

Alleged Non-Support of Employment Programs

highly taxed items in our entire revenue system, and you only get credit for such taxes in computing income tax when you rent your property.

While the municipalities are pleading with the higher levels of government to take direct responsibility for financing some vital municipal activities, such as the whole range of welfare services, health care and, to a greater degree than at present, education, they are suddenly stunned by the impact of the federal government's employment policy which has reverberations throughout their structures. And while this government slumbers on these problems and seeks to rush through this House an omnibus bill that will water but not fortify the cabinet, save with respect to salary increases, what is the American government doing to meet a similar but not such severe crisis in the United States.

• (3:20 p.m.)

President Nixon's latest approach to aiding cities and states is based on two concepts: first, special revenue sharing funds or block grants and, second, general revenue sharing. Under President Nixon's program, total aid to state and local governments will increase substantially. It will eliminate 130 existing federal programs by granting money to states and localities for specific, detailed purposes in six areas, education, urban development, transportation, manpower training, rural development and law enforcement. It will turn over \$11 billion a year to local governments in the form of annual "block grants" to be spent in these six broad areas with few strings attached. This will do away with a host of grant-in-aid programs that Congress has authorized over the years for dealing with a variety of domestic problems. These existing aid programs will be telescoped into the new block grants. For instance, \$2.6 billion will be earmarked for transportation to assist urban mass transit, airport improvement, highway building and beautification and traffic safety and \$2 billion will be allocated to such fields as model cities, urban renewal and rehabilitation, sewer and water facilities. The administration will take away \$10.4 million in grants-in-aid programs, so that the net federal cost will be \$700 million. The whole program should be more efficient than the existing hodgepodge. The administration calls this "special revenue sharing", as distinguished from its "general revenue sharing" plan.

Under general revenue sharing, an entirely new government undertaking, President Nixon has proposed that a fixed percentage of the federal personal income tax should be turned over each year to states and localities for their use, with no strings attached. The president has recommended 1.3 per cent of taxable personal income. This is estimated to provide an additional \$5 billion in the first full year of operation, rising to \$10 billion by 1980. In a recent message to Congress, the President pointed out that federal aid to the states and localities had grown from less than \$1 billion in 1946 to over \$30 billion in 1970. So, that is the order of escalation of aid in the United States. Here the local governments are being handed not more money, but loans and escalating problems. Here, the total budget for urban infrastructure for 1971 is a mere \$153 million for the whole country.

[Mr. Ryan.]

In past proposals for tax reform, our federal government has systematically refused to present a program that would take into consideration provincial and municipal taxing problems. Such a reform would have permitted provinces and municipalities to have the necessary revenues to meet their current needs. In 1968, 69 local governments in Ontario went into debt by \$275 million. That is a sum equal to 20 per cent of total revenue raised from all local sources. It is a stark fact that local governments lack the financial resources to meet present obligations, let alone to assure any additional functions such as welfare services due to high unemployment.

There is a short term solution to this problem, and it is for the federal government to increase its share to the Canada assistance plan in order to alleviate the burden of the municipalities. By refusing to help the provinces, and especially the municipalities, to meet their increased costs, the federal government is shirking its responsibilities. As the government has created unemployment because of its policies, it should at least pay to maintain unemployed employables and their dependants.

Some hon. Members: Hear, hear.

Mr. Ryan: Like 45 per cent of the leaders of Canadian municipalities, Mayor Dennison of Toronto advocates the immediate introduction in Canada of a shared cost emergency employment plan to enable the immediate hiring of employables for work on worthwhile projects. He says that in Toronto's situation, which has 41.5 per cent of Metro's welfare applicants, even the hiring of a few hundred men for the next few months for useful work would have a snowballing effect on employment, help his city's economy generally and keep his taxes down. In addition, necessary projects could be completed. He suggests a cost-sharing formula of 50 per cent federal, 25 per cent provincial and 25 per cent municipal. This would, in effect, have the higher levels of government pay the labour content and the municipalities the material content.

The emergency implementation of such a program would be heartily welcomed by the city fathers, by myself and, even more, by the thousands of hard-pressed homeowners and small businessmen in the core of downtown Toronto who will otherwise bear the whole brunt of this crisis in their next year's tax bills. A federal loan for the project of \$1,600 million at the rate, as of March 1, of 6.79 per cent is not the answer. The city will have to repay the whole of the loan, plus the interest, which adds insult to injury. It must be apparent to the Prime Minister that if grants have to be paid from income taxes so, too, do loans, and that the repayment of the latter will not only unquestionably have to come from the taxpayers of Toronto, but will be much more onerous by reason of the interest charges which will be additionally payable. Furthermore, the income tax spread or collection base is from all of Metro and from every taxpayer, and not just the property owners of Toronto. In the last budget of the Minister of Finance (Mr. Benson), provision was made for a \$17 million loan to Metro Toronto. Nothing was