

ters which has resulted in this country's economy being struck by a sledge hammer? In either case, the only proper conclusion is that this government is being steered by those bureaucrats who are as incompetent in economic management as a befuddled Prime Minister and his cabinet are incompetent in judging their incompetency.

This government's failure to foresee, and take steps to provide for, the escalating effects of its employment policy has precipitated a welfare crisis for the provinces and municipalities across the land, particularly for the city of Toronto which, as I shall explain later, is suffering from a double effect. The government brought about this crisis without consulting with or advising the provinces and municipalities in advance. It has belatedly, and after much pressure, endeavoured in a limited untimely, ineffective and unfair way to repair some of the damage. While this action will prove to be of some utility in the long term, what is required is emergency financial support and emergency employment programs now.

Let me illustrate the positions in which the municipality of metropolitan Toronto and its central borough, the city of Toronto, find themselves. Metro Toronto administers all welfare and social assistance in the metropolitan area and turns down no applicant for welfare. It charges the boroughs for the number of persons assisted, not on the basis of permanent or temporary residence but on the basis of assessment in each borough. The cost falls not on the general populace, as does income tax, but on the owners and tenants of real estate in each borough. Metro pays 20 per cent of welfare assistance, the province of Ontario pays 30 per cent and the federal government pays 50 per cent. As unemployed people from all over Canada migrate to the Toronto area seeking work, they find it necessary in many instances to apply for welfare.

Since most of these people gravitate to the centre of the metropolitan area, the city of Toronto harbours more than its share of them. In 1969, metro had an estimated population of 2,316,000 and about 30 per cent of the people live in the city of Toronto. But since the city has 43 per cent of the total assessment for metro, its taxpayers are required to pay 43 per cent of all metro's operating costs, including welfare. Thus, the city of Toronto not only has an escalated bill for local applicants, but suffers from the double effect of being in metro at the centre of the national focus for itinerant applicants from all parts of Canada and paying for 43 per cent of them. Thus, Mayor Dennison of Toronto, finding his budget affected in an abnormal, unexpected and unfair fashion, is of course only doing his duty to every owner and tenant of land in his city when he seeks an emergency meeting with the Prime Minister to claim emergency financial support.

A complicating and exacerbating factor in the picture is that if seasonal unemployment benefits slated to expire on May 15 next are not extended, thousands more will be applying for welfare. Social Services Commissioner, John Anderson, of metro Toronto predicts that as many as 10,000 more people across metro might be forced to seek assistance if the unemployment insurance dries up on the

Alleged Non-Support of Employment Programs

scheduled day. So now, not only Mayor William Dennison and his executive council from the city of Toronto, but also metro Chairman Albert Campbell and his entire metro council are heading to Ottawa to see the Prime Minister.

In 1970, the metro department of social services spent \$50,596,543, being \$5,503,231 more than it had estimated for the year. Its 1971 estimate is \$75,424,228 which is an increase of about 50 per cent. The direct payment of general welfare assistance is mainly responsible for these increases. The direct welfare share paid for 1969 was roughly \$20 million; for 1970 \$30 million and is estimated to be \$47,700,000 in 1971. If seasonal unemployment benefits are not extended beyond May 15 next, then the projection for metro's 1971 direct welfare costs is \$70 million. So, no wonder every borough in metro, probably every municipality in Ontario, and above all the city of Toronto, are alarmed by the emergency they are currently and imminently facing.

This chaos arises at a time when there is one financial crisis after another facing Canadian cities. The growing militancy among government employees, along with increased unionization has proven costly. In the past, the pay of municipal workers and school board employees tended to lag in periods when there were rapid advances in wages and salaries paid by industry. That is changing. More government workers are now saying, "We want to get ours along with everybody else".

Cities are extremely vulnerable to this sort of challenge. They cannot shut down operations all at once the way Massey-Ferguson can close a plant if it is struck or losing money, as is the present case in my riding where 900 employees are to be laid off March 1. When you have a period of employee militancy and threats to suspend vital services, you tend to get a rapid increase in salaries.

A second factor in the financial squeeze is the higher costs for equipment and supplies, construction costs and all costs associated with health services. A third factor is the slowdown in the increase of provincial aid available to the cities. This is caused by the fact that the provinces are now themselves up against the wall for the same reasons that the cities find themselves pinched. The provinces have in turn not even been able to pry additional funds out of the federal government, except on a loan basis at high interest rates.

Toronto has had to raise taxes at a fairly rapid clip, but there are limits as to how fast and how far they can go. Called upon to face 43 per cent of the operating costs of all metro, plus the welfare crisis bind, its taxpayers are screaming. Another great problem is that if your taxes go too high, you create more severe economic conditions and consequences, forcing business to move away and forcing the more well-to-do residents out into the suburbs, causing the abandonment of housing by owners as well as tenants. Property taxes are harder on people with low incomes than on those with high incomes, and property owners are discouraged from making improvements for fear of increased assessments. Another bad effect of higher property tax rates is that housing becomes more expensive. Housing is one of the most