

# Downturn in ontario economy

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Chidera Egbukwu Mr. Bodden ENG4U 10 September 2012 Downturn in Ontario Economy The city of Ontario has become a place of interest due to the economical issue of financial inequality, non-affordable houses, poorest funding of public services among all other provinces. In response to the economic downturn of the Ontario economy due to the excesses of debt run, the world of the Ontario economies is approaching a new era, which is very negative. With a population of more than thirteen million (13, 000, 000 >), which is 38. % of Canada, Ontario is home to one in three Canadians. More than 15 percent live in urban Centre's, largely in cities on the shores of the great lakes. Regardless of the size of Ontario, it is ranked at the bottom of the province pack inclusive of: Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec, and Saskatchewan. When it comes to funding and access to public programs and services ranging from healthcare to education and justice to disability benefits.

The income gap between rich in Ontario is very high with the provinces poor and middle classes (grassroots citizens) working more hours with inconsequential income gains while the richest still gain more huge income with less experience in hard work, in other words no matter how hard the poor/middle class work they can't earn as much or even 10 percent as much as the rich. Ontario also has the worst record on affordable housing, with 152, 077 Ontario households on wait lists in January 2011, the report says.

In 2009, Ontario spent \$64 per person on affordable housing compared to the provincial average of \$115 per person. The poor still can't even afford the houses that range from prices as high as C\$292, 500, which happens to

be the cheapest price for a house in Ontario. From 1981 to 2010, Ontario experienced the largest income inequality of any of the eleven provinces at the same time having the second highest increase in poverty rate. According to the Ontario long-term report, in 2009, the government announced a comprehensive tax package that will help create jobs and make Ontario more competitive.

I think the problem for Ontario with this move might be that borrowing money amongst the middle class and grass-root Ontarians, which will make Ontario reaching its budget target harder to reach. “ Economic growth will slow to 2. 7% in 2011 following the first full-year recovery rebound to an estimated 3. 0% in 2010. The economy grows more slowly in 2012 with the removal of government stimulus and fiscal consolidation along with slower growth in exports. Business investment spending stands out as the most robust sector of the economy growing at an average 6% annual rate during the forecast period.

The unemployment rate slowly retreats from its highs, remaining above 8% this year and falling to below 7% in 2014. Inflation spikes higher in 2011 due to higher energy and food prices but settles down in the following three years to just above 2% annually. The province’s export-oriented industries struggle under a currency at par and below normal U. S. import demand. “(Helmut Pastrick, 2011) The highlight of Ontario’s forecast for 2011 to 2014. John Milloy, the minister of community and social services “ we realize that the system needs fixing. I’m the first to admit that there are some huge problems with it”.

Personally I take that as an ignorant comment because of the Ontarian government were really concerned about the declining turmoil of the Ontarian economy, immediate changes would be made in the financial aspect of the economy to prevent a great breakdown of the economy from the growth stage to decline stage (recession). Some of the changes I think should be made are: Improvement of basic infrastructure, modernizing tax system , creating more job opportunities to reduce unemployment, more public services , improving productivity , On the long run. Growth and macro economy.