MONTREAL: VALUE CHAINS, ECONOMIC DEVELOPMENT AND URBAN DEMOCRACY[1]

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Introduction

The present paper pursues a double objective. First, to establish how Montreal's various governing bodies deal with the commercial policy promoted by both the federal and provincial governments, and more specifically with global value chains (GVC) and their impact on urban development, and second, to understand what roles urban democratic institutions are called upon to play on these issues. To this end, three questions will be addressed in succession: (i) who is responsible for the establishment of the impacts and fallouts of GVC and how are these managed? (ii) what governance schemes or structures are set up to accommodate value chains, to increase or mitigate their fallout? (iii) how are these schemes with their stakeholders and deliverables connected to citizens organizations, and at what levels? In order to address these questions, the paper is divided into three sections. The first section succinctly presents the notions of integrative trade, value chains and governance. The second section describes the entities at both city and city-region's levels responsible for economic development and provides a summary of their major planning documents. The third section presents the governance schemes and consultations processes set up at each level. The conclusion will offer an exploration into the respective merits of electoral democracy and participatory – or deliberative – democracy as far as urban development and GVC management are concerned.

This last question is all the more timely since Dani Rodrik (2007)has devised what he called the "inescapable trilemma of the world economy" according to which national sovereignty, democracy and global economic integration cannot be pursued in conjunction. Transposed at city level, the trilemma in question would have us hold that urban development, democracy and the economic insertion of cities in GVC would require the marginalization of democratic institutions and practices at the urban level. One possible explanation is that, contrary to the mechanics of economic integration under an export promotion strategy which relies, *inter alia*, on a major regalian prerogative, the harmonization of norms, the strategy of integrative commerce relies on concrete projects devised and carried through governance schemes set up at a local level, and more specifically at the urban level. In so doing, such a strategy could indeed bypass electoral democracy. But this does not preclude that other forms of democracy could be resorted to within initiatives implicating stakeholders originating from civil society. This was advanced by Hamel and Keil (2017) who equate deliberative democracy with the resort to governance schemes involving private-public stakeholders. In this regard, the present research should also allow us to shed some light on the respective merits and demerits of electoral and deliberative democracy respectively.

The notions of integrative trade, GVC and governance

For authors like T. J. Sturgeon, the Integrative trade strategy (ITS) differs from its predecessor, the Export promotion strategy (EPS), both in content and especially in impact since ITS is

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interpreted as a central feature of globalization. In a paper entitled: "Conceptualizing Integrative Trade: The Global Value Chains Framework", he writes:

> …an earlier era of 'internationalization,' characterized by the simple geographic spread of economic activities across national boundaries, is giving way to an era of 'globalization,' which involves the functional integration of these internationally dispersed activities. It is this functional integration that drives our growing interest in 'integrative trade' (2006:35).

As the title of Sturgeon's article makes clear, both GVC and ITS are closely tied together, a feature that is taken up in the following description coming out of the federal government, in 2012:

> The emergence of global supply chains as the preeminent business model is a key factor in global economic changes (…). Commonly referred to as "integrative trade", this new international business model uses lower trade barriers to distribute production around the world through out-sourcing and off-shoring to maximize efficiency and reduce costs of each component — taking advantage of global supply chains (Government of Canada, 2012).

In this context, the GVC framework emerges as one of "the most novel feature(s) of the global economy" (Sturgeon, 2008:8), a feature brought about by "the restricted ability of states to set tariffs and local content rules because of trade liberalization" (*Idem*, 2006: 50). Turning now to the notion of governance, we are essentially interested in extra-firm governance schemes as vectors of internationalization and metropolitanization as defined by J. A. Boudreau *et al*. The idea of internationalization in this context refers to the strategies developed in a city-region in order to become a player on the global scene, while metropolitanization refers to the "internal reconstitution of the political sphere and its articulation with civil society" (Boudreau, 2007: 34-5).

Nevertheless, if cities and municipalities have set up governance schemes and consultation processes with public and private actors involved in a host of activities at the urban and local levels, we should be reminded that "urban policy-making hinges no longer primarily on the institutions of the elected state and its bureaucrats, but ever more on business, real estate and developer interests, the point of urban policy has become to facilitate the unfettered operation of 'the market'" (M. Mayer, 2017:170), a statement that would have us pay close attention to the role played by non-business stakeholders in today's metropolitanization and internationalization strategies applied at city and city-region levels. To sum up, these issues raise the question as to how the governance schemes set up to deal with GVCs address both sets of externalities: economic fallout and political or social acceptance.

With this in mind we come to our second section dedicated to Montreal's complex political and administrative organization.

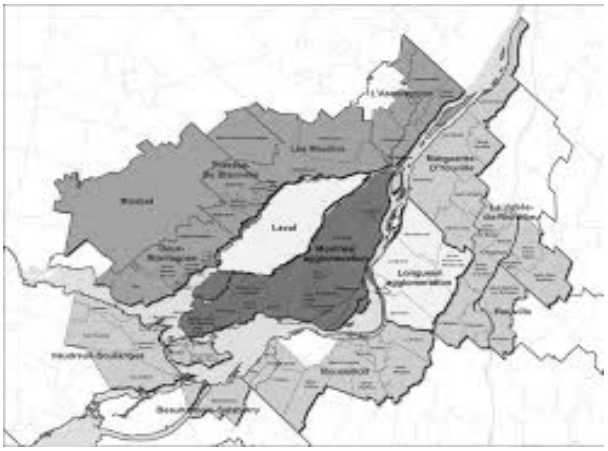
The City of Montreal: economic development and planning

The present section is divided in two: The first deals with the political and administrative institutions of the city and its region while the second presents the planning documents coming out of its three major institutions.

<u>The political and administrative institutions</u>

In administrative terms, the island of Montreal and half a dozen smaller islands form the Montreal agglomeration comprising the city of Montreal proper with its 19 boroughs, and 15 so-called "reconstituted cities", for a total of 34 entities (See Map 1).

Map 1: The Montreal agglomeration with the City of Montreal and 15 other cities	**Map 2. Greater Montreal, its five geographic sectors and 82 municipalities**



The Greater Montreal or Montreal metropolitan region is administered by the Montreal Metropolitan Community (MMC) which comprises 82 municipalities divided into 5 geographic sectors: the Montreal agglomeration, the Longueuil agglomeration, Laval, the North Shore and the South Shore (See Map 2). The 82 municipalities are also part of Regional County Municipalities (RCMs) with the result that the Greater Montreal encompasses all or part of 14 RCMs or equivalent territories.

At the political level, the breakdown between the municipal entities operates in the following manner: the city of Montreal is run by a City council of 65 elected officials and an executive committee of 11 members. The agglomeration is run by the Montreal Agglomeration Council (MAC) of 31 elected officials representing all the municipalities on the island. Finally, the MMC is run by a Council of 28 members and an executive committee of 8.As far as distribution of responsibilities is concerned, borough councils have local power over 12 matters: "urban planning; waste collection; culture; recreation; social and community development; parks; roads; housing; human resources; fire prevention; non-taxation fees; and financial management" (From the official city portal). For its part, the city council's jurisdiction includes, notably: public safety, governmental agreements, environment, economic development, the Master Plan, and the three-year capital work program. The city council also supervises, standardizes or approves *certain* decisions made by the borough councils. The Montreal Agglomeration has competence, *inter alia*, over the following nine common services: public transport; police; municipal evaluation; public housing; fire prevention; drinking water; waste water treatment; arterial road network management; and the municipal court. Although a Territory equivalent to a RCM, its competences differ in as much as some of its powers are shared with the MMC, notably on land use. Finally, the CMM "has jurisdiction over what are referred to as the strategic functions of a region, such as land-use planning, economic development, environment, transportation and social housing. The CMM is therefore able to carry out an integrated planning and development strategy for its territory" (*Metropolitan*, 2016 :23). It also relies on the recommendations coming out of five standing committees: on urban planning, on economic development, on environment, on transportation, and on social housing.

Furthermore, each level must adopt a development plan in accordance with the Quebec government's orientations. Since 2005, the MMC has adopted three five-year *Metropolitan Economic Development Plans* (MEDP), the last covering the years 2015-2020, and one *Metropolitan Land Use and Development Plan* (or PMAD, its French acronym)covering the years 2012-2017, which was adopted December 8, 2011, and subsequently maintained in force until 2022.Within two years after the coming into force of the PMAD and in conformity with it, the MAC adopted its own *Land Use Planning and Development Plan* (or SAD, its French acronym), in 2015, the content of which is prescribed by law. Finally, the City of Montreal adopted a *Master Plan* (*Plan d'urbanisme*, PU), in 2004, which was substantially modified January 25, 2016, in order to bring it in conformity with the SAD, while the 19 borough councils are responsible for the adoption of planning by-laws, in accordance with the SAD and the PU.The city also adopted numerous Special Planning Programs (SPP) —*Programme particulier d'urbanisme*or PPU, — which complement the Master Plan and provide detailed planning for specific areas.

Commenting on the city's organizational structure, the Chamber of Commerce of Metropolitan Montreal (CCMM) has this assessment to offer on its website: "With 103 mayors on the territory of the MMC, with prerogatives distributed between cities, boroughs, agglomerations, with a metropolis divided into 5 administrative regions by Quebec: the governance of Montreal is of a disturbing complexity!" (CCMM, 2015).

The city and city-region's major planning documents

In order to explore the links between the different levels of administrative and political responsibility in the region as far as economic development and GVCs are concerned, an overview of the numerous planning documents and action plans drawn up respectively by the MMC, the agglomeration and the city is in order. We will follow both a chronological and logical order here because the lower levels should adapt their own planning instruments to the guidelines coming out of the level above. We will start off with the MMC's two major documents, the*2015-2020 Metropolitan Economic Development Plan* (MEDP) and the PMAD, before moving onto the MAC's SAD, and the city's Master Plan. The *2015-2020 Metropolitan Economic Development Plan* (MEDP) was adopted by the MMC April 30, 2015.It confirms the two-pronged approach spelled out in its previous versions: the first being the contribution of its clusters to the city's global standing and the second, the role of Montreal International (its lobbying arm in attracting foreign investors) as the city's promoter at the international level. To promote collaboration between key economic partners, a "Montreal model" is set up which involves the government of Canada, the government Quebec, Montreal International, the city's 8 clusters, the Chamber of Commerce of Metropolitan Montreal (CCMM) as well asthe region's other chambers of commerce, the Metropolitan Employment Council and the MMC

The model's partners are responsible for the identification of issues and challenges that should boost the role of all clusters even though CargoM is the cluster specifically involved in transport, logistics and hubs. The Action plan sets up a committee called MEG-Mtl, — an anacronym that stands for: Metropolitan economic governance-Montreal — made up of the afore-mentioned stakeholders, which has the responsibility to follow-up on the strategy's implementation. And to better fulfil its mandate, the committee relies on the data provided by the Greater Montreal Observatory, an entity set up at the instigation of the MMC, in November 2008.Furthermore, the law obliges the MMC to "adopt and maintain in force a Metropolitan Land Use and Development Plan"(PMAD, 2011: 5). The Plan was finally adopted in 2011 and was also submitted to an extensive consultation process involving the MMC's partner bodies, the public, and the Québec government "regarding its consistency with respect to government policy direction" (*Idem*). It was followed by the adoption of an Action Plan 2012-2017.

There are two items in the PMAD that are noteworthy: Logistics; follow-up and consultation. Concerning logistics, the PMAD underlines Montreal's historic role as a transport

hub for North America due to its "four modes of transporting merchandise: port infrastructure including the Port of Montreal; the Trudeau and Mirabel Airports; CN and CP continental rail networks; and a well-developed highway network" (*Idem*: 140). Concerning follow-up and consultation, the document assigns the political responsibility for the implementation of the PMAD, as well as for "many aspects of the PMAD's action plan" to the MMC's commissions, while the consultation process is referred to a biennial metropolitan "agora" or assembly of elected officials and citizens which should provide and share a "supra local and regional vision" of the PMAD (*Idem*: 206). The Greater Montreal Observatory, a web site, offers free access to relevant information.

Regarding the MAC, it adopted its own *Land Use Planning and Development Plan* (or SAD), in 2015. But as the MAC has no administrative structure as such, the plan itself was prepared under the guidance of the City of Montreal's Planning Division (R. Arteau, 2014). The Land Use Plan outlines the broad parameters which should guide the Council in its decisions pertaining to land use over the coming years. The Plan covers all of the agglomeration's territory and carries the obligation for the urban plans and planning regulations adopted by the reconstituted cities, as well as the city of Montreal and its suburbs, to be drafted in compliance with the Plan.

At city level, the Montreal Master Plan (or PU) was first adopted by the City Council in November 2004, but was substantially modified in January 2016 in order to set it in conformity with the SAD. It is divided into 7 chapters, of which Ch 2 is singled out here entitled: "Structured and efficient transport networks well integrated into the urban fabric". It basically confirms what was proposed by the other levels in terms of the city's strategic role as a transport huband intermodality as its major asset (PU, 2016: 53). The objectives stated in the PU are supported by a series of concrete actions, for instance, the rehabilitation and optimization of the Metropolitan autoroute or the redevelopment and extension of major arteries. In turn, some among these concrete actions have been the object of 19 *Special Planning Programs* (SPP, or PPU), one of which, "Assomption Nord", deals specifically with a land development bordering the harbour, Port de Montréal, which is situated within the Mercier-Hochelaga-Maisonneuve (MHM) borough.

Finally, following the municipal elections held November 5th, 2017, the new mayor Valérie Plantewill expound her party's own vision of economic development in a document tabled April 2018 entitled: "*Montréal All Geared Up for Tomorrow*". This economic plan is built around five strategic sectors: creative and cultural industries, life sciences and health technologies, the digital industry, transportation/mobility and clean technologies. Recalling the status of Quebec's metropolis granted to the city by the provincial government in 2017, which allotted it new powers and responsibilities, the plan stresses the importance that the challenges of economic integration and the competition between cities represent at a global level. It specifically mentions the importance of intermodality, the revitalization of economic and industrial hubs**,** the challenges of employment and those of merchandise transportation.

Governance and public consultations

Three of the four levels of planning across the city-region engage in some form of public consultation: the MMC, the City and its boroughs. At the agglomeration's level, the SAD comes under the responsibility of the *Commission sur le schema d'aménagement et de développement*, and even though the Commission in question organised a public consultation prior to the Plan's adoption, it is not further involved in any consultation process with civil society. At the other levels, consultations were also set up prior to their final adoption in the cases of the MMC's five-year plans and in that of the PMAD. Concerning the five-year plans, preliminary consultations were mostly conducted with the economic sector while on the PMAD consultations were made in each of the five regions with representatives from each region. Furthermore, the PMAD's follow-up explicitly calls for the involvement of the "*Agora métropolitaine*", its main monitoring mechanism, which is convened every two years, the most recent having taken place in October

2018. But out of its 40 recommendations, none deals specifically with the questions with which we are concerned here

Nevertheless, public consultations figure prominently in the last two instances, the city of Montreal and its boroughs. At city level, a special mention is in order concerning the creation by legislation, in 2002, of an office specifically dedicated to the organisation of public consultations— the *Office de consultation publique de Montréal* (OCPM)—, which plays a fundamental role "in connecting representative democracy and participatory democracy" (OCPM, web site). There are also a number of citizen-led initiatives, the three major ones are the *Agora métropolitaine*, Forum Urba 2015, and the *Institut de politiques alternatives de Montréal* (IPAM). Furthermore, the newly-elected mayor's Economic Strategy called for the organisation of a "Rendez-vous Accélérer Montréal" – in fact a one-day brain storming – involving some 600 participants which was held Oct. 24, 2018, but here again none of the 12 panels or so dealt with our subject matter. By contrast, the repercussions of the issues we are concerned with all figure in a document entitled "*Grande Prairie Eco-Industrial Park. Information Document on the Economic and Urban Development of the Assomption Sud-Longue-Pointe sector*", dated January 2019, which goes a long way to show that the brunt of the impact of GVCs as well as public reactions to their fallouts are concentrated at the local level.

This being said, it is important to underline, that none of the factors which account for the extension of the GVC model at the local level make it into the documentation made available for local consultations. Thus, we find no mention of the federal government's commercial policy, nor of Quebec's Maritime Strategy which are both explicitly tied to the recently signed free trade agreement with the European Union and to the ongoing negotiations on a Trans-Pacific Partnership (TPP) in the MMC's and the SAD's planning documents, as well as in the city's preparatory documents. This is all the more significative since both the initial study made by CAI Global, in 2015– at the request of the city and of the CargoM cluster–, as well as the city's own study of 2016, explicitly refer to FTAs, GVCs as well as Quebec's Maritime Strategy in identifying "the Assomption sector and the neighboring industrial port zone as 'strategic planning sectors'" (V. de Montréal, 2016: 7). In fact, CAI Global was quite clear in this regard when it spelled out that one of the challenges facing its principals was to secure "social acceptability" for its report's recommendations. Little wonder the document prepared for local consultation sidesteps the dominant political and economic factors in favour of an approach centered on job creation, public transport, green spaces, conviviality and new economic activities for the sector, or that the public consultation involves part of a sector, not the borough, the city or even the agglomeration.

To sum up, there is a profusion of commissions, tables, secretariats and committees, as well as consultations processes set up under the numerous planning documents reviewed. But the two major governance schemes introduced by the MMC essentially rely on a collaboration between public and private economic actors, in the case of the "Montreal model", and on both these as well as on experts, in the case of the CargoM cluster. Neither model nor cluster are opened to the political process or to civil society which shows that the MMC applies in these matters – as in others as well, we might add – a selective top-bottom interpretation of metropolitanization. By contrast, if we look at the city and borough levels, we could expect to have an "internal reconstitution of the political sphere and its articulation with civil society" along the lines set forth by J. A. Boudreau *et al*.'s (2007: 34-5), but such is not the case. If the city is quite prone to consultations with civil society on a host of topics, this does not apply to the subjects and questions that interest us here even though their importance is duly underlined in every planning document and study tabled upstream. Significantly, in the case of the HMH, one of the boroughs most impacted by integrative trade and GVCs, these issues are set aside and mere social acceptability is sought.

Conclusion

Coming back to Hamel and Keil's (2017) analysis which equates the resort to governance schemes involving private-public stakeholders as a feature of a deliberative democracy, we are now in a position to establish, as far as the commercial policy and strategy coming out of the federal and provincial governments are concerned, a clear-cut distinction between the cooperation and deliberation mechanisms entrusted to governance schemes and the public consultation processes *per se*. On one hand, at the city-region level, we have a pair of major governance schemes organised around the "Montreal model" and the CargoM cluster both involving public and private stakeholders from the economic sectors alone. These actors are provided with all the necessary information and analysis which allows them to take a full grasp of the national political economy and its implications downstream at the local levels, and act accordingly. On the other hand, at both city and borough levels, the consultation processes set up either under the auspices of the OCPM or under the auspices of other citizen led initiatives (*Agora métropolitaine*, Forum Urba 2015, IPAM, etc) basically involve exchanges between citizens in the aftermath of a presentation made by a few officials – not necessarily elected – from the city and/or from the borough. These exchanges revolve around a planning document which, as we saw, is centered on a given sector or sub-sector – not even on the entirety of a borough, let alone on its larger urban setting –, and which provides no clue as to the political economy being implemented by both federal and provincial governments with their economic partners.

In the first instance, the governance schemes are decidedly deliberative but not democratic, whereas in the second one, the consultation processes are indeed democratic, but based on truncated or partial deliberations. The notion of partiality refers to two shortcomings here: not only are deliberations bounded in their scope by their organising document, but they are also limited in their reach since the appropriate representatives in both the political and the economic spheres are not involved in the consultations set up at the local level. The main objective of this approach is tied to the central purpose of the public consultation itself which is to reach "social acceptability", a notion which recurs frequently in the CAI Global study on the sector, but is significantly dropped in the city's own consultation document.

Our incursion into the development policies elaborated at the city-region's level offers another perspective on a Montreal regime which, according to Boudreau *et alii* (2007), aspires to consolidate statehood while safeguarding a social-democratic tradition. Our study shows that, as far as the impacts of integrative commerce and GVCs at the city-region's level are concerned, the Montreal regime has to compose with a number of competing forces. Veltz (2000) opposes a proximity network linking cities vertically to their hinterland, to a horizontal network between megacities forming an archipelago economy. In the present instance, the outward pull exerted by the global economy impacts a proximity network involving three competing forces: the regional, the Quebec and the Canadian economy respectively. This array of forces provides an interesting explanation for the complexity of city politics and strategies in and around Montreal. And as far as the social-democratic content of the model is concerned, here again, seen from the viewpoint expounded here, the tradition in question is ill served indeed. There is certainly no preoccupation with social democracy within the governance schemes set up by the MMC, and little if any contribution on the part of the public consulted to the political debate on the impacts of the global issues that affect it.

Finally, contrary to the OCPM's mandate, there are virtually no inter connexions between representative and participatory democracy on the topics presented here either in the city or its boroughs. Not only are urban political parties and their programs mute on these questions, but in the eyes of the political representatives and elected officials at the municipal level, Canada's and Quebec's commercial policy, integrative trade, free trade agreements (FTAs), GVCs and their impacts on urban development strategies, fall into a blind spot. Both the central and incidental issues tied to these policies, as well as their impacts at the local level, are sheltered from the

citizens involved in participatory democracy, while their social acceptability is solicited on changes brought about on their immediate environment by forces unidentified.

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