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Kelly McParland: Toronto's latest lesson in NDP economics

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Full Comment, Kelly McParland

Here's a lesson in NDP economics, for anyone still foolish enough to kid themselves that letting Jack Layton and his crew anywhere near the country's finances would be anything but terminal.

Take a look at the city of Toronto. Toronto is where Layton cut his teeth as a politician, and he's never really grown beyond it, despite a grander title and broader platform. Layton fit in comfortably on city council, which is filled with well-meaning, moderate left-wingers. Rather than figure out how much money the city has, and then allocate it appropriately, councillors add up all the spending they'd like to do, and then spend that much. Worrying about where the money comes from is done later, or not at all. When a crisis develops, they run in circles looking for someone to blame, usually the province.

It appeared from reports in advance of this week's city budget [that Toronto was in tough shape](#). A property tax increase would be necessary, along with increases in the many user fees and supplementary charges council imposes on residents because it can't balance the books and doesn't have the nerve to institute serious tax reform.

But when the actual figures were unveiled -- at least some of them, anyway -- things were worse than expected. Although recent years have been boom times in the country's biggest metropolis, council systematically raided its savings to provide short-term fixes to financial leaks, shoring up the books for today without thinking about tomorrow.

"Since Mayor [David] Miller took office, he's has taken over \$650-million out of reserves, the savings of the citizens of Toronto that were put aside for rainy days and other important initiatives," Councillor David Shiner, who ran the city's budget committee under previous mayor Mel Lastman, told [the Post's Allison Hanes](#).

"My stomach turns over when I look at what's been presented [in the 2009 operating budget], what we're facing."

It's an appalling picture. Money set aside for emergencies has instead been used to avoid budget shortfalls. About \$300-million was taken from various stabilization funds to plug a \$697-million hole in this year's operating budget. Included in that is the last \$8-million in a reserve fund intended for welfare spending, which will be put toward an expected surge in cases now that the economy has gone belly-up. The whole point of the reserves was to ensure the city would be covered in a situation like this, but Mayor Miller's NDP troopers blew it all instead. They could have addressed the issue by practising some restraint, or by assessing city finances and reforming areas that needed it, but it was easier to just spend the cash.

"There is literally nothing left in that reserve for the Ontario Works welfare program," city manager Joe Pennachetti said Tuesday. "There is no longer any more reserve."

Isn't that great.

Mayor Miller, predictably, offers no hint that he understands the disaster he has wrought. Instead he spent budget day bragging about \$102 million in "efficiencies" he had found. Turns out the "efficiencies" consist on not hiring new staff to replace departing ones, which means the city had close to \$100 million worth of people who haven't been missed. The dispiriting figures apparently don't include an unidentified stash set aside so the mayor can continue to raise the pay of unionized city workers. No matter how bad the crisis, the mayor's union pals mustn't suffer.

Councillor [Karen Stintz points out](#) that a blue-ribbon panel Miller appointed to find ways to cut spending recommended the city slash \$150 million in annual spending, yet "we've not done anything meaningful to implement those."

"I don't believe they even tried," Mr. Shiner told Hanes.

And why not? Because sound financial practices are a secondary issue when it comes to the NDP. Toronto's council is still far more in thrall to its delusions of grandeur than it is devoted to sensible finances. Councillor Shelley Carroll, the current budget chief says the city is more interested in "being a No. 1 city" -- a sad old cliché that gets more embarrassing every time it's used.

"We don't want to put people on welfare rolls," she said. "What we're doing, and this is a different approach to recession than has ever been taken before, is keeping this a strong and functioning and desirable world market city. Now is not the time to make yourself a city that is attractive to no one... We didn't do that last time and we spent 10 years of excellent economic environment in the globe, not being a Number 1 city."

Yup -- that's Toronto. The No. 1 dysfunctional city in the poorhouse.

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