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### Canadian cities

## The charms of Calgary

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### And the gloom in Toronto

TIME was when the decision over where to put a new Canadian capital-markets regulator would have been automatic. Toronto, Canada's most populous city and the capital of Ontario, the most populous province, has long been the country's business and financial centre. The biggest banks are there, as is the stock exchange. Legions of lawyers, accountants and bankers flock daily to the towers surrounding King and Bay streets. And yet the Canadian government is in two minds over the home for the new authority, and may end up splitting it between several cities—partly to placate provincial regulators jealous of their purviews.

This hesitation has brought grumbles from politicians in Ontario. But it is tacit recognition that economic and political power in Canada are slowly shifting westward, and in particular to Calgary, the main business centre in Alberta, a province with a large oil and gas industry.

Toronto still has the top spot. Greater Toronto has 5.6m people, or almost five times as many as Calgary. It is home to more corporate headquarters than any other Canadian city. Of the 20 biggest companies in Canada, ten are based in the Toronto area. But six are now in Calgary. All are oil and gas firms, whose towers form the city's dramatic skyline, set against the backdrop of the Rocky mountains.

And Calgary has the momentum. The new housing developments that surround the city and stretch to the foothills are evidence that Alberta is sucking in people and investment from the rest of Canada. Between 1999 and 2007, while head-office employment grew by 14.1% in Toronto, it soared by 64.6% in Calgary, according to a report by the OECD, a research body. Alberta's economy swiftly brushed off the recession. Its leaders dismiss hostility from greens to the tar sands that are the source of much of its hydrocarbons. If Americans do not want their oil, then Alberta will build a pipeline to the west coast and sell it to China, they say.

Dave Bronconnier, Calgary's mayor, laughs off the idea that his city might soon supplant Toronto. But he admits that he has tried to woo one of Canada's big five banks to come and set up its headquarters. He is also courting branch offices of banks from China, the Middle East and South Korea. Office rents are higher in Calgary than in many other cities, though they have fallen sharply since 2008. But low business taxes and the lack of a provincial sales tax make overall operating costs lower than in Ontario. The city wants to become a global centre for energy companies. Its rivals are Houston, Dallas and Dubai, rather than Toronto, says Mr Bronconnier.

This boosterism is in sharp contrast to the downbeat mood back east. Despite the strength of the banks, Toronto and Ontario—the home of Canadian carmaking—have fared badly in the recession. In an editorial earlier this month the *Toronto Star*, the city's biggest newspaper, bemoaned growing social inequality, worsening gridlock, a deteriorating transport system and rising taxes. "There's a nagging but entirely justified sense that Toronto has lost its way," the paper concluded.

Ontarians as a whole are feeling uneasy. In a recent poll taken in the province for the Mowat Centre, a think-tank, half of respondents felt that Ontario's influence in national affairs is waning and about the same number thought the province is not treated with the respect it deserves. A generation ago Toronto benefited from an influx of

businesses from Montreal fleeing the threat of Quebec separatism. That threat has receded, but federal politicians are ever-sensitive to the French-speaking province's demands. Alberta's politicians are becoming increasingly bolshy as their economic muscle grows.

And Ontario? Torontonians were long used "to assuming that they are the centre of the universe," as Joe Martin, a business historian at the University of Toronto, puts it. They are awakening to a world in which their planet, though still the biggest in the Canadian firmament, is being eclipsed.

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