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## Kitchener meets its Waterloo

Canada's old 'German capital' is once again learning the art—and politics—of reinvention

by John English on Thursday, July 28, 2011 3:50pm - [0 Comments](#)



Photograph by Cole Garside

In its postwar heyday, Kitchener was a lunch-bucket town. Most men and many women rose before six, packed their sandwich and thermos, and walked, rode the bus, or briefly drove to the large brick factories circling the city's downtown. On the city's western edge, assembly lines rolled out nearly all of Canada's tires in "Canada's Akron." Closer to downtown, they made boots and condoms at Kaufman Rubber; shirts at Cluett Peabody and John Forsyth; leather goods at the Breithaupt and Lang tanneries; radios and Canada's first colour television at Electrohome; and sausages and the local delicacy, pigtails, at J.M. Schneider's.

Today, only Schneider's survives as an outpost of the Maple Leaf Foods empire, but its famous hog kill and pork line where "only the squeal escaped" has ended. Kitchener, in common with other North American manufacturing centres,

is struggling to adapt in a post-industrial age.

Kitchener began its industrialization in the 19th century as “Busy Berlin.” Canada’s “German capital” boasted bilingual shops, German newspapers, schools and churches, and a statue of German Kaiser Wilhelm I beside Queen Victoria. Berlin was the only Canadian city with a non-British, non-French majority. Not surprisingly, when Canada went to war with Germany in August 1914, things came undone.

During one of the regular wartime riots, the 118th Battalion found the kaiser hidden in the Concordia Club, and then trashed and closed the club. They also, legend holds, melted the statue into napkin holders.

In 1916, after bitter battles in the streets and at the ballot box, Berlin became Kitchener, honouring the British secretary of state for war, who had recently drowned. The campaign to rename the city had gained its leadership from the quarter of the population that was British in origin and from manufacturers who craved lucrative war contracts allegedly refused to “Canada’s German capital.”

During the First World War, some community leaders and provincial politicians had mused about merging Berlin and neighbouring, more British Waterloo. Although both had a “German” majority, the cities were different, with Waterloo an insurance capital and its dominant business the famous Seagram distillery. Waterloo, with about a quarter the population of Berlin, seemed a “tasty morsel” to Berlin business and political leaders, but Seagram and other Waterloo business leaders resisted being chewed up.

Waterloo became a “city” in 1948 when it finally had the required 10,000 residents. In a postwar era of good feelings, Kitchener and Waterloo began to speak warmly about each other as the “Twin Cities,” Kitchener-Waterloo or, more popularly, K-W. Eager to move to improve research and development capacity, Kitchener business leaders, notably Ira Needles of B.F. Goodrich, Carl Pollock of Electrohome and Carl Dare of Dare Foods, took the lead in 1957 in creating a new engineering school, the University of Waterloo, on farmland at the north end of the city. The university’s founding president, Gerry Hagey, was the former sales manager at Goodrich.

By the time Hagey stepped down in 1969, Waterloo had 9,000 students and a national reputation in co-operative education and engineering. Waterloo’s population exploded to 36,727 in 1971, and the economic balance began to tilt toward Waterloo. Still, Kitchener remained dominant, with its 111,800 citizens. Both cities were unhappy with the regional government forced on Waterloo County in the early 1970s. The trouble came from south of Highway 401, where the Ontario government created one city out of Galt, Hespeler and Preston. The new city of Cambridge was larger than Waterloo, and while smaller in population than Kitchener, it had a strong, feisty voice in regional politics. Kitchener sensed its dominant role as the county town was threatened and responded with new development schemes.

The so-called “Kitchener market fight” of 1971 was a harbinger of future troubles. A developer associated with Eaton’s promised to build a large mall that would reinvigorate the downtown, which was facing competition from suburban malls. The city had to agree to destroy its admired city hall and its historic, albeit decrepit, Kitchener market. All was done secretly until the University of Waterloo’s leftist student newspaper leaked the proposal, and a classic culture war of the ’70s erupted.

University of Waterloo professors and students lambasted the secrecy and the destruction of green space and historic buildings. Bill Thomson, Kitchener’s planning director, denounced the opponents as a “small, immature and erotic [sic] minority of our society.” The proposal was part of Thomson’s dream of a reinvigorated central city anchored by two malls with giant parking garages, fashionable stores and pedestrian walkways. A ring expressway would enclose both Kitchener and Waterloo and speed goods and people to the city centre. His vision captured the civic imagination: a referendum approved the development by a large margin. Alas, it didn’t work. As in so many other smaller Canadian cities, the Eaton’s mall was a commercial disaster. The downtown continued to decline, the population of the region grew less than projected, and the ring road was never finished.

Waterloo, too, had earlier succumbed to the mall mania and had turned its city centre into a parking lot. Nevertheless, as the two universities, Waterloo and Wilfrid Laurier—the latter founded in 1911 as a Lutheran seminary—grew, and new high-tech firms began to cluster around them, the city changed its face, with the appearance of alternative cinemas, art galleries, a private bilingual school, student pubs and new monster homes.

But Kitchener in the ’70s still had Electrohome, with almost 4,000 employees. Moreover, its civic leaders responded to the cultural needs of the broader community with an outstanding arts centre and, in the early ’90s, built a striking new city hall, which could serve a larger population if then-premier Mike Harris amalgamated Kitchener with surrounding towns and cities, as he did to so many other communities during that time. For reasons that remain obscure and controversial, the amalgamation movement stalled when it reached the Region of Waterloo. Waterloo, Kitchener and

Cambridge retained separate civic governments, while a regional government made up of the mayors of the cities and of rural townships, along with elected representatives, took on more functions.

One heard less talk about the “twin cities” and more about Waterloo’s separate identity as a university town and a high-tech centre, one that compared starkly to the crumbling industrial infrastructure of Kitchener. Electrohome closed its Kitchener production facilities in 1984. Uniroyal, the shirt companies, and some auto parts plants were casualties of the recession of the early 1990s. B.F. Goodrich produced the last tire in Kitchener in 2006, and its closing was followed two years later by the shuttering of the successor to Budd, a unionized automotive plant which had employed over 4,000 during the ’80s.

While industrial jobs vanished, Waterloo’s new high-tech and older insurance sectors thrived. Reflecting international trends, professional salaries rose quickly, while lower-middle and working-class incomes stagnated and even fell. BMWs, Lexus SUVs, and upscale stores and restaurants proliferated. The region’s first major shopping centre, Kitchener’s Fairview Park Mall, had empty stores and a Casey’s chain restaurant, while Waterloo’s upstart Conestoga Mall raised its rents and lured Toronto’s Oliver & Bonacini Café Grill.

Research in Motion became the region’s largest employer, and Mike Lazaridis and Jim Balsillie its first billionaires. Open Text, Dalsa, Waterloo Maple, MKS, and a host of other companies quickly grabbed the graduates of the computer science and engineering programs at Waterloo and the business program at Laurier. Canada’s Technology Triangle and Communitech, voices of the high-tech sector, called for easier visas to fill vacant jobs.

Advertisers and political operatives poring over demographic maps discovered that Waterloo had become one of the most highly educated and wealthiest communities in Canada. A political map for the 2008 election, which identified polls by grades ranging from D to A reflecting education and income, had overwhelmingly As and Bs for Waterloo and mainly Bs, Cs, and even Ds for Kitchener. Ken McLaughlin, the leading historian of the region, summed up the difference: “One of the twins went to university and developed in his teenage years into a leading professional and the other twin went to trade school and chose a trade that once had been respected, but that has gone out of style.”

The list of the region’s largest non-public employers underlined the problem: Research in Motion, Toyota Canada, University of Waterloo, Manulife Financial and Sun Life Financial. All except Toyota, which is based in Cambridge, are Waterloo-centred. Kitchener’s population, however, remains more than double that of Waterloo.

More recently, Kitchener has begun to play Waterloo’s game. Spurred on by Cambridge Mayor Doug Craig’s bold and successful attempt to buy the University of Waterloo’s school of architecture, which moved into a former silk mill overlooking the Grand River, over 45 minutes from the main campus, Kitchener Mayor Carl Zehr has used financial reserves and badgered other levels of government in an effort to reinvigorate Kitchener’s downtown.

Wilfrid Laurier moved its faculty of social work into the deserted St. Jerome’s high school. Zehr persuaded the University of Waterloo to establish a school of pharmacy on the site of an early rubber plant, and subsequently got McMaster University to open a satellite of its medical school in the city. Nearby, the former Kaufman rubber factory became a fashionable loft conversion, although its prices in the low hundreds of thousands of dollars pale beside a new Waterloo condominium building advertising \$2.5-million suites. On another Kitchener corner, the former Lang Tannery became a high-tech hub with Google as a prestigious tenant. Desire2Learn and Coreworx proved Kitchener could do high tech, too. Finally, the region bought a site across from the new medical complex for a transportation hub that would link city buses with the rail line to Toronto. Later this year, regional GO trains will finally provide service, even if the speed of the trains will roughly equal that of those travelling the same route in the 1850s on the Grand Trunk.

Although some could argue that competition spurred Kitchener’s turn to high tech and higher education, others, including the Waterloo business community, suggested more co-operation and integration would create a stronger region. Evidence to support these arguments ranged from petty bickering over Waterloo’s contributions to Kitchener’s cultural institutions to more serious allegations over lost investment. Moreover, Waterloo’s civic administration stumbled badly when it signed an agreement with MFP Financial Services in 2000 to develop RIM Park, a massive recreation facility. The total cost was thought to be \$113 million, financed at a rate of 4.7 per cent. A reporter for the *Record* (formerly the *Kitchener Record*, then the *Kitchener-Waterloo Record* after Waterloo became a city in 1948, then simply the *Record* in 1994 and now the *Waterloo Region Record*) spotted some bad math and revealed that the true interest rate was 9.2 per cent and the total cost to Waterloo taxpayers could reach \$227 million. An inquiry argued that a more sophisticated administration would have prevented this mess.

Waterloo’s entire council, including the mayor, was tossed out in the 2003 civic election. Still, Waterloo boomed. RIM went global and briefly had the highest market capitalization of any Canadian company. In 2007, the city won an award

as the world's "most intelligent community." Waterloo's new mayor, Brenda Halloran, even became chairwoman of the international Intelligent Community Association. Some Kitchener residents, presumably less gifted, quietly seethed.

While Waterloo politics boiled over, Zehr, a soft-spoken Mennonite, was re-elected as Kitchener's mayor virtually without competition after winning office in 1997. Confident of his position, he began to muse about a merger between Waterloo and Kitchener that would improve administration, share burdens and allow new innovations that would assure future growth.

Ken Seiling, a church organist and museum curator, has served as head of Waterloo Region for 26 years. Gerry Thompson, who'd served as Seiling's chief administration officer, brought forward an innovation that captured Seiling's imagination and fitted Zehr's agenda. Thompson eloquently advocated a light-rail transit (LRT) line that would take advantage of Kitchener and Waterloo's unusual configuration: King Street East and West in Kitchener and, absurdly, Waterloo's King Street North and South are a single street and form a spine extending through the two downtowns. Thompson compared the cities to Portland, Ore., where an LRT system had taken advantage of a similar pattern, and LRT stops had become a catalyst for downtown intensification.

Seiling often jostled with Cambridge Mayor Craig, who ran on a platform best described as "Cambridge first." But Craig, who badgered Seiling about Cambridge being overlooked, was intrigued by the LRT and today claims that he introduced the proposal that came forward after 2006. He was simultaneously seeking a GO train stop, which would have linked a future LRT to Cambridge. But GO chose Kitchener alone, and the extension of an LRT to Cambridge suddenly made less sense.

Thompson's enthusiasm caught the spirit of the moment in Kitchener, where intensification seemed essential for renewal, and among Waterloo's tech leaders for whom innovation had become a mantra. He persuaded the regional council that light rail was not simply or even mainly about transportation; it was a new "urban form" with a "visionary nature." In June 2009, regional council approved the LRT proposal 15-1, with only Craig dissenting. Kitchener and Waterloo seemed united at last.

The embrace fuelled a move to consider a merger. The *Waterloo Region Record* reported that "prominent business leaders" were lobbying for a referendum on a merger, arguing the cities would have more clout on the world stage and draw more business investment if merged. Zehr was openly enthusiastic, but the Waterloo council would only consider "discussions" of a merger. The question of whether the two city councils should begin discussions was tacked onto the Oct. 25, 2010, municipal election ballot.

In Kitchener, the merger question attracted little attention. The *Record* declared itself in support of the discussions and, implicitly, the merger. In Waterloo, the question set off a firestorm. The *Waterloo Chronicle*, although owned by the *Record*, strongly opposed discussions, and its pages carried an advertisement in the final weeks where three former Waterloo mayors warned voters of the perils of even discussing merger. Kitchener voted two to one in favour of the discussions of merger, Waterloo two to one against. Waterloo council subsequently voted unanimously not to talk with Kitchener. But the LRT proposal was still on the agenda of both cities.

Although Halloran had once supported light rail, she began to move away from open support during the municipal elections. In her "state of the city" speech on March 25, 2011, she was hesitant. "There still is," she warned, "a lot of concern about the cost, about the routing." She called for a referendum, which prompted an angry denunciation of her lack of courage from the *Record* and a firm rejection of her proposal by the regional council on June 1.

Calling the LRT "critical" for Waterloo Region's future, the *Record* conducted a poll. Its results demonstrated that the issue was "driving a wedge" through the community: young versus old, Waterloo versus Kitchener, Cambridge versus all, and transit users versus motorists. The debate heated up as the vote approached. Communitech, already troubled by stumbles by high-tech firms including RIM, bought full pages of the *Record* to press the LRT case, claiming that "for the cost of only one meal per person per year we can have a world-class transit system." To make their case, former Waterloo councillors and mayors denounced the LRT at an open forum at Kitchener city hall. The powerful *Record* strongly urged support while the *Waterloo Chronicle* vigorously dissented.

On June 15, a weary Waterloo Region council voted. Jane Brewer of Cambridge could not attend for medical reasons; four declared a conflict of interest, including Seiling and Craig, whose children owned property near the future LRT route. In a chamber crammed with LRT supporters, council surprised with a 9-2 vote in favour. Two Waterloo councillors joined Zehr and his Kitchener colleagues to assure the victory. Former Cambridge mayor and current councillor Claudette Millar voted against, as did Halloran. As Kitchener celebrated its triumph the next day, RIM announced disappointing results and layoffs. In the best of times, in the worst of times, the tale of two cities persists.

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