

Funding City Politics

Municipal campaign funding and property development in the Greater Toronto Area

Robert MacDermid

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TORONTO

Does it matter who funds election campaigns?
In this study, Robert MacDermid shows how municipal election candidates in the Greater Toronto Area rely on corporate and development industry funding and how that affects political outcomes, representation and even influences the shape of the cities we live in.

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The CSJ Foundation for Research and Education
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Table of Contents

1. Funding Municipal Election Campaigns in the GTA	12
1.1 Money and campaigns: regulating influence	12
1.2 Sources of municipal campaign finance	14
1.3 Funding from corporations	14
1.4 Funding from individual citizens	17
1.5 Union funding	20
1.6 Candidate self-funding	21
1.7 Candidate Surpluses	23
1.8 Public Money	24
1.9 Unrecorded contributions, legal and otherwise	25
1.10 Funding sources and campaigns	26
2. The Development Industry and Municipal Politics	26
2.1 Development industry funding	30
2.2 Development contributions and the development approval process	33
2.3 Development, councillors and contributions	36
3. Rebalancing influence and building democracy	42
Conclusion	47

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All representative politics struggles with the problem of ensuring that elected decision-makers reflect the democratic will of constituents and not the specific interests of small, influential groups. Over the past 25 years, reforms like lobbyist registers, ethics and integrity commissioners, conflict of interest rules and elected member financial disclosure rules have tried to control the extent to which politicians can pursue their own and others' interests to the detriment of their constituents. Campaign finance rules engage the same problem of how to reduce, or seemingly maintain, the influence that wealthy contributors can exercise over elected officials. In elections, the problem is to find a way to ensure that all issues have a chance of being heard and of being represented by candidates who may have very different political resources. This is a challenge at the city level where the development industry is a very large part of the substance of municipal politics. This group has every reason to try to influence and control political decisions about planning and building and it tries to do it in many ways, one of which is through campaign finance.

Representative democratic politics requires money to create campaigns that inform voters about why a candidate's or party's past accomplishments and ideas for the future make them worthy of office. Where political parties organize democratic politics, candidates chosen by the party draw upon party policy positions and general principles or ideologies and represent those to the electorate. However, in municipal politics in Ontario where parties are effectively banned by campaign finance legislation,¹ voters do not have a party label to help them understand candidates' positions and they must rely upon the campaigns to inform them.

With the exception of the election of Toronto's Mayor, the leading print and electronic media do not provide much coverage of municipal campaigns in Toronto and its surrounding suburban municipalities. At best, print media coverage might include a paragraph on a candidate's policy positions, though for most ward races in Toronto and the wider GTA, there is no coverage at all in the big circulation newspapers although there is some coverage in local weeklies. Other broadcast media pay little attention to urban campaigns except on election night when the drama of the result becomes entertainment.

If candidates and especially challengers in a municipal election cannot depend upon the media to get their message to voters, they must do so through their own election campaign. That requires money to purchase

1 Several provisions in the Ontario Municipal Elections Act prevent parties from operating in municipal politics in Ontario as they are allowed to do in Quebec, Vancouver and most other democratic nations.

signs, print and distribute pamphlets, develop a website, rent a campaign office, pay for newspaper ads, telephones, stationary, computers, organize fundraising events, pay the costs of volunteers and so on. With the very few exceptions of long-serving office-holders, candidates and especially challengers or non-incumbents, need money to purchase the means of communicating with voters.

There are only five sources of campaign funds in municipal elections in Ontario: the candidate can pay for all or part of the campaign themselves, other citizens can give cash or in-kind contributions in their own names, company owners and officers can contribute in the name of their company, union officials can contribute union funds, or in a few cities, funds can come indirectly from the municipality through rebates paid to contributors.

The overall amount of money raised and the sources of contributions can indirectly tell us something about candidates: who they represent, or who contributors believe they represent, their connections to different communities, their wealth, some of their policy positions and how likely they are to win. Few candidates are elected without raising and spending competitive amounts of money. Past political experience, celebrity, reputation in the community and the support of local groups can reduce the need to spend money to inform voters, but very few candidates rely on these alone. The ability to raise money may be an indication of voter support or it can be a measure of the wealth of a candidate's supporters.

Who finances candidates in municipal elections? The analysis that follows examines the funding of candidates during the 2006 municipal elections in the cities of Toronto, Oshawa, Whitby, Ajax, Pickering, Markham, Richmond Hill, Vaughan, Brampton and Mississauga – 10 municipalities in the Greater Toronto Area (GTA). It finds some important variations in the composition of candidates' funding across municipalities and between winners and losers. In the nine suburban municipalities, funding from corporations dominates. In the City of Toronto, contributions from individuals are the most important source of support. Part of this variation can be explained by funding rules, part by candidate decisions, and part by the greater diversity and greater mobilization of political interests in the core city than in the suburban municipalities.

The development industry is by far the most important financier of the majority of winning candidates' campaigns in all municipalities with the exceptions of Toronto and Ajax. Given that real estate development is the prime purpose of municipal politics and property taxation its principal source of revenue, that is not surprising. Through the regulation of land-use, municipal administrations help create profits for property developers

and at the same time broaden their tax base to allow elected officials to provide services that residents and development need.

Does it matter who funds candidates? It may not matter to voters who are unaware of how the campaigns of their local politicians are financed. However the pattern of giving by large backers in the development industry suggests some very calculated decisions about which candidates to support. Developers want councils that are favourable to rapid development and to their own development proposals and they spend accordingly. Unsustainable urban sprawl, high transportation costs, environmental degradation, and a weak sense of community that undermines political organization and representation, are all traceable to pro-development councils and the provincial regulatory framework for urban development. Organizing to reverse these patterns is very difficult when development supported candidates and councils get elected and re-elected by the few citizens who vote.

Does the source of funding affect the decisions of elected officials? As the paper shows in a detailed analysis of decisions in Vaughan, elected councillors frequently vote on development proposals submitted by those who financed their campaigns. However, all too often councillors avoid specific public accountability by taking advantage of the opportunity for unrecorded votes. But development and municipal politics have a much deeper connection and reforms at the political level will not undo their structural intertwining.

Throughout the analysis that follows, questions about important democratic concepts keep reappearing: about the representation of ideas, needs and groups; about citizen participation and involvement; about the impact of rules on democratic outcomes; about the accountability of the elected to the electorate; about the conduct and substance of elections; about influence and ultimately about power.

Where the information comes from

The data for the study comes from the financial reports of all candidates for city council, regional council² and mayoralty offices in the 2006 municipal elections in ten Ontario municipalities:³ Toronto, and the suburban municipalities of Oshawa, Whitby, Ajax, Pickering, Markham, Richmond Hill, Brampton and Mississauga.

2 Toronto is a single tier municipality. All of the remaining cities in the study are two tier municipalities with government responsibilities divided between local and regional governments. Voters in Oshawa, Whitby, Ajax and Pickering, elect regional councillors for Durham Region, voters in Markham, Richmond Hill and Vaughan elect York Region councillors, and those in Brampton and Mississauga elect Peel Region councillors.

Candidates who either collect or spend more than \$10,000 must complete a detailed financial report that includes the names and addresses of contributors who gave more than \$100 in cash or in-kind goods and services, a breakdown of all campaign expenditures, fundraising activities, and the final surplus or deficit. The report must be audited and signed by a licensed accountant.⁴ Candidates who raise and spend less than \$10,000, are required to file a shorter report that discloses the names and addresses of contributors over \$100 but they are not required to provide a breakdown of campaign expenditures or have the report audited.⁵ The data for the study was built from these returns and the lists of contributors who gave more than \$100.⁶

There were 674 candidates in 132 contests for Mayor, regional councillor (the upper tier municipal government) and ward or local councillor in the 10 GTA municipalities. Eight of the nine suburban municipalities elected regional councillors that sit on Durham, York and Peel regional councils and all elected Mississauga councillors sit as both local and Peel regional councillors.⁷

3 In some cases these were filed more than a year after the campaign and included up to three filings as candidates are permitted to continue raising money to clear debts.

4 The accountant's review does not verify the eligibility of contributors nor many other details in the filing.

5 There was some variation in how much financial information was required of low spending candidates by the different cities. Disclosure statements for low spending candidates in Mississauga and Vaughan did not require them to state their total contributions and total expenditures. The next best measure of campaign income is the amount of disclosed contributions over \$100, but this would likely underestimate total campaign income because smaller contributions would not be accounted for.

6 The financial statements of winners and losers frequently contain errors and omissions. A City of Toronto Auditor General's review of 2006 campaign financial statements found that 29 of 45 winning candidate's statements contained errors from the inconsequential to serious enough to potentially disqualify office-holders. As the audit was done after the citizen complaint period had expired, no actions were taken against the candidates. The lack of enforcement of the rules means that most candidates who file incorrect reports escape without prosecution, penalty or even the requirement to correct errors and omissions.

7 Just under 10% of the candidates (61) did not file any financial statements and contravened the Municipal Elections Act – a high rate of flaunting the law. Seventy-five percent of non-filers received less than 5% of the votes suggesting that they spent very little. Of the remaining non-filers, one attracted almost a third of the vote and finished third and four others finished second. Lacking financial information about the campaigns, these candidates had to be excluded from the analysis that follows.

1. Funding Municipal Election Campaigns in the GTA

1.1 Money and campaigns: regulating influence

Municipal election campaign finance rules in Ontario differ from provincial and federal campaign laws in several important ways. Municipal campaigns may begin at any time in the year of the election and candidates can begin raising and spending money in January, long before voting day on the second Monday in November. Both winning and losing candidates are permitted to raise funds to pay off campaign debts until the end of the year following the year of the election. Provincial and federal campaign finance rules limit spending to the period of the four or five week campaign although central and local parties raise money between campaigns that can be transferred into campaign accounts.

Individuals normally resident in Ontario, corporations that carry on business in Ontario and unions that hold bargaining rights for employees in the province are permitted to make contributions of up to \$750 in total to any candidate for all municipal offices with the one exception of a higher \$2,500 limit for candidates for Mayor of Toronto. There is no limit on how many candidates a contributor may support and contributions can be made to candidates in an unlimited number of municipalities. These modest contribution limits, smaller than either federal or provincial campaign limits,⁸ turn out to be no great hindrance to developers who often back many candidates in several municipalities.

Unlike federal and most provincial rules, municipal candidates and their spouses can give unlimited amounts of money to their own campaigns and self-financing is surprisingly widespread. In the absence of parties and the financial support they provide, many candidates finance all or significant parts of their campaigns and the rules continue to allow wealthy candidates to purchase a campaign.

Any citizen, corporation or union making a contribution of more than \$100 must provide an address to be disclosed by the candidate along with the name of the contributor. Disclosure rules are widely abused and missing or incomplete information about contributors is common. Several elected

8 Ontario rules allow contributors to give \$8,400 to a central party campaign and \$1,120 to each of up to five candidate campaigns. Contributors may also give the same amounts annually to parties and constituency associations and whenever a by-election occurs. In a year of a general and a by-election, the effective limit would be \$37,520. Rules for federal elections limit contributions in an election year to \$2,200 or \$1,100 to each of a central party annually and to a candidate's campaign or a local constituency party association.

councillors and mayors broke the disclosure rules.⁹

All candidates for council and regional council are governed by a spending limit of \$5,000 plus 70 cents per voter. Ward population sizes vary in the nine suburban municipalities so spending limits for candidates for council ranged from an average of \$16,136 in Ajax to \$36,591 in Brampton. The average spending limit for candidates for the 44 wards in Toronto was \$26,867. Suburban regional council contests had widely varying spending limits partly as a result of at-large versus ward electoral districts. The limits in the at-large election systems of Markham and Vaughan were \$119,220 and \$117,920 respectively.¹⁰ Contestants for mayor had a spending limit of \$7,500 plus 70 cents per voter but had many more voters and so a much higher limit. The spending limit for the Toronto mayoralty race in 2006 was \$1,013,634 while the suburban limits ranged from \$319,664 in Mississauga to \$52,046 in Ajax.

Spending limits can be deceiving. Some candidates raised and spent far more money than the official limit because costs incurred for fundraising functions and post-election parties are not included under the limit. City of Toronto elected councillors spent an average of nearly \$45,800 despite the much lower limit and two councillors, Mammoliti and Kelly, spent as much as \$100,000 with over half of that sum going on fundraising functions – a spectacularly inefficient ratio.

Supervision of municipal campaign finance laws is largely left to citizens as there is no oversight body like Elections Ontario or Elections Canada. Municipal Clerks do no more than supervise filing deadlines and candidates' auditors do not attest to much more than correct addition and some get that wrong. Violations of the rules either knowingly or through neglect are common. Few citizen complaints are made about candidate spending and even fewer lead to investigations and charges because the complaint process in most municipalities requires that council members vote to investigate another member.¹¹ If a council vote defeats a request for an investigation, a citizen must pursue a complaint through the courts.

9 Joyce Frustaglio, an elected Vaughan Councillor filed a return without any contributors' addresses. Fellow council members who sat in judgment on a citizen complaint about her incomplete filing decided not to refer it for possible prosecution.

10 Richmond Hill and Whitby also have at-large or list electoral systems for the election of regional councillors.

11 Toronto and Ajax have both appointed independent Compliance Audit Committees to which citizen complaints about candidates' finances are directed. The author was a member of the Ajax committee.

1.2 Sources of municipal campaign finance

The 674 candidates in the study raised almost \$12 million to contest municipal offices in 2006. Where did that large amount of political financing come from? Table 1 shows the sources of candidates’ campaign funds in each of the ten municipalities.

Table 1. Sources of disclosed campaign contributions in 2006 in ten GTA municipalities.

Municipality	Corporations	Citizens	Unions	Candidates		Total
Ajax	22.4	28.1	0	49.5	100	\$121,409
Brampton	57.5	18.5	0	24	100	\$885,088
Markham	35.7	53.9	0.2	10.2	100	\$1,081,356
Mississauga	49.6	21.5	0.3	28.6	100	\$737,624
Oshawa	51.5	9.3	4	35.2	100	\$352,444
Pickering	76.7	18.1	0.5	4.6	100	\$236,383
Richmond Hill	62.2	19.1	1.2	17.5	100	\$356,478
Toronto	12.1	68.2	2.2	17.5	100	\$5,449,403
Vaughan	62.8	20.9	0.2	16.1	100	\$1,517,988
Whitby	50	13.2	1.8	35.1	100	\$223,043
** Total **	32.8	47	1.4	18.8	100	\$10,961,217

Table 1 includes only those contributions over \$100 where the candidate is required to disclose the name and address of the contributor, thus allowing the class of contributor to be identified. Candidates reported receiving almost \$971,000 in contributions of less than \$100 but this sum is excluded from the discussion of funding sources and the discussion that follows.

1.3 Funding from corporations

Money from corporations, as the bottom line of Table 1 shows, made up about one-third of all of the contributions in excess of \$100 given to candidates. However, the concentration of corporate contributions, much of it from developers as will be shown later, varied dramatically across the ten cities. It made up just 12% of the total funds raised by candidates in Toronto but in Pickering, corporations contributed almost 77%. In Brampton, Mississauga, Oshawa, Richmond Hill, Vaughan and Whitby, corporate contributions made up close to or more than 50% of all disclosed candidate funding. Toronto, Ajax and Markham, where candidates were the least dependant on corporate funding, were the only municipalities with campaign

contribution rebate programs that return a portion of a the contribution to a contributor after the election.

Table 1 includes funding for all candidates, something that obscures the concentration of corporate funding in competitive campaigns and the lack of it in less successful ones. Much higher concentrations of corporate funds occur in the campaigns of elected candidates as Table 2 shows.

Table 2. Disclosed sources of campaigns funds for candidates in ten GTA municipalities in 2006 by campaign success.

	Corporations	Citizens	Unions	Candidates		Total
Elected	45.2	48.7	1.4	4.7	100	\$5,764,490
Second place	25	46.6	1.6	26.9	100	\$2,740,322
Third place	13.2	49.9	2	34.9	100	\$859,415
Other	12.1	40	0.6	47.4	100	\$1,596,991
** Total **	\$3,595,719	\$5,148,528	\$151,251	\$2,065,719		\$10,961,217

Elected candidates captured over half of all funding and 45 percent of that came from corporations and 49 percent from citizens. The corporate share of campaign contributions declines sharply for second place finishers and then again for candidates finishing in third or further behind. If the 19 elected candidates that did not report any corporate contributions are removed from the totals in Table 2, then the percentage of corporate funding in winning candidates' campaigns leaps to 60% on average. More than one-third (46) of the 132 winning candidates reported 75% or more of their funding came from corporate sources.

Most winning candidates (78%) were incumbents¹² and fully three-quarters of all corporate contributions went to them, explaining part of the huge incumbent advantage in municipal politics and the difficulty for challengers and reformers to overcome office holders backed by corporate cash.

While some candidates relied heavily on corporate contributions, others refused them and made their acceptance a campaign issue. Both of the leading candidates for Mayor in Toronto promised not to accept money

12 I have used a broad definition of incumbency where a candidate is classed as an incumbent if they were an office holder in 2003-2006 but are running for a different office. Candidates sometimes move from ward to regional councillor or to mayor but carry with them many of the advantages of incumbency such as name recognition and prior campaign surpluses.

from companies.¹³ Eight other elected Toronto councillors¹⁴ refused or did not seek corporate backing and 10 others from surrounding municipalities including Hazel McCallion,¹⁵ Mississauga's long serving Mayor, and Steve Parish the Mayor of Ajax, did not report any corporate contributions over \$100.¹⁶

While corporate funding for losing candidates dropped significantly, citizen funding of runners up declined less dramatically across the first three places and diminished for more distant runners up. This suggests that candidates of diverse views and backgrounds are much more likely to find financial support among citizens than in the corporate sector. No doubt many first time candidates, especially those *not* supported by corporate interests, are inexperienced in fundraising and spend little effort on corporate sources. Moreover, most of the elected in Table 2 were incumbents (103 of 132) and many were backed by corporate sources that, as we shall see later, have reasons to be supportive of incumbent municipal councils. Challengers, on the other hand, are likely to be running on platforms opposed to current council practices and so are unlikely to find much support in those parts of the business community that are most likely to finance municipal campaigns.

Permitting corporations to fund candidates or, in effect, allowing a few wealthy individuals to direct contributions through corporations, translates economic inequality into political inequality. Why are corporations, who are not citizens, cannot vote, form a party or stand for office, permitted to influence who becomes a candidate and their chances of winning? One answer is that most local councillors and the Ontario provincial government, who have responsibility for the Municipal Elections Act, are unwilling to remove from a position of privilege, those corporations and the

13 A promise that Miller kept but Pitfield broke probably because of her very large campaign deficit.

14 They were councillors Cliff Jenkins, Pam McConnell, Joe Mihevc, Joe Pantalone, Kyle Rae, Karen Stintz, Adam Vaughan and Michael Walker. Stintz is in the council "opposition" while Walker and Jenkins could be labelled as independents. The rest are part of a left of centre governing coalition on Toronto council with other members who accepted corporate and union money.

15 In 2000, 2003 and 2006 McCallion did not accept any contributions and did not spend any money on a campaign yet won in a landslide.

16 The remaining eight outside the city of Toronto were: Pat Brown, Joe Dickinson Joanne Dies and Colleen Jordan in Ajax; Valerie Burke, Markham; John Henry and Maryanne Sholdra in Oshawa and; Bonnie Little, Pickering.

individuals who control them. Toronto city council requested that the Minister of Municipal Affairs and Housing change the Act to ban corporate contributions, but the province responded by downloading the responsibility in the City of Toronto Act. The now timorous Toronto councillors have yet to pass the ban enabling bylaw. A better explanation is that most local councillors and recent Progressive Conservative and Liberal provincial governments rely too heavily on corporate finance to consider severing the ties that connect them to those who supply more than half of their campaign funds. This surely gives a privileged position in municipal politics to the wealthy individuals who control corporations.

Some level of preferment inevitably follows from large corporate contributions. During a campaign, large contributors find and back candidates that are sympathetic to general corporate goals such as reducing business taxation or reducing controls on development. Large contributors get access to candidates at exclusive fundraising events, they are able to influence policy positions and to draw candidates into their social world where the values that are important to business are preached and if need be, reinforced. Following campaigns, significant supporters get quick access to an elected councillor that other individuals and groups must either organize to win to be made to “wait their turn.”

1.4 Funding from individual citizens

Citizens giving more than \$100 in their own names made up just under half of the value of all of the disclosed contributions in Table 1. But again, there are large differences among municipalities in this funding source. In municipalities where corporate funding percentages are high, contributions from citizens are low. Citizen contributions made up two-thirds of all of the disclosed money in Toronto, over one-half in Markham and 28% in Ajax. The existence of a campaign contribution rebate programs in these three but no other municipalities, must go some way towards explaining the importance of individual contributions in these contexts.

In seven of the ten municipalities funding from citizens made up about less than 22% of all disclosed funds with Whitby and Oshawa candidates gathering less than 15% of their funds from individual contributors.

The median disclosed contribution from an individual to a candidate in all ten municipalities and in all races was \$300 while the median contribution from a corporation was \$700. In reality, this gap is larger as most of the almost one million dollars in undisclosed contributions probably came from individuals. Many of the corporate contributions were from develop-

ers, as we will discuss below, and their median contribution size was an even larger \$750 dollars.

The highest citizen participation in financing candidates occurred in Markham, where the number of contributions equalled 2.9% of those casting ballots. However, contribution rebate information from the municipality indicates that almost two-thirds of those getting rebates did not live in Markham. A number of candidates relied on citizens from outside the municipality to fund significant portions of their campaigns. The same problem occurs when a development company funds candidates in many municipalities. Both these occurrences suggest that the Municipal Election Act should be changed to prohibit contributions from sources outside a candidate's municipality.

The logic of fundraising costs drives candidates towards the efficiency of seeking large contributions from a few wealthy donors and corporations. Raising money from a few developers with a history of giving to candidates will land larger sums with less effort and cost than passing the cap at campaign events or sending out expensive fundraising letters to citizens who may know nothing about a candidate.

The percentage of eligible voters giving money to candidates is difficult to pin down because the number of contributors giving less than \$100 is not disclosed and there is no way of knowing the number of contributors giving less than \$25 in cash. However, the percentage of eligible voters making a contribution more than the disclosure limit in the City of Toronto was less than 0.6% and even as a percentage of those who voted, the number does not exceed 1.5%.¹⁷ In every other municipality but one, the number of contributions was less than one percent of those who cast a ballot and sometimes less than half a percent.¹⁸

These are remarkable figures that reflect the emptiness of the connection between candidates, incumbents, representatives and citizens. It doesn't stretch the evidence to say that 99% of citizens have so little interest in

17 The number being used here is the number of contributions from individuals (8,753) in the city of Toronto rather than the actual number of contributors which is smaller because some individuals gave to several candidates. The turnout in Toronto was 597,755 of 1,521,121 eligible voters or 39.2%.

18 Comparisons of the extent of citizen funding of candidates with federal and provincial levels are difficult because of the presence of parties. Candidates can rely on constituency or central parties to transfer large sums of money into their campaigns and some candidates, even winners, appear to do very little fund-raising during the campaign period. Candidate financial statements from the 2006 federal election show that just 4,834 contributions were made to all of the candidates in the 22 federal ridings in the City of Toronto, just 0.3% of the eligible voters.

local politics that they are unwilling to contribute more than \$100 to elect a candidate who they believe can represent their policy views, their hopes for changes to their community, or even to support an incumbent whose actions they approve of or who has helped them in the past. Why are citizens less willing to support a candidate every three or four years than they are to spend a hundred dollars on innumerable entertainments?

It is too simple an answer to blame it on the voters and treat supporting a candidate as just another consumption choice. Citizens are de-politicized and unorganized to such an extent that they do not engage in politics to win the representation of group needs. By contrast, some sections of the business community, developers and even wealthy individuals, show an impressive level of organization that leads to backing for favoured candidates. Organizing large and less wealthy groups of voters without political parties requires unions or other movements and groups that can clarify and set policy goals, raise awareness of issues and provide the skills to organize voters and candidates. Many of these organizations are weak or absent in suburbia.

The tiny percentage of citizens involved in funding candidates also speaks to how councillors perform the job of representation. For example, the 11 elected Mississauga councillors, nine of them incumbents and two with prior experience as representatives at other levels, had a total of 177 contributions from individuals of more than \$100. Six of the councillors reported fewer than 10 such contributions from citizens. But 71% of all the money raised by these winners came from corporations in 537 contributions.

How is it possible that representatives could receive so little support from the citizens they represent? Perhaps few candidates try to raise money from individuals. No doubt the logic of efficient fundraising drives candidates toward big donors and away from the search for small contributions. Many citizens see electoral politics as futile, remote and corrupt and few citizens have any idea of how to achieve their needs through politics, lacking the knowledge and understanding of how councillors could represent their needs and improve their lives. By contrast, corporate interests are well organized and ready to provide money to candidates who will support their preferred policy positions. But can the lack of citizen support also be connected to how councillors represent the needs of their constituents? It is remarkable that incumbents could have so little citizen support. If representatives were working to mobilize individuals, groups and communities with needs, to help put those needs into the language and tactics of politics and to speak for or represent those needs, then surely candidates would be overwhelmed with offers of financial support from citizens. That appears

to be true for too few candidates.

1.5 Union funding

Disclosed contributions from unions were negligible everywhere and non-existent in a couple of municipalities. In only 11 candidate campaigns did union money make up more than 25 percent of contributions and of those just two were elected.¹⁹ Just 11 of the 77 candidates who received any money from unions took in more than \$5,000 and more than half got less than \$1,000.

Almost 80% of union money went to candidates in Toronto and most of it came from unions in the city such as the Amalgamated Transit Workers (Toronto Transit Commission workers), the Toronto Fire-fighters, Canadian Union of Public Employees locals, the International Brotherhood of Electrical Workers and the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry. Outside of Toronto, unions, as the foremost organizers of working class interests, were trivially present or completely absent from municipal politics. There is no evidence that unions representing workers in the auto assembly plants and auto parts makers in Mississauga, Brampton, Oshawa and Vaughan attempted to organize the political interests of that group at the municipal level through financially supporting candidates. The Canadian Labour Congress did mount a campaign in 2006 to convince unions and their allies of the need to become more involved in municipal politics but it was a failure in most of the GTA.²⁰

Unions contribute to campaigns in more ways than through financing. Union activists contributed their labour to some campaigns. Door to door and phone canvassing with volunteer labour is one way a campaign can compete and union activists bring organizational skills and community contacts that can extend the reach of a campaign and mobilize voters. Union executives have been involved in debates about the privatization of municipal services, healthcare and transportation issues but have been less vocal on things like development and land-use planning. Some unions that represent construction workers contributed to the same candidates that developers backed, suggesting that labour is divided between protecting existing jobs with existing employers in traditional forms of urban construc-

19 Janet Davis in Toronto and Nester Pidwerbecki in Oshawa both raised 26% of their funds from unions.

20 Savage argues that the CLC's municipal campaign was a success endorsing 316 council and mayoralty candidates province-wide and electing 49% of them.

tion and promoting new urban forms and criticizing the maladies and under-servicing of continued urban sprawl. Concentrated as they are on working conditions, job opportunities and job security, union organization and wages, all matters that fall within the authority of federal and provincial governments, unions have been weak in voicing and organizing working class interests at the municipal level even when planning, transportation and housing issues have a direct impact on the wages workers need to live in high cost cities.

Union support for candidates often draws negative comments in the media and is in many commentators' eyes the counter balance that justifies corporate contributions. But union contributions are a small fraction (4%) of those from corporate sources. In a very few contests, unions made significant contributions to candidates with the hope of electing councillors who would represent the interests of workers. But in comparison to the flood of corporate and development industry contributions pushing self-interested policies, labour's influence in elections in the GTA was very limited.

1.6 Candidate self-funding

Knowing that union contributions are tiny, one might expect that the percentage of citizen funding would be the inverse of corporate funding, but that expectation does not hold true in Ajax, Brampton, Mississauga, Oshawa and Whitby. In those cities, candidates provided more funds to campaigns than citizens – a remarkable finding. In Ajax almost half and in Oshawa and Whitby more than a third of campaign funds came from candidates' own pockets. Even in Toronto, 18% of funding came from candidates and their spouses.

Candidates are not constrained by contribution limits at the municipal level in Ontario and they can give to their own campaigns as much as they wish. Table 1 shows that candidate contributions made up almost 19% of all disclosed contributions. Self-financing comes in the form of direct contributions to a campaign or in the assumption of a closing campaign deficit.²¹ With no parties to absorb campaign deficits, municipal candidates are responsible for spending that exceeds contributions. They have the option of making a contribution equivalent to outstanding expenses or carrying

21 Financial statements either report deficits or disclosed candidate contributions that clear a deficit.

the deficit forward to be cleared by funds gathered at subsequent campaigns.²²

Allowing candidate self-financing gives a significant advantage to the wealthy and indirectly, the policies that supported and generated their wealth. A candidate that can pay for some or much of their own campaign need not spend scarce time and funds raising other funds and they need not moderate their views to win financial support from voters. If there is one virtue to campaign finance systems that preclude self-financing and cap contributions at a low level, it is that candidates are forced to meet and listen to voters and to get some sense of the breadth of interests they may be required to represent.

Winning candidates using their own money to finance expensive campaigns, as Michael Bloomberg did in New York City, was not common in the 2006 Toronto area races. Eight winning candidates paid for more than half of their campaigns in 2006 and four of them paid for the entire cost.²³ Just six winning candidates paid more than \$10,000 of their campaign costs.

Self-financing was more prevalent amongst losers than winners and amongst challengers than incumbents. Relatively low candidate nomination fees and campaign costs, the absence of party nomination contests, and the reputation of municipal politics as a political training ground means the many novice candidates with little experience at running campaigns and few supporters end up having to finance their own losing campaigns. Undoubtedly some of these challengers see the few thousand dollars they spend as an entry fee to the debate and the opportunity to campaign for ideas that are unlikely to get them elected over a well-financed and well-known incumbent. Many losing self-financed campaigns end up with few votes. Whether they are the product of good ideas that cannot find financial support, an amateur approach to running a campaign that neglects

22 While it is seldom clear, most deficits must in practice be “loans” from the candidate since it seems unlikely that any bank would carry a debt unless it was guaranteed by the candidate. The treatment of debts between elections is something of a loophole in municipal finance. One winning candidate (Carella, Vaughan) declared a sizeable debt at the end of the extended fundraising period following the 2003 election but did not declare it as a debt at the outset of the 2006 campaign meaning that it was paid off between elections.

23 Ajax councillors Joe Dickson and Pat Brown and Oshawa councillors John Henry and Maryanne Sholdra paid 100% of the cost of their campaigns. Ron Moeser (Toronto), Vicky Dhillon (Brampton) Louise Parkes (Oshawa) and Steve Parish (Ajax) all paid more than half of the cost of theirs. Another seven winners paid more than 25% of their campaigns.

fundraising, or other misconceptions about electoral politics that imagine “good” ideas will win out over the identification of needs and the organization of groups of voters deserves more investigation.

Some candidates who pay for a large part of their campaigns argue that it frees them from the perception of influence that large contributions from corporate sources and wealthy individuals may create. But only wealthy candidates can finance competitive campaigns and they are likely to support the general and specific views of others that share a similar status. Candidates that represent the views and policy positions of the poor and who are not themselves wealthy, a likely conjunction, or who represent anti-development or environmental positions will begin campaigns at a disadvantage or are condemned to an extended post campaign period of trying to raise funds or themselves paying off a deficit. This probably contributes to decisions not to run for office, or to run an under-financed campaign and as result to leave some policy positions poorly represented.

1.7 Candidate Surpluses

Occasionally a campaign will end with some funds unspent. This is very unusual for challengers and more common for incumbents who almost always raise more money than challengers. When a campaign ends in surplus, the candidate gives the extra funds to the municipal clerk to be returned on the filing of nomination forms at a future election. In a few cases the surpluses are very large and may serve as a deterrent to a serious challenger. In systems with parties, campaign surpluses and deficits pass to the constituency branch of the party to be spent or repaid in between elections. Without parties, municipal candidates are permitted to keep surpluses and are effectively encouraged by the rule to try to raise surpluses to improve the odds of winning at a future election.

Surpluses give the office-holder a head start on fundraising and reduce the time required hunting for funds and hearing from voters. In the 2006 election, 60 of the 116 incumbents brought forward a surplus from the 2003 election and for 27 candidates it was more than \$10,000. For eight candidates, these surpluses were larger than their 2006 spending limit, meaning that they could have campaigned almost entirely with money contributed in 2003. Those who financially supported a candidate in 2003 but felt in 2006 that they should be voted out of office, were faced with the thought of having a portion of their earlier contribution support a candidate that they now oppose.

1.8 Public Money

While provincial and federal campaigns benefit from healthy amounts of public subvention in the form of tax credits for contributions, subsidized campaign spending, and annual party and auditing subsidies, Ontario governments and political parties have not extended to municipal politics the public funds they have voted for themselves. Municipalities do have the option of financing their own campaign contribution rebate programs, but just three of the ten municipalities in this study chose to do this and it seems that the practice does not extend much further in Ontario.²⁴

Rebate programs return a portion of a contribution to a contributor if the candidate or candidates they supported complete the election finance reporting forms and if the contributor completes an application form. In Ajax, Markham and Toronto, rebates were only available for individual contributors and not for corporations or unions.²⁵ Toronto has the most generous rebate program, paying out a rebate of up to a total of \$1,000 dollars for contributions to candidates. Markham's maximum rebate was \$350 while Ajax's program paid out no more than \$150 to a contributor. All rebate programs are scaled so that the percentage rebated declines as the contribution total increases.

The amount of public funds paid out in rebates is hidden in the citizen contribution totals in Table 1 but added up to \$16,514 in Ajax, \$368,435 in Markham and \$2,100,000²⁶ in Toronto. Adding these figures into Table 1 expanded with a column for public funding and reducing the column of citizen contributions by the same amount, as shown below, shows that public funding made up 38% of disclosed campaign funds in Toronto, 34% in Markham and 14% in Ajax and contributions from citizens of their own funds would be 30%, 20% and 15% respectively.

24 Ottawa and Oakville appear to be the only other major Ontario municipalities with rebate programs.

25 Toronto's program considered contributions from unincorporated groups, such as a law partnership, and contributions from sole proprietorships to be to be contributions from individuals.

26 These figures were made available by municipal election officials in the three cities. The Toronto figure is a preliminary one that will grow slightly as further rebates are paid out to the contributors to candidates that filed supplementary financial statements.

Table 3. Sources of campaign finance in Ajax, Markham and Toronto with public funding included.

	Corporations	Citizens	Public funding	Candidates	Unions		
Ajax	22.4	14.5	13.6	49.5	0	100	\$121,409
Markham	35.7	19.8	34.1	10.2	0.2	100	\$1,081,356
Toronto	12.1	30.2	38.1	17.5	2.2	100	\$5,449,403

While the rebate programs resulted in higher percentages of contributions from individuals, once the rebate money is stripped out, the campaigns of candidates in Toronto stand out from the rest and funding from citizens' pockets in Ajax and Markham looks more like the other suburban municipalities. However, the benefit of prompting candidates to go in search of money from individuals (as opposed to corporations) still remains.

As they did at the federal and Ontario levels when first introduced, municipal campaign contribution rebates have probably resulted in a growth in funding from citizens. Toronto has the longest established and most generous program in Ontario and has the largest percentage of money from individuals going to candidates. If municipalities and the province were serious about removing the influence of large corporate contributions and particularly those from the development industry, publicly funded rebate programs would be an obvious first step and provincially financed or at least provincially mandated rebate programs would be a good start.

1.9 Unrecorded contributions, legal and otherwise

The value of paid volunteer time is a form of contribution to candidates' campaigns that is not reported or captured in financial statements. This should not be confused with the hours that unpaid workers on a campaign dedicate during time after employment. The Municipal Elections Act²⁷ allows employers, at their discretion, to pay the normal rate of compensation to an employee who volunteers to work on a campaign. The wages paid by the employer to a "volunteer" are not considered a contribution and the candidate need not consider it an expense.

There is no way of knowing the extent of these contributions. It seems very likely that in the 10 GTA cities the total could be in the range of hundreds of thousands of dollars. Corporations and to a much lesser extent unions, surely take advantage of this provision to pay employees to work

27 Ontario Municipal Elections Act, Section 66 (2) (2)

full-time or part-time on favoured candidates' campaigns. This allows employers to make a mockery of both campaign contribution and spending limits.

There is no question that some candidates ignore the rules with the knowledge that they are unlikely to be caught. There are many ways that candidates can get around the rules: campaigns can accept and not record contributions; they can report a lower than market value for contributions in kind such as the use of a campaign office or donated advertising or; they can fail to record expenditures. Of course neither these illegal contributions nor the value of paid volunteer time can be included in this analysis.

1.10 Funding sources and campaigns

There are large differences in the composition of funding for candidate campaigns. Some candidates rely almost exclusively on corporate contributions, others on their own personal contributions and others rely entirely on money from individuals and indirectly from the state if their municipality has a contribution rebate program. The variation in the campaign funding sources suggests different styles of campaigning and fundraising, different policy positions, whether elections are competitive and even the extent to which different types and numbers of groups have organized to participate in municipal politics.

Where corporate funding is substantial and citizen funding is small, candidates depend on large contributions from corporations and as we will see, more often than not from developers and the development industry. When corporate backed candidates are leading contenders, electoral politics appears consensual, policy discussion is one-dimensional, shallow civic booster-ism is prevalent, and there is less attention to social issues that are not organized and which no corporate backed politician would be willing to mobilize. When conflicting political views are unequally financed, municipal voters are at best quiescent, confused and uneducated about their interests. It is therefore not surprising that in some of these municipalities less than one in four voters bothered to cast a ballot.

2. The Development Industry and Municipal Politics

By far the largest component of corporate contributions to candidates and winning candidates in particular, comes from developers and the broader development industry.

Contributions from developers made up 43% of all of the money from corporations and an additional 22% came from development related com-

panies. No other group of corporate contributors made up as much as 5% across all of the municipalities. The development figure is a conservative estimate of the value of contributions. There are certainly other companies in the lists that are involved in development but there was not enough information to classify them as developers. Many developers also made contributions as citizens in their own names and there are certainly more names that could be linked to the industry if disclosure rules were better.²⁸

Development industry contributions are an extraordinary concentration of money from a single set of interests. Funding for candidates at the provincial and federal²⁹ levels comes from a much more diverse group of industries and companies. Many large companies that contribute or contributed at the provincial and federal levels are absent from the municipal contribution lists even though many of the banks, mining companies, insurance companies, and manufacturers have head offices in the GTA, pay property taxes and have executives that live in the city and surrounding areas. For example, Vaughan's top ten employers include, Paramount Canada's Wonderland, CN, auto-parts manufacturers, Sears Canada, Royal Group Technologies, and just one developer group, Con-Drain.³⁰ The only contributor to municipal campaigns in 2006 was Con-Drain through a number of companies in the corporate group.³¹ Other municipalities in the study have a similar pattern of giving with major employers and companies with head offices in the cities being absent from the lists of contributors. The five major Canadian banks, owners of billions of dollars of Toronto area real estate and employers of thousands of voters made just seven contributions to five candidates adding up to \$3,400. Prior to 2004, the same chartered banks contributed millions of dollars to federal political parties.

28 Some candidates flaunt the rules and simply omit the legally required addresses of contributors. In 2006, Toronto employed an electronic disclosure system for contributions but stripped addresses from the website postings fearing they might breach the Privacy Act. The Municipal Elections Act is vague on the address required by a contributor and does not specifically state the address where they live. US financial disclosure rules are far superior requiring address, employer and occupation for all contributors and all to be publicly disclosed. Such rules would allow a more complete picture of development industry funding.

29 Corporations can no longer contribute to federal political parties or candidates.

30 The list comes from the City of Vaughan website.

31 Companies in the group making contributions to Vaughan candidates included Con-Elco, Futureway Communications, Metrus Development and Metrus Properties. The Con-Drain website places all of these companies in the conglomerate: www.condrain.com

Most developers are not major employers and even with the development related industry included, are not necessarily large components of overall economic activity, yet they contribute far out of proportion to any measure of their economic significance. Why is this?

All development must pass through the municipal planning process during which developers and their planners work closely with city planning departments to fulfill or try to alter planning regulations and Official Plans. The agents and often developers themselves have many meetings with city planning staff and together they reach agreement over the complex rules and legislation that govern development. Developers and their agents always attend committee and council discussions of their development applications; they often socialize with councillors at events like charity fundraising dinners where the developer may have supplied the ticket for the councillor. Developers are often prominent supporters of councillors' charity fundraising events.³² A few councillors have had prior careers in the industry or are related to someone in the industry.³³ For them, developers are a logical first source for campaign funding and may have even been encouraged by development interests to run for office with the promise of support. In many cases, the relationship between developers and incumbents and candidates is so close that those supported by the industry do not have to ask for money to support campaigns rather it is offered or organized for them by developers and their agents.

The development industry includes a wide range of activities and companies. Not all have the same degree of interest in municipal development decisions. While the planning approval process is key to a developer's future profits, a contractor or building supply company's fortunes are tied to the industry as a whole rather than any particular development plan. In the discussion that follows, development industry contributions were divided into developer and development related categories.

A corporate contribution was classed as coming from a developer if that company had or has a development related application before a municipal or regional council, the Ontario Municipal Board³⁴ (OMB), a local conservation authority, a school board or if they could be identified as

32 Developers are by far the largest sponsors of the annual Vaughan Mayor's Gala and other charity events.

33 Vaughan councillor Frustaglio declared a conflict of interest because a family member owned the development company whose application for an Official Plan Amendments was before council, Vaughan Council Meeting Minutes, November 8, 2004. The websites of a few other councillors in Vaughan and elsewhere suggest prior careers in the development industry but a systematic survey of candidates backgrounds needs to be done.

developers through their websites, mentions in newspapers or on the Tarion website, a new home warranty program that lists participating developers.³⁵

Most development companies have at least one well-known company name that is the public face of their developments³⁶ but as a way of limiting liability they use complex and private multi-company structures where each development, building or subdivision is its own corporation. As private companies, those not traded on a stock exchange where rules require disclosure of ownership structures, it is impossible to make definite ownership links between companies.³⁷ However, there is enough information in development applications before local councils, in newspaper stories and the sources mentioned above to link companies with a high degree of certainty. But, there is little doubt that there are more developers in the contribution lists.

Development *related* companies do not participate in land assembly and financing that are the key features of developers, but all or most of their activities are related to development. Through the application stage, the development related industry includes planning approval consultants such as surveyors, planners, lawyers, architects, and engineers all working for the developer. In the construction phase there are contractors for site preparation, house framing and concrete forming, structural steel makers and erectors, plumbers, roofers, electricians, dry-wallers, bricklayers, and interior finishers. No development could happen without building material such as concrete, brick, wood, steel, aluminum, windows, doors, gravel and so on. After completion, most development needs real estate agents or property managers or marketing companies that sell the dream of ownership and location.

34 The Ontario Municipal Board is an independent tribunal appointed by the Ontario government to hear appeals on land use planning under the Planning Act and other legislation. Developers, citizens and municipalities can ask the OMB to review planning decisions.

35 www.tarion.com/home

36 For example, Fernbrook Homes for the Cortellucci group, Aspen Ridge Homes and Metrus Properties for the Con-Drain group, and Arista Homes for the TACC group.

37 Ownership information about private companies is known only to the owners and the Canada Revenue Agency.

Contributions from citizens were also classed as developer or development related if they were from individuals clearly connected to companies in those classes.³⁸

2.1 Development industry funding

Table 4 breaks out developer funding and development related funding from corporations and other individuals and compares it to contributions from other corporations, from other citizens and from unions. The table displays only contributions coming from outside campaigns that are disclosed and excludes candidate self-financing.

Table 4. Developer, development related contributions to candidates by municipality in 2006

	Development Industry		Other Corporations	Other Citizens	Union	%	Total
	Developer	Development Related					
Ajax	23.6	1.3	19.4	55.7	0	100	\$61,338
Brampton	33.8	17.9	24.7	23.6	0	100	\$672,679
Markham	21	8.3	11.7	58.8	0.2	100	\$971,536
Mississauga	31.7	11.5	26.7	29.5	0.5	100	\$526,722
Oshawa	39	16.6	24	14.2	6.2	100	\$227,432
Pickering	45.8	9.9	26.5	17.3	0.5	100	\$225,453
Richmond Hill	41.3	12.2	22.8	22.3	1.4	100	\$294,133
Toronto	5.6	2.7	7.9	81.1	2.7	100	\$4,376,297
Vaughan	30.9	26.3	19.7	22.8	0.2	100	\$1,273,918
Whitby	53	10.5	15.2	18.6	2.8	100	\$144,851
** Total **	18.7	9.4	14.1	56.1	1.7	100	\$8,774,359

There are three important patterns in the table. First, as mentioned above, Ajax, Markham and Toronto all have campaign contribution rebate programs that encourage contributions from citizens through partial rebates. The pattern of contributions in these three municipalities shows much

38 Many well-known developers such as Silvio DeGasperis (TACC), Mario Cortellucci, Howard Sokolowski (Tribute Communities), Fred Darvish (Liberty Development Corp), Jack Winberg (Rockport Group) made multiple contributions in their own names.

less reliance on money from developers and development related firms and a higher percentage of contributions from citizens than in other cities. But even in those three cities, developer plus development related contributions surpass contributions from all other business activities. Second, Toronto stands out as by far the least reliant on development industry contributions although in dollars it would be second to Vaughan, though spread across many more candidates. The effect of candidates and particularly high cost mayoralty campaigns in Toronto refusing corporate and developer money has a big influence on the figures. Third, in the remaining seven suburban municipalities, development industry contributions (developers plus development related companies) were as high as 63% in Whitby and 57% in Vaughan and surpassed 50% of all funding in Brampton, Oshawa, Pickering, and Richmond Hill.

The levels of funding from a single industry in the suburban municipalities are remarkably high. No similar concentration in funding from a single industry occurs in the financing of provincial and federal parties and candidates. But it is not out of line with other reported research in Canada. Austen and Young found that developer funding in Calgary, neared 30% in the three most recent municipal elections.³⁹ It seems likely that this pattern is present in many large Canadian cities and their suburban fringe municipalities.

The high percentage of development industry funding, as remarkable as it is, might be less worrisome if it were spread more or less evenly across all candidates representing a range of views. However, Table 5 below shows development industry funding is much more focused. As high as the concentrations of developer funding are overall, the figures are even higher for elected councillors.

39 Lisa Young and Sam Austen, "Political Finance in City Elections: Toronto and Calgary Compared" *Canadian Political Science Review*, 2(3) Sept 2008, 88-102.

Table 5. Developer and development related contributions to winning and losing candidates in Toronto and suburban cities in 2006.

		Development Industry		Other Corporations	Other Citizens	Unions		
		Developer	Development related					
Toronto	Elected	8	3.7	9.2	76.3	2.8	100	\$2,451,302
	defeated	2.5	1.5	6.4	87.1	2.6	100	\$1,924,995
Suburbs	Elected	37	17.3	19.8	25.5	0.4	100	\$2,934,440
	defeated	21.3	13.7	21	42.7	1.3	100	\$1,463,622

Table 5 splits the municipalities into Toronto and the suburbs grouped together, showing the funding composition of winning and losing campaigns. In the suburbs, 54.3% of winners’ funding came from the development industry (developers and development related companies combined) as opposed to 35% for losing candidates. In Toronto, the comparable figures were 12% and 4%. Clearly, the development industry disproportionately funded the campaigns of winners. Furthermore, just 182 of the 613 candidates who filed returns received any contributions from the industry.

The aggregated figures in Table 5 obscure the even higher concentrations of development industry funding in some campaigns where, for instance, a winner might have received all or none of the industry’s support. A clearer picture of the targeting of support emerges by looking at individual races and the percentage of all development industry funding to all candidates in a race going to the winner or second place finisher.

In order to simplify things, the following analysis includes only the 110 races for ward and ward-based regional councillor.⁴⁰

In 52 of the 110 races the winner was backed by *all* of the development contributions to all candidates in the race. In other words, in almost half of the elections, all developer contributions went to just one candidate, the eventual winner. That is an impressive level of coordination of giving and to be clear, it was not achieved because just one or two developers were contributing. On average, these candidates received 15 contributions from development industry sources.

In 21 contests, the winner received *none* of the development contributions given to all candidates in the race. In 10 of these races, none of the

40 This excludes the 10 races for mayor and the four races that elected 12 regional councillors on an at large basis.

candidates received or accepted contributions from developers.⁴¹ In five of the remaining 11 races *all* of the developer contributions in the race went to the second place finisher and in the remaining six races generally small amounts of money went to candidates that finished worse than second place.

In the remaining 37 elections, development industry contributions were split between contestants but in 21 of these, the winner received 70 percent or more of the funding from developers given to all candidates in the race.

Taken together, these figures reveal a remarkable level of targeting of development industry contributions to support candidates who must be seen as supportive of the industry.

Why developer and development related contributions are so prominent in municipal campaigns needs a longer answer and a deeper exploration of the significance of development in municipal politics. How councillors affect development activity also requires more investigation.

2.2 Development contributions and the development approval process

How does it help developers to support the election of councillors? Is it possible to link that support to the development applications of contributors? While the presence of development money is remarkable, it still needs to be shown that councillors had the opportunity to affect the fortunes of developers.

Most of the profit for land developers is captured in the rezoning, subdividing and servicing of raw land. The extension of water and sewer capacity to green-field sites and the subdivision of land into smaller lots can multiply the value of the original parcel many times over.⁴² James Lorimer's still useful study of the development industry in Canada in the 1960s and 70s, *The Developers*, shows that almost all of a developers' profit comes from the planning phase, where municipal politics creates wealth through land use planning, servicing and subdivision into smaller

41 Four of the 10 races were in Ajax, one in Markham and six in Toronto, all municipalities with contribution rebates programs that, as we saw, appeared to boost the percentage of contributions from individuals.

42 While every parcel of land is unique because of its location, the average price per hectare of serviced land was three times that of unserviced land in Vaughan in 2007. City of Vaughan, Community Profile: Economic, Social and Business Connections. (Vaughan, Economic and Technology Development Department, 2007) p. 14.

lots.⁴³ Downtown high-rise builders achieve the equivalent of land subdivision by building upwards and subdividing the air above the land by gaining the right to build higher and pack in more condominium units or apartments.

Profits earned from the actual construction of residential homes and high-rise units are much smaller than those from the development approval process. The profits that developers can earn from labour and materials used in building are small in comparison to those achieved up to the point of construction. Profit margins in the building phase of development are squeezed between the cost of materials and labour, which developers and contractors try to control through the use of tens of thousands of undocumented and temporary migrant construction workers,⁴⁴ and the affordability of homes or the mortgage carrying capacity of buyers.

The profit expected as a result of the development approvals process is assisted by the permissions granted by the provincial and municipal administrations. These permissions or rezoning for different uses allow the developer to extract higher economic rents either as the result of an often temporary monopoly of choice locations or a differential economic rent that results from building more intensively.⁴⁵ The profit accrues to the developer not just through their own land development proposals but through the development of surrounding lands that can increase the value of the location and justify rezoning that further multiplies the economic rent realizable. Planning decisions relating to water and sewage services, arterial roadways, public transit, parks, the creation of commercial districts and the redevelopment of former industrial spaces can significantly increase

43 James Lorimer, *The Developers*, Toronto: James Lorimer, 1978 pp. 99-128

44 The Building Industry and Land Development Association (formerly the Greater Toronto Home Builders' Association) had a program with the federal government to bring in temporary migrant workers. A from Labourers' International Union of North America (LIUNA) report, *The Impact of Undocumented Workers on the Residential Construction Industry in the Greater Toronto Area*, estimated that the construction industry in Toronto employs 20,000 undocumented workers but other estimates put the figure at 30,000 (see Bustos).

45 For insightful discussions of land and property development from a political economy perspective see Francois Lamarche, "Property development and the economic foundations of the urban question," pp. 85-118 in C.G. Pickvance (ed) *Urban Sociology: Critical Essays* New York, St Martins Press, 1976 and; David Harvey, *The Limits to Capital*, London, Verso, 2006, pp. 349-359.

the value of a parcel of land and the economic rent that can be extracted from it. Developers therefore have a specific interest and a more general interest in the type and pace of development of land that surrounds their holding and even of the wider community. But it is important to underline the fact that the origin of these increasing values is found, especially in green-field municipalities, in planning decisions that help *create* the lion's share of a developer's future profit.

Developers are exposed to both market risk and to a lesser degree, political risk. Development is susceptible to market cycles that devalue land and dry-up demand for housing and office and commercial space. Burst development bubbles, the result of oversupply, pure speculation or the collapse of demand brought about by shifting employment or economic downturns can leave developers with land worth less than they paid for it or houses and condos without buyers and offices and apartments without renters. From a municipal planning point of view, crashing development markets leave half built subdivisions whose property taxes cannot carry the cost of the provision of services. Developers try to manage market risk by holding low inventories of land, by pre-selling homes and condominiums before beginning construction, by demanding large deposits from buyers, by contracting out the building phase thus having to carry fewer costs in a downturn, and by trying to reduce financing costs through joint ventures with other developers or options on land purchases.

Political risk in the development process can also sharply reduce land values or make land undevelopable by the current owner. The largest component of political risk revolves around land-use designation. The province through legislation and municipalities through official plans and zoning by-laws determine what land can be used for what purposes. For example, the Ontario Liberal Government's Greenbelt Act (2005) reduced the value of some developers' landholdings and increased financing costs by freezing development in portions of the Greenbelt for an extended period.⁴⁶ On the other hand, builders with land just north of the Greenbelt were

46 For example, see: Phinjo Gombu, "Greenbelt nemesis ordered to pay province \$702,000," *Toronto Star* (MET ed) Sep 28, 2007. p. A1. This summarizes the case of Sylvio DeGasperis who attempted to sue the provincial government following the reclassification of some of his landholdings.

handed a bonanza as distant lands were suddenly far more valuable.⁴⁷

There is also political risk in the development approval process. Developers may try to change land-use designations in the planning process but to be successful they need the support of municipal planning staff and councils. When the development market is booming, developers face the risk of a loss of profit by the slow passage of their applications through the approvals process. At the top of the housing cycle, developers want to rush their product to the market to take advantage of high demand and high prices. Delay in the approval process may have them building at the end of the boom and just as the downturn in prices begins. Political risk is also present in the makeup of the municipal council where a few anti-development councillors could slow or even stop the approvals process and make it far more costly if the developer must appeal to the OMB.

2.3 Development, councillors and contributions

Development is crucial to municipal expenditures for these rely almost entirely on total property values to increase the tax base.⁴⁸ The largest source of municipal revenues is property taxation (about half of revenue) and development levies account for at least another 10 percent of the total revenue with about 25 percent coming from grants from provincial and federal governments.⁴⁹ Development levies are largely paid out in hard

47 “At issue at public hearings yesterday was a sprawling stretch of prime farmland between the Greenbelt and Barrie. Representatives of major GTA developers such as Fred DeGasperis and Mario Cortellucci - who have acquired large parcels of land in Innisfil and Bradford West Gwillimbury - made a pitch to local politicians to have huge swaths of the Highway 400 corridor designated as a massive industrial-commercial zone.” Phinjo Gombu, “Developers fight sprawl limits; Proposal for Simcoe industrial-commercial zone would add more homes than provincial law allows”, *Toronto Star*, (MET Ed.) Oct. 26, 2007 p. A8.

48 Reports on development proposals to Committee of the Whole and Council from the Vaughan Commissioner of Planning routinely comment on the impact on municipal finances. One recent report contained the following assessment: “The development of the subject lands at the build out stage will generate a significant tax base for the City and provide employment opportunities. The fees associated with building permits and development charges for the lands will be significant.” City of Vaughan, Committee of the Whole, Report 37, June 19, 2006. Official Plan Amendment File OP.04.017, Boca East Investments Ltd. Unpaginated. www.city.vaughan.on.ca/vaughan/council/minutes_agendas/committee_2006/pdf/CWA0619_71.pdf

49 Harry Kitchen, “Canadian Municipalities: Fiscal Trends and Sustainability,” *Canadian Tax Journal* 2002 vol. 50, no 1 pp. 156-180.

services for new development and they must be competitive with other municipalities for development to occur and thereby increase the property tax base. The relationship between development and municipal revenue makes it easy for councillors to choose more development over raising property tax rates on their constituents and diminishing their re-election chances.

Even without the pressures of municipal finances, most development backed candidates are already believers in the current form of suburban development. A developer or agent for a group of developers, concerned to maintain the current pro-development stance of a municipality and wishing to bring their land parcels into development with the least political interference and in a form that earns them the highest rate of return on the development, would seek out candidates already supportive of these same general goals. Once councillors are in office they are all subject to constraints in planning legislation and in municipal budgets that make further development, no matter how illogical from environmental or even a GTA wide planning perspective, now seem logical and irresistible.

While development industry funding helps to get a candidate elected, do elected councillors get the opportunity to vote on the development proposals of the developers that funded their campaigns?

To assemble evidence for all ten municipalities in the study would be a huge task, so the following analysis looks just at Vaughan, a municipality where development contributions were prevalent. Judging from the importance of developer contributions to council members in the other suburban cities, as shown in Table 4, Vaughan is not unique and the patterns discussed below are probably present in other cities within and beyond the ten discussed in this paper.

The approval process for development applications can take several years because of negotiations between developers and city planners or administrative slowness or citizen opposition or downturns in the housing, office or commercial markets that make developers reassess decisions. An application might be in the development approval process for a period overlapping one or two municipal elections, so the data used in this analysis includes all the reported contributions greater than \$100 from development companies to winning Vaughan candidates in the municipal elections of 2003 and 2006.

There are over 1,000 contributions from development companies and related individuals to Vaughan councillors in the two elections. Many of these are multiple contributions from the same donor in different years and to several candidates. Through aggregation, the list can be reduced to about 400 companies. However many of these companies are related to or owned

by others in the list, so the true number of ownership structures is probably much smaller and all of the contributions might be accounted for by fewer than 200 conglomerates and a large percentage of the contributions by an even smaller number. A smaller list of the 100 companies with the greatest contribution totals aggregated over the two election years was chosen to save research time yet preserve a broad base from which to generalize. When possible, those initial 100 companies were linked to others in the list creating contribution totals for different ownership structures.⁵⁰ The resulting 100 top contributors is a combination of single corporations that could not be linked to others in the larger list and 32 conglomerates that include several companies each. Companies in the list made 800 contributions with a value of \$534,000 to Vaughan council members' campaigns in 2003 and 2006.

The table below gives the funding sources for elected Vaughan councillors in the two most recent elections among which are found contributions from the list of 100 discussed above.

50 The companies were linked through information on corporate websites, the Taron Ontario Home Ownership warranty program website, information contained in development applications, newspapers and other information on the internet. I did not search government maintained corporate profile reports for that would have been prohibitively expensive and they do not provide definitive information on ownership.

Table 6. The percentage of funding from developers in Vaughan Council members campaigns in 2003 and 2006.

2003

Councillor	Developer	Development		Other Citizen	Union		Total
		Related	Other Business				
Carella	65.8	16	14.2	4	0	100	\$37,550
Dibiase (Mayor)	39.2	26.3	28	5.4	1.1	100	\$210,350
Divona	52.3	24.4	14.8	7.6	0.8	100	\$94,175
Ferri	38.6	30.3	13.9	15.6	1.6	100	\$142,080
Frustaglio	45.5	19.5	23.2	11.6	0.2	100	\$142,450
Jackson	44.7	22.4	14.2	18.7	0	100	\$87,950
Kadis	83.5	12.9	3.5	0	0	100	\$21,250
Meffe	41.9	44.7	10.1	3.3	0	100	\$67,025
Yeung Racco	52.6	13.4	14.4	18.1	1.4	100	\$52,150
** Total **	45.5	25.1	18.5	10.2	0.7	100	\$854,980

2006

Councillor	Developer	Development		Other Citizen	Union		Total
		Related	Business				
Carella	43.2	29.2	14.3	12.4	0.9	100	\$70,400
Di Vona	47	29.2	17.4	6.2	0.2	100	\$90,055
Ferri	30.4	29.6	16.6	22.8	0.5	100	\$139,770
Frustaglio*	17.7	10.4	7.8	64.1	0	100	\$161,200
Jackson (Mayor)	28.5	19.5	24.2	27.7	0	100	\$163,605
Meffe	52.6	26	18.3	3.2	0	100	\$45,750
Rosati	31.4	34.4	19.1	15.1	0	100	\$106,771
Shefman	67.1	17.7	8.4	6.9	0	100	\$24,068
Yeung-Racco	44	32.7	16.8	6.6	0	100	\$64,080
** Total **	33.8	24.4	16.5	25.2	0.2	100	\$865,699

*Following a citizen complaint and a decision by other council members not to investigate it, Joyce Frustaglio admitted that her contributor's list had been incorrectly filed and blamed it on her accountant.⁵¹ It appears from the list that her statement inflated the number of individuals by recording the name of the cheque giver or signer rather than its corporate source. She certainly had a much higher percentage of contributions from corporations and developers than her financial statements suggest.

51 "No charges for Vaughan councillor," *Toronto Star* Nov 11, 2008.

Contributions to a candidate might relate to development applications that came before council in the past term or to ones that would come before council in the future, so Council and Committee of the Whole minutes between 2001 and 2008 were searched for mentions of a development application from a contributor.

How many of the developers in the list had applications before the Vaughan Council?

A search of Vaughan Council and Committee of the Whole documents revealed that 78⁵² of the 100 development conglomerates and single companies in the sample list had development related applications⁵³ before the Vaughan Council or Committee of the Whole between 2001 and 2008. Councillors therefore had the opportunity to discuss and vote on the development applications of many of the companies that contributed to their campaigns.

How did the Vaughan councillors vote on the applications of those developers that financed their campaigns? The short answer is that they passed almost all of them. However some of the matters before council were more or less routine, while others, such as official plan amendment requests, were more important. Almost all of the final bylaws and other motions passed without recorded votes. Councillors may call for a recorded vote if they are opposed to a motion and wish to put that disagreement on record. While it is possible that one or two councillors opposed the motions, none called for a recorded vote to place their opposition or the support of other councillors into the public record of the meeting.

Arguably the most important development related motion is a by-law to change the Vaughan Official Plan. An Official Plan as the Planning Act notes, “shall contain goals, objectives and policies established primarily to manage and direct physical change and the effects on the social, economic and natural environment of the municipality.”⁵⁴

52 This number is probably higher. It seems likely some of those companies that did not have applications before the Vaughan might be connected to others that did.

53 The types of files or applications represented the range of development related applications that would normally come before a municipal council including applications to amend Vaughan’s Official Plan to allow building that deviates from the plan, zoning amendment applications that rezone land from different designations to allow a builder to change density or height or use from say residential to commercial, by-laws to assume municipal services in a newly built subdivision or building or to allocate sewer and water to a development proposal, or a by-law to name a street in a new subdivision.

54 Ontario, *Planning Act* R.S.O. 1990, Chapter P.13 Section 16.

Developers may apply to change the land-use designation on their parcel to increase profit by allowing greater density or larger lots according to their view of the demand for different housing types or commercial space. When developers make an application to develop a parcel of land, if their proposal deviates from the official plan land-use designation for that parcel, they must submit an application to amend the official plan and a zoning amendment application to change the municipality's governing zoning by-law that enacts the land use designations of the official plan. These amendments are far from uncommon and often involve detailed and lengthy bargaining between the developer and the municipality's planning staff and Council.

Forty Official Plan and associated zoning by-law amendments appear in the Vaughan Council and Committee of the Whole Minutes in the years 2004-2006, a period between the two municipal elections. The OPA applications included a wide range of changes that affected large and small parcels of land: changes to increase density; zoning changes from commercial to commercial and residential uses; changes to allow the display of vehicles outdoors at a car dealership; increases in allowable building heights and so on. Land location, parcel size and official plan use make each OPA application unique.

Of the 40 applications, 11 of the applicants made contributions to one or more elected councillors in their own corporate name. When other OPA applicants are linked to their corporate conglomerate, that number grows to 20 applicants contributing \$137,000 through 186 contributions to council members' campaigns. Once again, this is very likely an underestimation of the contributions to councillors from companies related to OPA applicants. It seems likely that some of the applicants are small companies, organizations or even individuals who while they are developing a parcel of land, are not developers per se. This might explain why there are fewer contributors to candidates among the OPA applicants. For individuals or organizations working on a single development project, establishing a closer relationship with councillors may not seem as valuable as long-term relationships might be to developers with large parcels of land and several projects.

How did councillors vote on the official plan amendments between 2004 and 2006?

Thirty-five of the 40 OPA applications were passed without a recorded vote. One of the applications did not come to a vote before the end of 2006 and another two were appealed to the OMB before Council could vote on them – sometimes an indication of opposition to the developer's plans.

Just two of the 40 OPA amendments resulted in a recorded vote that

divided the council. The council recorded a vote on a process issue in one of the cases and the developer appealed to the OMB. In the second case a recorded vote divided the council equally and the motion to approve the recommendation of the planning department to allow a car sales lot in a controversial location was lost. This case eventually went to the OMB for resolution. The developer made contributions in the applicant's name to two councillors and one voted for the application and one against.

3. Rebalancing influence and building democracy

The findings in this paper highlight the need to rebalance influence and representation that especially in suburban municipalities is badly tilted in the direction of the corporate and development interests.

In most of the ten cities in the study, competitive and incumbent candidates depend heavily on large corporate contributions to fund election campaigns. There are exceptions, a number of candidates in Toronto rejected corporate support, and the number there and outside is growing slowly from 2003 to 2006.

While the influence of developers in the suburban municipalities is extreme, in Toronto they are not as prominent in funding campaigns. But developers still gave more than \$10,000 to each of the campaigns of seven members of Toronto council.⁵⁵

Toronto city politics are more competitive and candidates draw into their campaigns a much broader range of supporters including unions, cultural communities and other organized groups. Developers and other corporate interests are less important to Toronto campaigns in general (though still important to some campaigns) and candidates must or choose to turn to citizens and other groups for funding. The greater diversity of funding is a reflection of candidates' attempts to represent a broader range of interests than seems to be true of suburban councillors.

Corporations cannot vote or run for office, they are not citizens and do not hold the rights of citizens. They should not be allowed to participate in electoral politics by contributing to candidate campaigns. Moreover, allowing citizens who own or control corporations to give once in their own name and again in the name of a company or companies is blatantly unfair. In a campaign finance system with limits on the size of contributions, this permits some citizens the opportunity to give two or more times as much as other citizens who do not own or control corporations.

55 Councillors Di Giorgio, Feldman, Mammoliti, Milczyn, Nunziata, Shiner and Thompson.

Corporate ownership and organization makes disclosure and campaign contribution limits difficult to enforce. The true ownership or control of private corporations cannot be known so the section of the Municipal Elections Act that prevents associated companies, those owned or controlled by the same individuals, from making contributions is problematic to enforce.

No corporate or trade union contributions to municipal candidates and parties have been permitted in Quebec since 1980. Quebec and Manitoba have banned corporate and union contributions to candidates and parties in provincial politics and the last Canadian election completed the removal of all such contributions from federal electoral politics. This practice must become the norm for all elections in Canada.

Banning corporate contributions will be ineffective so long as the Municipal Elections Act does not recognize as a contribution, the wages paid by an employer to an employee who “volunteers” to work on a campaign. This allows employers to exceed the contribution limit and candidates to surpass the expenditure limit. Moreover, it permits employers to determine the campaigns for which employees may become paid “volunteers.”

Reforming the Municipal Elections Act to allow only those who are qualified electors in the municipality to make contributions to candidates for municipal office is a further way to limit the influence of developers and other outside groups. Candidates should be financially supported only by individuals who are qualified electors within their own municipality. Elected officials should represent the interests of their constituents and not be subject to pressures from outside funders. The Quebec Elections and Referendums in Municipalities Act contains this requirement.

Unlike provincial and federal election laws, municipal candidates in Ontario can contribute as much money as they want to their own campaigns. In 2006 in Ajax, Brampton, Mississauga, Oshawa and Whitby candidates provided more funds to campaigns than citizens. In Ajax almost half and in Oshawa and Whitby more than a third of campaign funds came from candidates’ own pockets. Even in Toronto, 18% of funding came from candidates and their spouses. Eight winning candidates paid for more than half of their campaigns in 2006 and four of them paid for the entire cost.

Allowing candidate self-financing gives a significant advantage to the wealthy and indirectly, the policies that supported and generated their wealth. One important virtue to campaign finance systems that preclude self-financing and cap contributions at a low level is that candidates are forced to meet and listen to voters and to be made aware of the breadth of interests they may be required to represent

Contribution rebate programs in Ajax, Markham and Toronto do en-

courage more citizens to be involved in campaign funding and in municipal politics. Even modest rebates focused on the smallest contributors can encourage more funding from citizens and tighten the ties between candidates and voters.

Rebate programs in Ajax, Markham and Toronto, in combination with other factors, have produced an increase in the percentage of contributions coming from individuals and encouraged candidates to raise money in small amounts from individuals. The province could set minimum limits for the rebate and fund it through lump sum payments to the municipalities.

Contribution rebate programs have been a fixture in provincial and federal politics for many years and have encouraged citizens to financially support candidates and parties.

Controlling contributors and adding more public funding to campaigns needs to be matched by strict controls and lower limits on campaign spending. Candidates who have no difficulty raising funds will always want to ratchet-up expenditure limits and overwhelm the voices of less well-financed campaigns.

Campaign expenditure limits need to be kept low. More spending invariably goes to advertising or campaign signs which tell voters very little or nothing about candidate policy positions, so there is almost nothing to be gained from a democratic perspective in allowing the expenditure limits to rise. Moreover, higher spending limits probably discourage contestants.

Maintaining or even lowering spending limits forces candidates to run people-centered campaigns rather than technology and advertising driven ones. Voter turnout at municipal campaigns is very low and campaign finance legislation must do its part to drive candidates to running campaigns that mobilize citizens around urban issues.

Spending limits can be deceiving. Some candidates raised and spent far more money than the official limit because costs incurred for fundraising functions and post-election parties are not included under the limit. In 2006, 30 of 132 elected municipal councillors and mayors in ten GTA municipalities spent more than 150% of the spending limit and 14 of them raised and spent more than twice the limit. City of Toronto elected candidates spent an average of 165% of their spending limit led by councillor Mammoliti's 447% and councillor Kelly's 370%. But five winning councillors reported total spending spent less than the limit and another 10 spent less than 125% of the limit.⁵⁶

56 Paul Ainslie, John Fillion, Rob Ford, Doug Holyday, and Ron Moeser. Another 10 Toronto councillors spent under 125% of their limit.

Expenditures outside the cap are sometimes used to provide lavish fundraising functions⁵⁷ where contributors end up paying for their own entertainment or where contributors pay for tickets given out by the campaign to potential supporters.⁵⁸ Other impressive sums are spent on campaign ending celebrations.

Campaign financing legislation should not encourage candidates to raise more money than they are permitted to spend on campaigning and thereby potentially incur obligations to the less than half of one percent of citizens who make large contributions. Moreover, fundraising events and even direct phone or mail fundraising are increasingly indistinguishable from campaigning. A fundraising telephone call is also the opportunity to tell a voter about the candidate and a fundraising dinner is an opportunity for the candidate to make a speech.

Incumbents are particularly nervous about lowering expenditure limits. Most enjoy their jobs and worry about being defeated by a candidate who outspends them. They need to consider that keeping all expenditures low is the best way to ensure that a big spending candidate will not defeat a good representative with many strong ties to constituents.

Municipal campaign finance rules need closer regulation and supervision to prevent the flaunting of the rules that recent audit requests have uncovered. The mandate of auditors who sign financial returns is so narrow that it has failed as a means of making sure that candidates comply with the rules. A significant percentage of candidates' financial statements contain breeches of the rules. The municipal level needs an oversight body that could perform some of the functions of Elections Ontario or Elections Canada who despite the presence of an auditor's signature, make sure that financial statements comply with the rules. This could be done in the Clerk's Office or by an independent committee of citizens with some experience and knowledge of the rules.

All city councils should be required to appoint an independent campaign finance compliance audit committee. The committee would replace the council or local board's role in accepting or rejecting an elector initiated application for a compliance audit of a candidate's election campaign finances.

The current enforcement and complaint procedures for municipal cam-

57 Toronto councillor Giorgio Mammoliti reported fundraising function costs of \$77,800 and reported ticket revenue at two events as \$65,450.

58 Phinjo Gombu and Laurie Monsebraaten, "Fundraising politicians know no spending limits," [Ontario Edition]. *Toronto Star*. 2003 Jul 19 A01.

paign finance laws needs to be removed from the influence of the elected council and made more open and responsive to the complaints of citizens. Faith in the electoral process is related to the belief that the rules are being followed and that complaints will be dealt with openly.

Some larger municipalities, Toronto and Ajax for example, have established such committees and this independent review process should be required of all municipalities.

In the interest of encouraging competition for municipal office, the Municipal Elections Act should be amended to prohibit the carrying forward of surpluses to future election campaigns. All surpluses should be turned over to the municipality. Large surpluses are a deterrent to a serious challenger and candidates may even be encouraged by the rule to try to raise them to improve the odds of winning at a future election.

Finally, Ontario needs to allow for the participation of political parties in municipal politics. Their formal exclusion hinders the representation of voices and interests and benefits those that have the resources to organize behind the scenes. Developers, for instance, behave much like parties. They coordinate funding to back candidates that they believe support their interests. They recruit candidates from among those with connections to the industry or general pro-development sentiments and experiences. They pay the salaries of volunteers who work for some development backed candidates and form the organizational core of those campaigns. Industry-wide groups like the Greater Toronto Sewer and Watermain Contractors Association⁵⁹ and the Building Industry and Land Development Association develop and coordinate the pro-development “party’s” platform.

The absence of political parties in Ontario municipal politics makes organizing citizen interests all the more difficult and is an advantage to small, wealthy and organized groups that can support candidates of their choosing. Vancouver and Montreal (as well as all municipalities in Quebec) organize politics through parties that are unrelated to provincial or federal ones. Municipal politics in the UK, the US, Australia, India, France and most other democracies are organized by political parties. While the debate about parties in Canadian municipal grinds on⁶⁰, much of the rest of the world came to the conclusion that they are the only way to involve and

59 The GTSWCA also made contributions to 95 candidates in the 10 municipalities in the study.

60 C. Richard Tindal and Susan N. Tindal, *Local Government in Canada*, Seventh Edition, Toronto, Nelson Education, 2009. Pp. 278-281.

inform citizens, to hold politicians accountable and to represent groups whose large numbers and lack of resources mean that their interests rarely get heard. This research has shown that the supposed neutrality of politics organized by “independents” amounts, especially in the suburbs, to development-led councils.

The exclusion of parties purposely makes it difficult for under-represented groups to organize. Opposition campaigns must be built and rebuilt, ward by ward, at every election. In between elections, councillors and candidates have no structure to keep in touch with voters, no capacity to spend on organizing interests and few resources to involve voters in long term reform projects. A democratic civic party organization could promote the ongoing discussion of urban issues and be more resistant to development industry co-optation that takes place around issues like housing and homelessness, redevelopment, expressways and so on.

Conclusion

It is important not to lose track of the fact that campaign finance is just one way that corporations and developers influence political decisions. Removing corporate contributions would not eliminate the enormous influence of the development industry in municipal politics. Developers are a constant presence. They help organize campaigns, they provide workers and organizers, they support prominent charities and community groups, make large donations to hospitals and cultural and sporting organizations and they are large employers.⁶¹ In so many ways, developers are leading figures in their communities. Removing corporate contributions from political campaigns would not remove the ability of developers to shape the cities we live in, for popular control over development is limited by private property rights and active political forces that defend them.

The best way to reduce that influence would be for citizens to organize themselves around political principles that give priority to the wide range of needs in our communities. Those needs are well known: more compact urban forms that create street level communities that bring together a mixture of interests; an urban form built around public transit rather than the automobile; a low-energy low-pollution urban form; building that mixes uses, work and home, and mixes wealthy and poor communities, and cultural and religious communities.

61 Previous Vaughan Mayor Michael Di Biase held numerous charity events where development companies were prominent sponsors.

With the current planning rules and sources of taxation, municipalities will never be able to resist poorly planned development even if it is opposed by citizens. In many other countries, cities are able to use sales and income taxes and reliance on property taxes is much less.⁶² A discussion of new sources of revenue for cities is far beyond the scope of this paper but the connection between development, developers, elected politicians and planning regulations suggests that the shape of suburban forms is unlikely to change much so long as cities are dependent on property taxes alone.⁶³ Granting portions of sales taxes to municipalities and more shared cost programs with other levels of government have been discussed and are longer term solutions. Raising development charges to remove the public subsidies of the planning process now provided by municipalities to developers would be one partial solution.⁶⁴

Representative democracy depends upon a representative being held to account by electors at elections and between them. For any meaningful accounting to take place, electors must be able to know what a candidate is pledged to do and whether they have achieved those promises. Regular communication between councillors and all citizens is necessary part of representation and accountability: meetings, accounting sessions, broad disclosure of a representative's activities, informative websites and so on must be basic political resources for every councillor. Political capacity, the means to communicate regularly with constituents and to help organize those with needs, comes with staff and office budgets. Most suburban councillors have very limited political capacity even when they are inclined to represent views that are, for instance, opposed to development. Toronto councillors have larger budgets and more political capacity than most of their suburban counterparts and that in part explains the much greater diversity of political discourse. A brief comparison of something as basic as

62 C. Richard Tindal and Susan Nobes Tindal, *Local Government in Canada* 7th ed, Toronto: Nelson Education, 2009, pp. 229-30.

63 See for example Harry Kitchen and Enid Slack (2003), "Special Study: New Finance Options for Municipal Governments", *Canadian Tax Journal*, Vol. 51, No. 6, 2215-2275.

64 The Vaughan Planning Department reported to Council that development charges would have to be raised 279 percent to cover the real costs of planning. Councillors rejected staff advice and voted to increase charges by just 41 percent. The difference between the full cost and development charges amounts to a subsidy from tax-payers to developers. City of Vaughan Council Minutes, January 24, 2005. The regions of York, Halton and Durham and the city of Toronto are all realizing that development charges do not pay for the cost of development.

councillors' websites illustrates the differences between municipal politics in Toronto and in the suburban cities. Many Toronto councillors maintain busy and informative sites while in the suburbs a significant number of councillors do not even have this most basic of political communication and organization tools.

Questions of political capacity and how elected officials represent citizens get very little attention by scholars and commentators. Histrionic partisanship, inept representation, perceived and real corruption, the attack by pro-market forces on politics as a way to achieve collective needs, the lack of education in a civic life, and growing work commitments all drive citizens away from political activity. As campaign finance data reflects, too many elected representatives do too little to counter these forces and too many end up representing the general and specific interests of ill-conceived development. Elected councillors have obligations under a number of statutes to administer the municipality, but they are free to represent constituents however they choose.

Citizen participation in municipal electoral politics is so low that the legitimacy of elected representatives ought to be called into question. The most frequent form of involvement in municipal politics is voting, but turnouts are sometimes less than one-quarter of eligible voters. Given the low interest in voting it is not surprising that few citizens contribute to campaigns and in some municipalities the total of funding from citizens is surpassed by candidates funding their own campaigns. Citizen participation in development planning is limited by the high cost of the needed expertise, the time involved and the organization skills and commitment required to challenge planning decisions. While this deserves more study, just a handful of citizens took part in many important planning decisions in Vaughan and their advice was usually ignored. The complexity of planning legislation and procedures keeps all but the most determined and well-financed citizens outside the planning process and citizen groups are sometimes co-opted or manipulated by development interests.⁶⁵ Too many councillors, to whom many anti-development groups turn for help, see their role as administering development rather than representing citizens in the development process.

65 See Roger Brook, "Don't be outsmarted," *Now*, June 19-25, 2008 p.18 for an account of the public relations campaign mounted by SmartCentres in support of their big box Leslieville mall in Toronto and; Phinjo Ghombu, "Caledon turf war about urban sprawl," *Toronto Star*, June 15, 2008 for an account of a developer starting up a local pro-development newspaper.

Asking about who finances municipal election campaigns opens up a critical window on the representative political process in a liberal democracy. What it reveals is not encouraging, and the path to democratic control of councils and the creation of cities that can meet many needs will be uphill.

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