



CANADA

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## HELPING CANADA'S MUNICIPALITIES EXPAND

Speaking to the annual meeting of the Canadian Federation of Mayors and Municipalities in Toronto on May 29, Prime Minister L.B. Pearson declared that the "first domestic need" of the country was "to infuse new vigour into the Canadian economy". That was why, he said, "many of the major items in the Government's urgent programme" were designed "to encourage economic expansion". And, Mr. Pearson went on, "one of the areas of public investment calling for expansion is the capital investment of municipalities in needed community facilities and services".

His address continued as follows in part:

### MUNICIPAL INVESTMENT

You are more aware than anyone of the very substantial capital programme undertaken by municipalities in recent years. Municipal expenditures have risen greatly and have provided an important sustaining force in the years when the country's economic growth has tended to be slow....

In addition to the present backlog of needed works, the municipalities face growing problems of replacement and renewal in the older areas of our cities and towns. In some cases complete re-planning and re-building are called for. And, at the same time, our urban areas have to grow....

There is no doubt, I believe, that increased municipal investment will add directly to employment. It will contribute materially to economic growth. In other words, it is good for the country at large as well as for the municipalities individually. It is, therefore, of vital concern to the Federal Government.

An increase in municipal capital programmes is one of the principal ways of achieving the full employment and economic growth for which the Federal Government is responsible to the people of Canada.

### CONSTITUTIONAL AND ADMINISTRATIVE SIDES

That is the economic side of the picture. There is also, of course, a constitutional side and, linked with that, an administrative side. I am making plain tonight ... my belief that the Federal Government should assist municipal investment. I want to make equally plain, now as in the past, my concern that this assistance be given in ways that fully observe both the spirit and the letter of our federal constitution, and in ways that are sound from an administrative viewpoint.

My Government proposes to do nothing which impinges on the basic fact that the municipalities are the creations of the provinces. It is, therefore, the provinces, not the Federal Government, which must provide the sanction as to what the municipalities do or do not do. The aid we are prepared to extend to municipalities for specific projects will be given only if the provincial government has approved the project and approved of the municipalities selling debentures to the Federal Government to assist in financing the project.

### GOVERNMENT INTENTIONS

That, and only that, is what we intend to do. We will enlarge the financial resources available to the municipalities by becoming purchasers of municipal debentures. Our purpose in doing so is not to compete