legislation.

The labour reproduction focus of the initial urban renewal policy was abandoned as time progressed. The provision of moderate and low income rental housing was subordinated to the redevelopment of the inner city for more intensive commercial uses. Finally in 1965 the fiscal crisis of the state resulted in the cancellation of the urban renewal policy.

The initial urban renewal legislation was intended as a grant from the Federal government to the municipalities to defray the cost of acquiring and clearing substantial areas for the purpose of

providing a low cost or moderate cost rental housing project (National Housing Act, 1954:Part III, Para. 23(1)). By 1956 the section of the National Housing Act referring to urban renewal had been changed from Housing Redevelopment to Urban Redevelopment. Increasingly the legislation became a tool for commercial redevelopment with housing a secondary concern. What had originated as a policy which acted to reproduce labour power was redefined as a policy to subsidize capital accumulation. Eventually the fiscal constraints of the state required an abandonment of the policy altogether.

Urban renewal policy was revived under a new name, The Downtown Revitalization Program in 1976. In its new guise its intent was clear, to arrest further decline and restore confidence in these (city) cores (Report of the Provincial-Municipal Grants Reform Committee: 1976). However, it was no longer a pure state subsidy of capital accumulation but now represented a shared federal-municipal investment which was expected to generate additional property tax revenues for the municipality which were to be shared with the province (Stevensen, 1976, p. 169-70).

History had come full circle, urban renewal had transformed itself from a state intervention to reproduce labour power in a subsidy to capital accumulation designed to increase state revenues.

The impetus for urban renewal was a nebulous substance termed 'blight'. An urban area must be defined as 'blighted' before the local state could apply to the Province for the designation of the blighted area as a redevelopment area. The application for the designation of a redevelopment area was predicated upon defining an area



as 'blighted', within the Official Plan of the local state. The definition of 'blight' within the 'Official Plan' was established by an Urban Renewal Study. Given that the Planning Act does not specify the meaning of the term 'blight' in any measurable way, the definition of 'blight' becomes subjectively based on criteria specified by those conducting the initial urban renewal study (R.S.O. Planning Act, 1960, S. 26).

Having established a particular area as a redevelopment area in conformity with the Official Plan, the City of Port Arthur by resolution of Council of July 26, 1965 applied to the Minister of Municipal Affairs under S.21 of the provincial Planning Act for approval to enter into an agreement with C.M.H.C. for financial assistance in the preparation of an urban renewal scheme in accordance with S.23H of the National Housing Act; and under S.22 of the Planning Act for financial assistance from the Province. The senior levels of government accepted this application on October 14, 1965. Words had changed into things so that things could change into words.

The initial urban renewal scheme involved the acquisition, clearance and improvement of municipal services of lands in the Port Arthur central business district. The redevelopment plan entailed little new retail and commercial development and was thus not a significant departure from the existing pattern of capital accumulation in the core (Proctor, Redfern, Bousfield and Bacon, Feb. 1968). The market studies contained in the report indicated no significant increase in demand for retail floor space in the city.

One can only speculate on the course of events which followed but by 1969 a significant redefinition of the urban renewal scheme had begun with the submission of a report to the local state managers by the firm W.W. Urban Consultants. The 1969 W.W. Urban Report recommended a more intensive commercial development of the Port Arthur core which entailed the construction of 100,000 square feet of new retail floor space (W. W. Urban Consultants, Jan. 12, 1969).

The demand for retail floor space is a function of 3 major variables: population, income and consumer choice. By advancing alternative projections on the increase of these variables 'experts' can calculate the requirements of a particular market for retail floor space. The projections of population, income and consumer choice variables is a risky and uncertain business. The uncertainty involved in these projections allows one to produce almost any result desired. This uncertainty factor provided the perfect circumstances for state managers to legitimate their decision to redefine the intent of the urban renewal scheme.

If we examine the projections in the W.W. Urban Report of 1969 the significant increase is found in the category "consumer choice". W.W. projected an increase during the period 1966-1971 of approximately 50% in the amount consumers would choose to spend on "Department Store Type Merchandise (DSTM)". This projection assumes that the Lakehead region's consumer spending patterns do not diverge from the general Canadian patterns and concludes that: "The Lakehead region will by 1971 be reaching levels of DSTM expenditures which were made elsewhere in Ontario in 1966. This breakthrough has been experienced in most major

Canadian cities within the past six to ten years and we are of the opinion that the Lakehead is presently going through this phase" (W. W. Urban Consultants, 1969:22).

On this basis W.W. Urban recommends that approximately 100,000 square feet of retail space be developed in the urban renewal area to meet the needs of consumers for department store type merchandise.

The original projection of increased demand for retail floor space was amended in a 1971 letter to a firm associated with one of the major tenants in the proposed shopping complex, Sayvette. While acknowledging a "lack of recent material from which we derive our estimates" W.W. projects a further 25% increase in DSTM by 1972 (W.W. Urban Consultants, June 25, 1971:1).

The implicit and explicit assumption of the analysis by W.W. was that the additional retail floor space would be built in the Port Arthur urban renewal scheme. However, in the interim three suburban shopping malls were being developed in the city and would supply in excess of 250,000 square feet of retail floor space.

To reconcile the need to legitimate the intensification of commercial redevelopment in the urban renewal scheme with the reality of the additional suburban retail floor space W.W. projected a distribution of DSTM consumer expenditures which indicated an increase of consumer expenditures in the Port Arthur central business district and a decline in expenditures in all other areas in Thunder Bay. In short, the Port Arthur urban renewal scheme would attract consumers from all areas of the city, thereby causing other retail locations

to lose business (W.W. Urban Consultants, 1969 and W.W. Urban Consultants, June 25, 1971).

The final effort at legitimating the intensification of commercial redevelopment in the urban renewal area was a 1972 report by W.W. A new method of projecting DSTM sales is introduced in this report. Given that Thunder Bay incomes are 97% of the Ontario average, DSTM sales will also be 97% of the Ontario average (W.W. Urban Consultants, Oct. 5, 1972:8). This assumption by W.W. neglects to mention that their previous analysis had stated that Thunder Bay DSTM sales were only 70% of the Ontario average.

The increase in market share indicated for the new shopping centre is attributed to three factors:

- (1) A recapture of retail expenditures now being made outside the Trade Area such as in the U.S..
- (2) The attraction of a certain percentage of Trade Area growth in expenditures and
- (3) A limited transfer of sales from existing Thunder Bay retail facilities (W.W. Urban Consultants, Oct. 5, 1972:131).

The first factor remains an assertion and is unsubstantiated by any method. The second factor relies upon the questionable assumptions discussed above. The final factor remains an informed guess.

In the design document which the developer of the renewal scheme brought to Council for approval in principle in October of 1970 the W.W. argument is reproduced in a section entitled, "Economic and Market Studies".

"Following a period of relative inactivity in the retail sphere in the Lakehead area during the 1960's, Thunder Bay retailers have

been experiencing a marked upsurging in consumer spending particularly during the last two years. Although realized at a somewhat later date here, this trend has been apparent elsewhere throughout Canada, especially in the larger Metropolitan Centres" (Headway Corporation et al., Oct. 15, 1970). The Council accepted this logic, a logic which was to prove extremely profitable for the developer, and approved the design.

The final step in the legitimation of the 'new' urban renewal scheme was to sanitize the Official Plan. Fortuitously at the time of the original W.W. report the Official Plan was in draft form and had not been finally approved by the Ontario Municipal Board. A comparison of the Draft Plan with the Approved Plan will reveal the machinations of the local state managers.

The draft version of the Plan of 1970 included two appendices, "Economic and Population Growth" and "Demand for Retail Facilities" (Proctor, Redfern, Dousfield and Bacon, 1970). Both these appendices are absent in the final version of the Plan. In examining the content of the appendices we note that they address the critical issue of retail floor space and conclude that:

"If too much potential floor space is projected and allocated to the wrong areas then the Urban Renewal Schemes will fail" (Appendix B, p. 12);

"little potential for future development beyond that of the Redwood District Shopping Centre (Northwood Park Plaza) up to 1981, by which time much of the Port Arthur Urban Renewal Scheme is to be completed" (Appendix C, p. 19).

These statements and the clauses in the plan which addressed the issue of retail floor space and in particular the development of

additional suburban malls were expurgated or amended.

The most significant amendment to the draft plan was the redefinition of policy on regional shopping centres. In the 1970 version of the Plan the policy is "...to prohibit further regional shopping centres,...unless an amendment to the Plan is prepared" (Proctor, Redfern, Bousfield and Bacon, 1970 p.13). In the 1971 version of the plan it has become "...consistent with the objectives of the Official Plan to consider further regional shopping centres..." (Proctor, Redfern, Bousfield and Bacon, 1971, S.2.5.2).

Further, the requirements for justifying the necessity of additional retail floor space have been relaxed such that no population or income projections are required and it is not necessary to prove that no detrimental effects will be experienced by existing centres. Instead, the approved version of 1971 refers to "an economic study prepared by the developer will satisfy, in the opinion of Council the feasibility of a further regional shopping centre" (Proctor, Redfern, Bousfield and Bacon, S.2.5.3). The operative phrase being 'the opinion of Council'.

The original urban renewal scheme was supplanted by the Headway proposal, "Thunder Bay Urban Renewal Project - Port Arthur Ward" which concluded the process of redefining the intent of urban renewal. The Headway submission is not comparable to the original renewal scheme in that it is not a planning study but an architect's description of the physical layout of the proposed shopping centre (Headway Corporation et. al., Oct. 15, 1970). The Headway proposal ignores the

requirement of the developer selection committee that market studies be done and presents no evidence that any consultations with either the Planning Board or the City Planning Department had taken place (Urban Renewal Commission, Developer Selection and Project Implementation Procedures, n.d.). The local state managers, W.W. Urban Consultants and Headway Corporation had successfully transformed urban renewal into an intensification of commercial accumulation in the urban core.

This redefinition of the original intent of urban renewal did not go unchallenged. The Thunder Bay Citizen's Association presented evidence at the Ontario Municipal Board hearing which called into question the amendments of the original urban renewal scheme and the draft Official Plan. Professor David Nowlan testified that the W.W. analysis was wrought with errors of logic and technique and factually unreliable (Colbourne, 1972).

The City called Mr. Hamilton of W.W. who replied by producing the 1972 report and discounted the 1969 report as obsolete and the 1971 letter as unreliable as it was written by a junior member of the firm (Colbourne, 1972). In the Board decision the logic of capital was accepted:

"The Board finds it difficult to assume that all of the private sector accepted the W.W. analysis without question and did not apply its own judgement...The issue of need for additional commercial uses is really a peripheral issue in this application. There is no question that there will be some effect on existing businesses. It is generally more appropriate that the market place should determine the amount of commercial land uses within the overall concept of planning for the City. The Board has never set itself up as an economic arbiter to say when there is enough competition" (Ontario Municipal Board, Mar. 14, 1973:8).

The focal point of the opposition to the Thunder Bay urban renewal scheme was the socialization of the cost of the parking garage by the State and the privatization of profits by Headway Corporation.

In the initial Headway redevelopment proposal there was no reference to which party would own or lease the parking garage which formed the physical base of the renewal structure. At some point in time it was decided by the developer and the state managers that Headway would construct the parking garages at a cost to the State of 1.2 million dollars. The garages would be operated by the Municipal Parking Authority as a segment of the local parking system. The monies necessary for the construction of the parking garage would be raised by the issuing of debentures.

The 1.2 million dollar debenture issue required OMB approval. This legal requirement allowed opponents to the urban renewal scheme to file objections to the proposed debenture with the OMB. After objections were received by the Board a public hearing regarding the matter in question would be held.

The key issue for the opposition to the proposed debenture was the profitability of the parking garage. Of secondary concern were the design of the structure and the reasonableness of 1.2 million dollar construction costs.

In the controversy which was created around the parking garage issue no less than six documents were released by the State to legitimate the decision to proceed with the construction and operation plan outlined above.



The "Report on Urban Renewal Negotiations" by city financial adviser James F. Harris states that the predicted deficit of the parking garages would result in a less than fair return on investment for the developer; fair return on investment being defined as 11½% per annum. Further, Headway would be required to purchase the land on which the parking garages would be built thus increasing the Corporation's capital requirements for the project.

In a letter which considers the City's options of building or leasing the parking structure, urban renewal director R. Tuokko asserts that "The urban renewal developer would be very pleased to have the committment of the City to fund the cost of the parking structures. This would relieve it (the developer) of an onorous financing task (Tuokko, Oct. 19, 1971). It would appear that capital requirements and the necessity of a fair return on investment for the developer were critical in determining the state managers' decision regarding the parking garage.

The proposed lease agreement guaranteed the developer an 11% return on an initial investment of 1.2 million dollars. The sixty-six year lease would cost the City approximately 5 million dollars. By comparison the debenture issue would result in a 3.5 million expenditure over the 20 year retirement period.

On the surface it would appear that the rational choice for state policy makers was to proceed by way of the debenture issue thereby "saving" 1.5 million dollars. However, these "choices" represent a false dichotomy in that they preclude the choice of having the

developer build and operate the garages. By presenting the public with the lease or build option state managers had neglected to mention that it was implicit in both choices that the City would operate the garages. Unfortunately the parking garages could not be operated at a profit. Herein lies the major subsidization of capital accumulation by the State.

The urban renewal scheme was not economically viable without the provision of parking. As Mayor Laskin stated in the Times Journal, "Eatons and Sayvette will spend their money in other places than Thunder Bay if they are required to construct their own parking facilities (Times-Journal, Feb. 12, 1972).

In essence what confronted the local state was a legitimation crisis. The state managers responded to the threat of a strike by capital by acceding to Headway's demand that the City build and operate the parking garage. The state behaved much in the manner described by Offe in that it accepted the mandate to sustain and create the conditions for accumulation to take place in the urban core. At the same time state managers acted to conceal the fact that the construction and operation of the parking garage was a massive public subsidization of private profitmaking. Those groups who opposed the renewal scheme attempted to reveal the capitalist nature of state.

The state managers were not unaware of the financial implications of their actions. A series of reports were commissioned by the Parking Authority and the City to determine the costs of operating the proposed parking garages.

The initial report was prepared by the firm Read Voorhees. The assumption of a 30¢/hr. parking rate by Read Voorhees in their analysis

was politically unpalatable to the Parking Authority. Deleuw Cather and Co. of Toronto were commissioned to provide a second opinion on the parking garage proposal. The Deleuw Cather report focuses on the displacement of on and off street parking by the proposed parking garages. The loss of 270 off street parking spaces and 37 on street parking spaces is only marginally offset by the 450 new spaces in the parking garage. In other words the parking garage creates 143 new parking spaces at a cost of 1.2 million dollars. In conclusion Deleuw and Cather find the parking garage proposal a "somewhat inefficient design" of "excessive cost" (Deleuw and Cather and Co.) and recommended that it not be implemented. The critical problem identified by Deleuw and Cather is the undersupply of parking created by the urban renewal scheme.

The state managers responded to the Deleuw-Cather report by holding a meeting on Sept. 7, 1971 which was attended by Headway Corporation, the City, the Parking Authority and the Architects and Consultants. Deleuw and Cather as the Parking Authority's consultant brought in an additional expert, Mr. Walker from the firm Parking Design and Development Ltd.

The analysis of Mr. Walker in a report entitled Parking Design and Development revealed the extent to which the state was to subsidize capital accumulation. After commenting on design inefficiencies such as the separation of the two garages, the depression of the garages below street level and the 20' bay widths he notes a rather curious fact: the parking garages are integrated into and support the mall. It would appear that the 20' bay width and the "unusual and daring concept" of putting cars at ground level result in con-

fusion about which party should bear the costs. The state by building and operating the parking garage which supports the mall has significantly reduced the developers construction costs. An analagous situation would be a case where the government agreed to build the basement of a single family dwelling free of charge to encourage the construction of housing.

However, the primary concern of Walker's report is the economic viability of the parking garage operation. In Walker's opinion the proposed garage will incur significant operating deficits unless Headway contributes to the construction and operation costs of the garages. In conclusion Walker recommends a complete redesign of the renewal scheme.

State managers acting under the duress of a potential withdrawal by the developer could not accept the conclusions of Walker or Deleuw Cather. In a letter J. Harris, City Financial Advisor revealed the 'real politik' of the situation:

"While I accept the general validity of your comments...the present background is such that we are obliged to adopt the existing parking policies as the only realistic basis on which to work. It will be up to the policy authorities of the City to provide justification. My interest is in promoting the viability of the urban renewal project (James Harris, April 11, 1972).

The strategy of the "policy authorities" of the state was to hide the deficit of the parking garages through some creative accounting. The first step in this process of deficit erasure was to exempt the parking garages from taxes of \$50,000 per year. Financial advisor, Harris had noted in a letter dated September 24, 1971, to Mr. Tuokko that the projected operating deficit of the parking garages

approximates the municipal taxes that would normally be paid by the parking garages (Harris, Sept. 24, 1971). Urban Renewal Director Tuokko appreciated Harris's analysis and in a memorandum dated Sept. 27, 1971 states: "We agree that obviously (Deleuw Cather) had overestimated on all expenditures, so if the Parking Authority is granted exemptions of \$50,000 from taxes they would operate at a profit (Tuokko, Sept. 27, 1971).

Up until this point the public was unaware of the City's intentions regarding the urban renewal scheme and the proposed parking garages. But, in January of 1972 the City applied to the OMB for permission to dispense with a vote of the electors on the question of whether a 1.2 million debenture issue would be undertaken to pay for the garages. With the disclosure of what was to the public a significant change in the urban renewal scheme it is not surprising that several individuals filed objections with the Board thereby requiring a hearing into the matter.

In the press, Urban Renewal Director, Tuokko and Mayor Laskin asserted that the parking structure cost would not affect the general tax rate and that the operation would break even or make a profit (News Chronicle, Jan. 28, 1972 and April 5, 1972). To legitimate the policy the state managers called upon the firm of Read Voorhees.

The "Read Voorhees Letter" which reanalyzes the operating costs of the parking garages is in blatant contradiction with the initial Read Voorhees Report. In the initial Read Voorhees Report parking rental revenues are projected at \$138,000 (Read, Voorhees, and Associates, 1970, p.8). The Read Voorhees Letter estimates parking revenue at \$156,000 (Read, Voorhees and Associates, April 30, 1972,

p. 3). We may wonder from whence this \$18,000 appeared.

A critical phrase in the Read Voorhees Letter states: "based on experience in other garages and parking habits in Thunder Bay, we estimate the parking revenue at \$156,000" (Read, Voorhees and Associates, April 30, 1972, p. 3). It would appear that the original Read Voorhees report had underestimated the parking habits of Thunder Bay residents and neglected to consider the experiences of other parking garages. What is even more surprising is that the letter goes on to assert that at "peak usage" after five or six years, annual revenues of \$190,000 may be expected (Read, Voorhees and Associates, April 30, 1972, p. 4). A further \$34,000 in revenues are projected to appear as we would assume that residents increase their parking habits.

Even with the amendment of the original Read Voorhees projections the parking garage is still predicted to operate at a deficit. In order to eliminate the operating deficit two further measures were necessary. First, Read Voorhees created the category "other revenue". Adopting Renewal Director Tuokko's suggestion \$55,000 of "other revenue" was generated by the exemption of the parking garage from municipal taxation. Secondly, the taxes paid on stores and buildings over the garage of \$107,000 were considered "other revenue". These creative accounting measures were legitimated by an argument from the Authority: "We discussed the inclusion of these payments and income with our economist and it was his view that these additional economic benefits should be part of the total cost benefits structure" (Read, Voorhees and Associates, April 30, 1972, p. 5). It is amusing

to note that a memorandum of the September 7, 1971 meeting of Headway, the City, the Parking Authority and the Architects and Consultants had originally discussed the idea that the taxation revenue from the stores in the Mall would offset the parking garage deficit (W. Mokomela, Sept. 7, 1971).

Perhaps the Read Voorhees economist was an associate of noted economic theoretician Mayor Laskin who optimistically suggested at the September 7, 1971 meeting, "...that the \$75,000 figure was really an investment and that the end result would be a \$300,000 profit in the long run" (W. Mokomela, Sept. 7, 1971).

The Read Voorhees letter was only the initial shot in the campaign of state managers to legitimate their decision to proceed with the Headway urban renewal proposal. In fact one can only decipher the process of legitimation in retrospect. The original Read Voorhees Report, the Deleuw Cather Report, the Parking Design and Development Report, the Deleuw Cather Letter and the Read Voorhees Letter only became public documents after the May, 1972 municipal elections when they were obtained by sympathetic aldermen and leaked to the Thunder Bay Citizens Association.

The first public attempt by state managers to legitimize the decision to proceed with the Headway renewal scheme was made at a public meeting of City Council on May 3, 1972. A document entitled "Cost Benefit Analysis" was distributed at the meeting.

The "Cost Benefit Analysis" presented by the local state managers compares the cash costs of the renewal scheme with the cash benefits

the scheme will produce. Benefits are defined primarily in terms of tax revenues generated by the new shopping centre. The major costs are the municipality's urban renewal investment, the parking garage construction costs, the lost taxes on urban renewal lands and the annual debt payment.

The initial criticism one can make of the "Cost Benefit Analysis" is the failure to consider the expenditures of the provincial and federal government which represent 7.2 million dollars or 75% of all monies expended on urban renewal. The local state managers had defined the political question as one of whether the City would realize significant revenues and had excluded consideration of other levels of state expenditures.

The Cost Benefit Analysis reproduces the logic of the Read Voorhees letter and projects parking revenues in the first year of \$130,000, rising to a plateau of \$190,000. Operating expenses are estimated at \$60,000 per year. Retirement of the \$1.2 million debenture issue will require annual payments of \$127,000 for a 20 year period, and an interim financing debt will be incurred over 20 years at the rate of \$3,900 per year. The Parking Authority will pay \$55,000 in annual taxes to the Municipality for the parking garages. The final revenue generating aspect of the garages are what is known as air rights. Air rights are rental monies paid by the developer to the municipality in recognition of the fact that the parking garage supports the mall structure and will amount to \$27,000 annually (City of Thunder Bay, Cost Benefit Analysis, May, 1972).

Using the figures provided in the Cost Benefit Analysis the parking



garages will incur an \$88,000 deficit in the first year declining to \$28,900 per year in the fifth year. By the time the 1.2 million dollar debenture is retired a deficit in excess of \$700,000 will have been incurred by the local state. Given our previous discussion of the questionable assumptions of the Read Voorhees letter this projected deficit is a conservative estimate.

The opposition to the urban renewal scheme coalesced at a surprise City Council meeting on July 10, 1972. The meeting was called to consider the By-laws authorizing the Headway proposal to proceed. The Thunder Bay Citizens Association presented a brief which opposed the Headway proposal on grounds similar to the argument presented here (Thunder Bay Citizen's Association, "Study on Urban Renewal", July 10, 1972). The Citizen's presentation centred on the operating deficit of the parking garage and was supported by statements made by transportation consultant Arthur Read. The Chronicle Journal of July 14, 1972 counterposed the remarks of Mr. Read and Mayor Laskin.

"Statements made previously by both elected and appointed officials concerning profitable operating revenue expected from the underground facility, appeared to be contradicted by transportation consultant Arthur Read. Mr. Read said operating losses would be "staggering" but the facility is the same as any other public service...which the taxpayer has become accustomed to subsidizing."

"Mayor Laskin when questioned today said he had no knowledge of any elected or appointed official ever being quoted as saying the planned 1.2 million dollar parking complex in the urban renewal mall would be a profitable operation. It was no secret we expected to lose money! the Mayor remarked."

The initial legitimization strategy of the state managers of concealing

public losses failed as a result of the unanticipated election of the reform councillors and the forming of the opposition group, the Thunder Bay Citizen's Association. The Citizen's Association objections to the Ontario Municipal Board would necessitate a public hearing and hence a more sophisticated legitimation strategy on the part of state managers. The opposition to the renewal scheme had pointed out that the parking garage deficits would put the municipal Parking Authority into a debt position in contravention of the Municipal Act.

The legitimation strategy of the local state managers would not have been called into question without the intervention of the reform councillors and the Thunder Bay Citizen's Association. Their objections called into question the legality of the state managers legitimation strategy and hence required the local state to formulate a more sophisticated justification of their policies.

The cosmetic elimination of the parking garage operating deficit by an emphasis on the overall tax benefits of the renewal scheme and the exemption of the facility from municipal taxation would not meet the legal criteria of the Municipal Board. Thus a new strategy was formulated whereby the entire parking rate structure of the City would be increased and the parking garages would be exempt from taxation to preclude the possibility of a Parking Authority deficit (Parking Authority, July 25, 1972). This document was hastily withdrawn, however, and the matter of increased parking rates was scheduled for consideration at a City Council meeting on August 15, 1972.

During the interim it became apparent that there was confusion

among the Parking Authority officials and elected aldermen regarding the Parking Authority report. On August 11th, the Chairman of the Parking Authority was quoted in the Chronicle Journal as saying that the parking garage would be exempt from taxes. In the course of the next three days the Chairman's position had shifted considerably. In the August 14th report of the Parking Authority no mention is made of the tax subsidy. At the August 15th City Council meeting the motion to increase city parking meter rates passed 8 to 5 (Chronicle Journal, August 16, 1972).

In a final political subterfuge the parking rate increase was considered by Council in by-law form on September 17, 1972. The subterfuge is revealed in the fact that the parking rate by-law was not on the published meeting agenda and it was known prior to the meeting that opponents of the parking rate increase would not be present. The by-law passed by a 5-3 margin (Colbourne, September 27, 1981).

In the 'public' realm the legitimation strategy of concealing the operating deficits of the parking garage by emphasizing the tax benefits of the shopping mall may have succeeded. But in the legal realm of the Municipal Board the possibility of a Parking Authority deficit or the exemption of the parking garage from municipal taxes was precluded.

The Thunder Bay Citizen's Association filed an objection to the renewal scheme with the Ontario Municipal Board. By filing an objection and requiring a public hearing the association had tacitly accepted that the conflict would be resolved within the boundaries defined by that particular state apparatus.

The Citizen's Association presentation relied upon the evidence released by the reform councillors discussed above and the expert testimony of Mr. Walker the author of the critical Parking Design and Development Report.

Mr. Walker's testimony attacked the design of the parking garage as obsolete and sustained the Citizen's Association contention that the garages would be a financial liability to the City. Both of these criticisms had been elaborated in Walker's previous report and the Citizen's Association brief and were unsurprising. What was surprising was his assertion that the 1.2 million dollar cost of the parking garage was over inflated by \$400,000 dollars.

To support this new element of the Citizen's Association case against the renewal scheme further expert testimony was required. The Association called upon Mr. T.A. Jones a local contractor and former alderman. Mr. Jones stated that his firm could construct the parking garages at a cost of \$800,000 and still manage a sufficient margin of profit.

The Walker-Jones testimony points up a difficulty which all citizens groups or individuals opposing particular state policy actions face. In the case of the cost estimate for the parking garages the state managers had legitimated their cost estimate by reference to an 'expert' opinion by the firm of J.V. Fitzgerald and Associates (J. V. Fitzgerald and Associates, Jan. 21, 1972). The Citizen's Association lacking any independent assessment of the Fitzgerald estimate had accepted the validity of the estimate and proceeded on this assumption. Were it not for the election of the reform councillors, the original Walker report would

never have become public knowledge and Walker would never have appeared as a Citizen's Association witness to call into question the validity of the cost estimate. The structural imbalance in the access to expertise or information, whereby the state managers have both the money and the time to legitimate decisions by appeal to 'experts', precludes the possibility of effective opposition to state decisions. Only when the opponents of state policies have equal access to the resources of state managers, as in the case of funded public participation, is there a possibility of a 'just' hearing.

The City called Mr. Read of Read Voorhees and Associates, the authors of the infamous "Read Voorhees Letter" and chief apologists for city policy, to refute the Walker-Jones testimony. The argument Read presented was simple. he saw the proposed parking plan as "reasonable" and he disagreed with the criticisms of Mr. Walker. The hearing had established that the 'experts' disagreed. It was the Board's responsibility to adjudicate the dispute between the 'experts'.

The Municipal Board decision represents an example of what Offe defined as the internal crisis management strategies of the state. In this instance the board decision acts to filter out not only non-capitalist interest, but also to protect the two million dollars already expended by the state. Acting under the auspices of the dire consequences theory of adjudication the board produced a classic example of legitimating "official" discourse, a key weapon in the crisis management arsenal of the state.

In the preamble to the decision the Board defined urban renewal as ...a new form of public/private partnership,...with the municipality's role being primarily catalytic, in that it would improve the environment

to promote the participation of private capital" (Ontario Municipal Board, Mar. 14, 1973, p. 2). The catalyst in this instance being in excess of 7 million dollars from the 3 levels of the state which acted to subsidize the private accululation of capital.

By the conclusion of the Board decision, the necessity of state intervention in the determination of commercial land use had been rejected: "It is generally more appropriate that the market place should determine the amount of commercial land uses within the overall concept of planning for the city" (Ontario Municipal Board, March 14, 1972, p. 8). The state in undertaking urban renewal was attempting to alter the existing commercial land use structure. Urban renewal was a response to an undesirable structure of commercial land uses, yet the Board decision asserts the proposition that the market-place should determine the amount of commercial land uses in the city and its negation that a new form of public/private partnership is to be required.

The Board decision is not limited to the dialectical strategy of advancing thesis and antithesis but moves on to the firmer ground of argument by exclusion. The majority of the decision's text constitutes a rejection of the issues raised by the Citizen's Association. For example:

"The objections raised relative to this issue are therefore not relevant" p. 3.

"It is the municipal prerogative to determine their priorities of spending, which the Board will not interfere with" p. 5.

"The Board does not have under review the re-development plan to consider certain social problems as suggested" p. 6.

"The Board does not determine the validity of the by-laws..." p. 6.

The strategy of the Board appears to be one of narrowing the issues in contention thereby excluding the majority of the oppositions' arguments. Thus the Board does not accept or reject the validity of the Citizen's Association arguments but merely deems them irrelevant.

The Board confined its decision to considering four major issues: the ownership and operation of the parking garages, the cost of the parking garages, the design of the garage and the financial viability of the Parking Authority.

In considering the City's decision to construct and operate the parking garages the Board accepted the false dichotomy that the City's choice was between building and leasing the garages. By excluding the possibility that the developer would build and operate the garages the Board was able to state that they were... "satisfied... that the change to retain ownership in the municipality...was not at the instance of the developer. In fact, the figures submitted would indicate that the procedure now adopted would be more financially beneficial to the municipality..." (Ontario Municipal Board, March 14, 1973, p. 6). The Board adjudicated the conflict between the experts regarding the cost and design of the garages in favor of the City dismissing the Walker-Jones testimony as follows:

"Conflicting opinions were expressed as to what should be the appropriate cost. The Board is satisfied that...the cost of \$1,200,000 represents a reasonable sum."

"The assertion that there is an obsolescence factor has not been demonstrated for this particular building" (Ontario Municipal Board, March 14, 1973, p. 7).

The final issue under consideration was the operating deficit of

the parking garages and the relationship of this deficit to the finances of the Parking Authority. Again the criticisms of those who opposed the scheme were rejected as the Board accepted the legitimation strategy of the local state, concluding that:

"The Parking Authority has sufficient reserve funds, particularly if parking rates are increased as proposed, to handle the situation during the early years when costs will exceed revenues. Looking at the matter, not in isolation, but in its overall context including increased taxation, and with the expected rejuvenation of the urban renewal area, the Board accepts the prognosis of the municipality in favour of that of Mr. Walker" (Ontario Municipal Board, March 14, 1973, p. 7).

Is it not a contradiction to state: "Certainly it is to some extent a speculative exercise to determine revenue and expenses in advance" (Ontario Municipal Board, March 14, 1973, p. 7) and then accept the 'prognosis of the municipality'? If revenue projection is speculation why must the Board accept the speculation of the municipality when the 'rejuvenation of the urban renewal area' is not assured but merely 'expected'.

If urban renewal was to have been successfully opposed that opposition would have been required at the inception of the scheme. To object after the urban renewal lands had been cleared and over 2 million dollars expended by the state was too late. In the diabolical dialectic of the Board which asserts that the 'market' should determine land use in the city while rejecting arguments as to the commercial viability of state intervention urban protest is a zero sum game. As is explicitly stated in the Board decision, "The Board has never set itself up as an economic arbiter to say when there is enough competition" (Ontario Municipal Board, 1973, p. 8).



## CHAPTER 8

### Conclusion

The blight which initiated urban renewal was the decline of property values in the Port Arthur central business district. The local state, using the legal powers of eminent domain expropriated land owners in the urban core in order to replace the extensive form of petite bourgeois shop owner capital accumulation with an intensive monopoly capital form of accumulation. In this process the state acted to subsidize capital by reducing the cost of land assembly and through the construction of necessary infrastructure for the new development. This state intervention was legitimated by the 1,000 new jobs and increased property tax revenues that urban renewal would bring.

The crux of urban renewal became the extent to which the state would subsidize capital in the redevelopment of the city core. In other words the extent to which the state would supplement or replace the market through the provision of what we have defined above as devalorized capital money advanced to capital without the expectation that the money will realize an average rate of return.

The structure of the state creates the precondition for the "appearance" of an instrumental relationship between the state and capital. The local state's lack of financial autonomy created a structure whereby the local state attempted to maximize property tax revenues. The

maximization of property tax revenues implies a support for high density forms of urban development such as shopping malls and high rises. Further, if legislation exists to provide federal and provincial cost sharing for the construction of infrastructure necessary to support high density development, then it is not surprising that the local state will advocate urban renewal programmes.

When Headway "captured" the local state that capture represented a structurally induced instrumentality. The local state could not become Headway's instrument without the structural preconditions of the British North America Act, the National Housing Act, the Municipal Act and the Planning Act.

In the case of the Thunder Bay urban renewal project the issue of the autonomy of state action is not in contention. It is clear that the decision to accept the Headway redefinition of the urban renewal plan disproportionately benefited capital. The acceptance by the local state of the Headway renewal scheme presents evidence to any claim that urban renewal was an autonomous official action.

In the acceptance of capital's definition of what constitutes urban renewal one could make a case for an instrumental theory of the state, but, this would be to fail to consider two critical factors: first, that a legislative framework for urban renewal had existed since 1954 and second, the initial proposal for an urban renewal scheme had been initiated by the local state managers.

The legislative framework for urban renewal in Canada created a state organizational structure which constrained and directed the

outcomes of local state action. Without the financial participation of the federal and provincial governments and the legal mechanisms of the Provincial Planning Act the local state could not initiate urban renewal. Urban renewal was a reaction to an existing state structure. Further, without the approval of the Ontario Municipal Board the Headway renewal scheme would never have become a reality.

Second, there is no evidence that Headway influenced the initial planning process which defined the inner city core as blighted and hence led the local state managers to apply for an urban renewal scheme. This renewal application represents the response of the local state to an existing state policy structure.

It would appear that what is required to explain the actions of the state and capital is an integrated theory of the relationship of instrumentalism and structuralism. The renewal scheme is an example at one level of the instrumental theory of the state. But that instrumentality is predicated upon the existence of particular forms of state structure and organization. That structure and organization is a historical legacy which is not the product of the agency of a particular class but the outcome of the complex interaction of crises in capital accumulation, political struggles and legislative frameworks.

The interests of state managers and a capitalist corporation coincided in the case of urban renewal. State managers expected the renewal scheme to eradicate blight, create jobs and increase state revenues. Headway expected urban renewal to generate high profits.

However, the Headway expectation of profitability was based upon a different renewal scheme than the one designed by the local state managers. Faced with a possible capital strike and given their financial commitment to urban renewal local state managers redefined the scheme to fit the requirements of capital. This redefinition precipitated the protest of Citizens' Associations and began the war over urban renewal legitimation.

The protest which mobilized in response to the level of state subsidization of capital reacted not only to the policy of urban renewal but also to the existing state structures. The focal point of the Citizens' Associations campaign was the Ontario Municipal Board hearing. By accepting that the conflict over urban renewal would be resolved within the existing state structures the outcome of protest was in a sense predetermined. The tactical choice of the Citizens' Association was to attempt to delegitimize the local state's rationale for urban renewal not to call into question the legitimacy of the state structure itself. Urban renewal became a struggle over the production of "truth". Dire consequences would result if, after state expenditures of in excess of two million dollars, urban renewal was halted or redefined.

What this struggle of legitimation constituted was a politics of truth. Who was telling the truth? Whose truth would prevail? The local state and its agents the consulting firms produced documents to substantiate their claims regarding the costs and benefits of urban renewal. The Citizens' Association replied by attempting to deconstruct the "truth" produced by the local state, thereby revealing

the mendacious nature of the state's claims. The war of "truth" production was resolved in the Ontario Municipal Board hearing which affirmed the "truth" of local state's claims and thereby legitimated the policy of urban renewal. Thus the power of the state was exercised through the production of truth.

One may ask where is the working class in this analysis. reply, absent. Urban renewal's primary impact on the working class was to alter their consumption patterns and increase their taxes. There is no evidence that the Citizens' Association had a working class base or any connection to working class organizations such as trade unions. The Citizens' Association's arguments regarding the costs and benefits of urban renewal were beyond the realm of working class discourse. At some level the Association's arguments about parking rates, debt load and property tax may have raised some concern in the populace but this was not reflected in a ground swell of public opposition.

Why should the worker believe the Association and not the Mayor? What would it have taken to deligitimate the Mayor and the local state's position? In a sense it was out of the workers' hands. What did one know about how to oppose a local government policy? Probably next to nothing. For most were unaware of the state structures, the subordination of the local state or the existence of The Municipal Board. If one were to attend a Citizens' Association meeting it would be a foreign experience. Pointy headed lawyers, social workers, and engineering consultants speaking in a language which was not your own.

Vague abstractions pale before the promised bounty of 1,000 new jobs and a new shopping mall. Shopping malls and jobs are real but a debenture is a fantasy. This is a tale of the state and capital from which working class struggle is notable only in its absence.

One may ask where does this analysis lead us to in terms of the Theory of the State? I think it has become clear that the possibility of a general Theory of the State is remote. The most fruitful exercise we can engage in is the application of 'general' concepts to particular historical contexts. No one case study refutes Poulantzas, for example. What is useful is to take Poulantzas' concepts such as the power block or relative autonomy and try to make them meaningful in some, dare I say, empirical manner. The debate between Miliband and Poulantzas or Block and Skocpol alerts us to the lacuna in both our theoretical and historical analysis thereby allowing us to create more complete explanations in our own work. It is unfortunate that much of the work being done on the Theory of the State has devolved into the creation of false dichotomies such as structuralism versus instrumentalism or empty language games. What is needed is a return to a more praxis and less ivory tower marxism which does not reproduce its political sectarianism in theoretical sectarianism. It is in this spirit of reconciliation that I have tried to criticize existing marxist theory in the attempt to more fully explain and understand urban renewal in Thunder Bay.

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