

MUNICIPAL MERGERS IN QUEBEC: THE ISSUES AND THE DYNAMICS, 1970–2000

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ABSTRACT

This paper looks at the evolution and structuring of the issues around municipal mergers as perceived in government and municipal circles from 1975 to 2000. Issues addressed include rationalization, quality of services, political clout, identity, economic development, and local autonomy.

RÉSUMÉ

Cet article aborde l'évolution et l'articulation des enjeux liés aux fusions municipales, considérés du point de vue du gouvernement et des municipalités, entre 1975 et 2000. L'auteur traite des questions suivantes : la rationalisation, l'amélioration des services, l'influence politique, l'identité, la croissance économique et l'autonomie locale.

Introduction

Over the last quarter century, the determination to reduce the number of municipalities in Quebec has been, independently of the political party in power, a notable constant of government policy. The public explanation for this policy has evolved considerably, however, as has the perception of the issues as perceived by the municipal politicians targeted by the various “municipal consolidation programmes.” In this text, we wish to sketch out the issues as presented by the Ministry of Municipal Affairs, and those put forward by the municipalities themselves. What follows is neither a chronology nor a comprehensive view of what happened, we have focused on the issues as articulated. As nothing is static in any socio-political context, we will attempt to point to the forces driving the government’s programme as well as those influencing the reactions to the programme. Finally, we will evaluate what is happening and what the consequences are.

Before proceeding, allow me to say a few words about my perspective on this very major facet of Quebec's public life. As a sociologist I have been an ardent student of social change in Quebec since the war; as a citizen I have been actively involved in the municipal scene in Quebec since the mid-seventies, in among other capacities, as a municipal councillor. More particularly, I authored studies of mergers in five different instances. A minor point needs to be made as an introductory remark. There were of course municipal mergers before 1970, notably those of Sept-Îles, Baie-Comeau, Laval and Gatineau, carried out for very specific reasons. These mergers do not fall in the purview of this essay. Another point, Quebec has in fact—it must be admitted—a fragmented organization, owing to the facility with which municipalities were divided or fragmented in Quebec, often for very immediate material considerations. In the Duplessis period there was a rash of creation of new municipalities for equally shortsighted considerations.

A Brief Overview of the Issues as Advanced by the Protagonists

In the beginning, the early seventies government's rhetoric was one of "rationalization"; by which they meant reduction of costs, both for the municipalities and the MAM (Ministry of Municipal Affairs). There were too many municipalities, and too many municipal councillors and municipal administrations. All of this, some 1 500 municipal administrations, was deemed too expensive because they were too numerous and too small to be efficient. The push was to achieve economies of scale. This rationalization was aptly put out to the public by successive waves of civil servants, politicians and the media. In effect, the rationale was widely accepted.

By the late eighties, however, thanks to the simple exercise that consisted in consulting the MAM's own comprehensive and standardized statistics on municipal budgets and financial statements, it became evident that in Quebec there was, in effect, a diseconomy of scale in municipal administrations. That is, once the threshold of a population of 2 000 is attained, costs per person actually increase for most services (very small municipalities, under 500 are nonetheless quite costly on a unit population basis). Even the category that includes the cost of municipal councillors actually increases as population increases!

Elected municipal officials, of course, were intuitively aware of this. It has to do with the decline in the availability of voluntary input, the corresponding increase in the need for paid employees, inevitable bureaucratization in a regulated monopolistic system, and

the loss of accountability that occurs as size increases. As various studies and articles documenting the diseconomy of scale became available, however, municipal authorities began voicing what they suspected all along. More sophisticated studies have subsequently shown that, even if one controls for the quality and availability of revenues, the law of “diseconomy of scale” in municipal administration holds.

In 1986, Mr. Parizeau headed up, while out of office, a provincial study of the municipal question (the Parizeau Commission). He admitted that there was no economy of scale and the real reason for reducing the number of municipalities was that the government wanted to deal with fewer entities. Faced with such indisputable evidence—based on their own statistics—the MAM simply abandoned the cost effectiveness argument in the late eighties and early nineties. The generally uncritical media only dropped the cost rationale argument after the government itself abandoned it! The MAM’s argument then shifted to the need for more effectiveness in promoting economic development. A larger municipality would have more political clout; there would be fewer players, and more resources for promoting development. Throughout the nineties this was a major argument. The present variation on this argument is that to be competitive in the new global economy one must be large.

What was overlooked in the propagation of this argument was that in the general “sauve qui peut” race for economic advantage in the late eighties and early nineties, not all municipalities in Quebec could become, or be part of, a pole of economic development. In fact, some municipalities either held no such ambitions or had other types of vocations. It should be noted here that there are, in fact, some seven hundred municipalities in Quebec, which are relatively isolated or depressed to which the government does accord the vocation of occupying the territory or exploiting natural resources.

As for the argument that larger unified municipalities can more effectively compete in the race for economic development, there is no evidence available to support such a thesis. In the case of larger cities, the evidence is quite to the contrary. Greater Boston, London and Silicon Valley are composed of a multitude of municipalities.

A third argument advanced by the MAM was the need for a professionalization of municipal administrations, both in terms of the employees involved and the elected officials. The ministry wanted to deal with fewer but more competent local administrators. Only

larger municipalities could hire such specialists.

This argument went as far as to suggest that part-time politicians, as opposed to full-time politicians benefiting from an adequate compensation, could represent taxpayers better. The presumption was that such full-time officials would be more available to electors and better informed regarding the complexities of municipal administration. The era of the part-time, largely voluntary (“bénévole”), local representative had ended. With the gradual replacement of generalists by specialists, such rhetoric began to have an impact on the thinking and behaviour of local administrations (secretary treasurers, town managers, etc.). They, now CEGEP graduates as opposed to the graduates of the old “classical” system, began to think of themselves as the link between the local councils and the MAM, as opposed to being the “servants” of the local elected councils. Senior local officials began to see themselves as an extension of the provincial administration, and a part of the culture of the “appareil”.

The professionalization issue was also exacerbated by the continuing complexifications of municipal administrations, and the difficulty of finding employees under forty who had a general culture sufficient to allow them to embrace and understand the various dimensions (accounting, political, legal, etc.) of a municipal administration. Currently, in 2001, finding such generalists is extremely difficult. Those who exist quickly graduate to higher levels (larger municipalities, MRC or private firms) in the administrative apparatus. Because of their scarcity, such people can easily command salaries in the neighbourhood of forty thousand. As recently as fifteen years ago, such people ran the officials of local municipalities, on a part-time basis, for salaries in the five thousand dollar range.

A further issue was the need to handle new responsibilities, the carrying out of which was beyond the capacity of small local municipalities. Chief among those were urban planning (“aménagement”) and obligatory waste or garbage disposal. However, the creation of the Regional Municipal Counties (MRCs in French) in the early eighties, plus the flexibility provided by the capacity to create inter-municipal boards, or simply to contract out to other municipalities, made this issue less compelling. Nonetheless, the carrying through of all of this complex but largely resourceful institutional arrangements, added to the complexity of local administrations.

A major issue through the whole period, and of a much more explicitly ideological nature, was that of equity. Some taxpayers were paying higher taxes than others, either because their tax base was smaller or because the municipality had a history of imprudent man-

agement. Above and beyond these differences was the very different issue of core cities, large (Montreal and Quebec) and medium size (regional cities such as Sherbrooke, Drummondville, Rimouski, Trois-Rivières, etc.), regional capitals that provided certain urban services to suburbanites who supposedly were not paying taxes for the same services.

As for the first equity issue, the differences in local taxes for approximately the same services, an elaborate system of “péréquations” or redistribution was put into place to compensate municipalities with a smaller tax-base in terms of property value. The obvious fact that lower taxes were often a consequence of better administration—not to speak of the fact that taxpayers were free to move to lower tax areas—resulting in tax differences getting built into property values, was never addressed by the “equity” issue protagonists. Furthermore, this “equity” issue never had much resonance at the local level.

The other “equity” issue was that of the inability of core cities to tax suburban users. This remained a contentious and unresolved issue. Various mechanisms such as user fees, provincial grants, compensation via the MRCs, etc. were tried. The issue, however, has remained unresolved making it one of the major justifications of the current municipal re-organizations that includes the consolidations of the “villes centres”.

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There are three further issues, which were put forward by the municipalities themselves, as opposed to being raised by the MAM. The most important of these is that of accountability (“imputabilité”). Local politicians argued that smaller municipalities guaranteed greater accountability, and this was one of the reasons for their superior cost-effectiveness. In this respect they are undoubtedly correct, as witnessed by the facility with which long-term debt authorizations are voted in larger municipalities with almost no public scrutiny, despite the safeguards available (notably the possibility of requiring a referendum).

Another issue very much present in the minds of local politicians is the “debt” issue. There are municipalities in Quebec, which have almost no or very little debt; whereas there are others that have more debt per capita than has even the provincial government. In fact, many mergers are effectively long-term “bail-outs” of high-debt administrations by merging them with a larger debt-free tax base.

Low-debt municipalities are usually able to obtain great cost savings by regularly paying cash for capital expenditures (water systems ..., buildings, etc.) as opposed to putting into place long-term financing (“règlement d’emprunt”). Such low debt administrations feel debt is an issue because the provincial administration tends, they argue, to penalize them by considering debt as a “normal” cost, thus compensating the “imprudent” administrations which have accumulated high levels of debt. Provincial officials, indeed, see no-debt administrations as delinquent, too conservative and unresponsive to the needs of their populations.

In the later years of the quarter century covered here a new issue began to be articulated by local municipalities, which is that of a sense of identity or belonging (“appartenance”). At the beginning of the period—the seventies—a heightened sense of identity was decried by provincial officials as a negative phenomenon, “esprit de clocher,” impeding modernization and development. Yet, in the course of the quarter century, as other dimensions of individual identity became increasingly fragile (particularly jobs or career-related identities and the family), a consciousness of role of the territorially and temporally stable municipal identity became more evident. The celebration of the bi-centenaries or the centenaries of many of these municipalities contributed to this phenomenon. Indeed, municipal pride ceased to be regarded as retrograde and it became something provincial authorities could no longer discount. This is manifested in the addition of “affinité naturelle” (sense of mutual belonging) as a criterion in the obligatory pre-merger feasibility studies.

A Surprising Resistance to Forced Mergers

By the mid-nineties there emerged a surprising resistance to the “government’s municipal consolidations” programme. I say surprising because there was no such resistance to an equally extensive consolidation of educational institutions, or of the provincial consolidation and eventual take-over of municipal or local health facilities such as hospitals. If educational and health are municipal institutions in the wide sense of the term municipal, the resistance to the “consolidation” of local municipal government was unheralded by the lack of previous resistance.

Let me give an example of this resistance. In 1965, I was invited to be a resource person at a seminar on mergers at the annual congress of the province-wide association of local municipalities (“Association de municipalités du Québec” at the time) as I had published

a number of critical pieces on the subject. The organizers were expecting some fifty participants: when the session began, there were three hundred in the room. The crowd egged me on—they were more critical than I—and they lambasted the representatives of the MAM, also present as resource persons.

What we witnessed was symptomatic of a rupture of confidence. Local politicians no longer trusted the government officials, and this for two reasons. It was now amply evident that they had been lied to on the question of cost-effectiveness of mergers. The arrogance and bias of the Ministry in pre-merger proceedings had alienated many. Many municipal councils got led into mergers without their being fully aware of the irreversible nature of the procedure.

Yet, there was, I suspect, a more fundamental process at work. The municipal leaders of the nineties were men and women in their late forties and fifties who had become frustrated by a loss of control of local institutions over the preceding twenty years: control of schools, hospitals, local credit unions had slipped out of their hands over this period. In fact, the municipal institutions (in the narrow sense) had become the last local institutions over which they had an influence. Moreover, these were the people who had experienced the effervescence of civil society in Quebec in the sixties and seventies. What they had grown up to, and what responsibilities they had come to assume, were being withdrawn. Their municipality was the last such local “municipal” institution left and they now had their backs up. Incidentally, this loss of control sentiment was particularly acute for Anglophones for obvious reasons. This had become so much the case that, of the largely small 300 municipalities targeted for merger in the first phase of the year 2000 consolidations programme, only half even bothered to carry out the prescribed feasibility studies and public consultations. Even with the threat of significant financial discrimination for those municipalities who chose not to merge! Presently, the degree of dissatisfaction is particularly evident in the resistance to the merger of all the municipalities on the Island of Montreal.

A particularly eloquent statement of this resistance was by Florent St-Onge, newly elected president of the renamed *Fédération québécoise des municipalités*, which was published in *Le Soleil* (3 April 2000). Mr. St-Onge accused the government of hypocrisy in its approach to the public good, describing what was happening as a “véritable coup d’état” against municipal government. Soon after, not having been re-elected at the local level, he had to withdraw as president of the federation.

Conclusion

If municipal consolidation is not cost-effective and is no longer accepted as necessary—except perhaps in the case of the tax-impo- verished core cities providing city-area-wide services—what are the forces driving municipal consolidations?

One very obvious force is the deepening crisis in provincial public finances. Part of the deficit elimination process was the down- loading of new responsibilities and financial obligations to the municipal level. It was considered necessary to “consolidate” munic- ipalities in order to improve their debt-carrying capacity, and to “capture” the increased credit capacity of many municipalities. This financial transfer has been exacerbated by the financial crunch brought on by the de-acceleration in the growth of the provincial tax base; which in turn is a function of general economic stagnation in Quebec and the winding down of population growth particu- larly of the “active” population.

The second process is the gradual, but certain, technocratization of Quebec public life in the last quarter century. Increasingly, pub- lic administration responsibilities are being turned over to tech- nocrats, and simultaneously, unprofessional amateur players are being delegitimated. As technocratic administration is more expen- sive, the inevitable outcome is “consolidation” of the lower-level entities into larger entities in order to pay for higher administrative overhead costs. There is no evident reason why municipal govern- ment would be exempt from this technocratization process.

It is this technocratization process which explains, in part, why the obvious limits of such consolidations (among which the inevitable effects of state-mandated monopolies in health, educa- tion, etc. are not apparent to those carrying out the consolidations. First, most of the technocrats never had to run organizations that have to make a profit, or at a minimum, break even. Such people are also indifferent to the fact that some administrations are, for reasons of quality or sense of responsibility, more successful than others. Fur- thermore, their nominal masters, the Quebec political class, is of the same background, issued of or clients of the new technocratic class. Secondly, there is a normal tendency to rationalize what they have a direct material interest in—the creation and maintenance of a cap- tive clientele—as the public interest. All dominant social formations do the same. In this respect, the current Quebec and Ontario provin- cial administrations are similar.

The third process at works, a process not unique to but more acute in Quebec, is the constriction of civil society. When civil society is

not up to the task, because of the lack of the necessary energy and leadership, the technocracy fills the vacuum. We have here, of course, a compounding effect. As the technocracy grows, they, in their own interest, tend to disqualify civil society actors who are their competitors for public resources.

Obviously, these factors—economic stagnation, technocratization, and constriction of civil society—are interdependent. Moreover they all contribute to the process we invoked previously, a sense of loss of control. This perception of loss of control, along with the new heightened sense of the need for a local identity, are the two other factors at work in the dynamic behind the present crisis over municipal consolidation.

If indeed a prosperous democratic and pluralistic society is impossible without a vibrant civil society. If civil society cannot flourish unless actors have meaningful choices available to them for which they are subsequently responsible; then we indeed are in trouble in Quebec. A real socio-political crisis over municipal consolidations would serve the purpose of breaking open the abscess and might be quite socially productive.

