

complained of, the unwitting bottleneck in slowing down and retarding—and making more expensive—an orderly and progressive- and less costly-housing program. The general facts are well known and have been settled in other places; but in appraising a situation such as is now under study by the Committee the central and background facts are sometimes lost sight of. It is worth repeating them even in summary form.

Members of the Committee are generally aware of the vulnerable nature of the municipal finance structure. In periods of deflation, property values drop and municipal values thereby decline. In periods of inflation, property values rise but there is strong and compelling resistance against any corresponding increase in the tax rates on property. This, despite the fact that municipal governments like everyone else are subject to the spiralling prices and wage levels of an inflationary period.

Moreover, and unlike the flexible, varied and multiple sources of revenue available to other governments, the property tax, which is the main source of municipal revenue, does not respond to economic influences as quickly or in the same magnitude as do other forms of tax which are geared to productivity of business or income. On the face of it, it is anomalous that municipal governments who administer areas wherein the greater part of the taxable wealth of the country is concentrated are unable to tax this wealth except in a very limited and restricted degree. If a municipality had access to the total taxable wealth of its incorporated and administrative area there would be no municipal finance problem; nor could the matters complained of be laid at the door of municipal governments, for they would not exist. The fact of the matter is, however, that the revenue sources available to municipal governments are both restricted, limited, tenuous and vulnerable.

As a consequence, municipal governments have been operating within a financial straightjacket wherein there is room neither to meet the backlog of unmet accumulated need for local capital works and improvements, nor to keep pace with the current needs, let alone make provision for the many requirements which continuing and accelerated urban growth and expansion are forcing upon them.

Ever since the end of the last war, and increasingly with every passing year, the pressures for urgent and costly programs of local improvements and modern community facilities have continued to mount. The factors which have created the pressures for immediate and large-scale municipal improvements derive from the following:

1. Growth in urban population and the consequent unprecedented demands for new schools, new roads, new hospitals, new water and sewerage systems and other essential municipal facilities.
2. Spread of urban blight and obsolescence particularly in our older and larger cities and which has a depreciating effect on property use and property values with consequent serious revenue decline to municipal governments.
3. Flight to the suburbs which has added vast new capital municipal needs to an already large backlog born of depression and war.
4. Technological advances which have outmoded much of the standard municipal plant and facilities of an earlier period.
5. Increasing prosperity which has brought with it the demand that we use our economic abundance to generate higher levels of human and community wellbeing.

Over and above these considerations, there is another factor, the significance of which cannot be dismissed. We are living in a period where the progressive achievements of our Canadian democracy are being challenged by other economic and political ideologies. It is in our cities and towns that the ideological crisis of our times is most evident. They have become the symbols