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THROUGH FREQUENT, PROMPT, ACCURATE AND PERTINENT INFORMATION WITH REGARD TO TORONTO'S BUSINESS.

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The Tax Rate and Its Cousins. May Their Shadows Grow Less ?



Prosperous Citizen :—"I should worry!"
What do you think? Should he worry about the number
of mills in the Tax-rate?

THE TAX-RATE AND ITS COUSINS.

May Their Shadows Grow Less!

The prosperity of Toronto as a commercial, industrial and residential city depends upon its ability to compete with other commercial, industrial and residential centres. Its ability to compete depends, among other factors, on

The tax-rate.
The fire-burden rate.
The cost-of-sickness rate.
The labor-turnover rate.
The philanthropy-charity rate.

THE TAX RATE.

How to increase the tax-rate by reducing it:

By pretending that some of this year's expenditures belong to other years;

By pretending that we have more revenue other than taxation than we really have;

By pretending that we are going to spend less than we know we really must spend.

How to reduce the tax-rate by increasing it:

By leaning backwards in classifying expenditures as capital or current, even at the risk of paying this year for some things which might properly be charged against next year;

By making promptly all expenditures necessary to prevent deterioration of plant;

By substituting the surplus habit for the deficit habit;

By including a contingent fund in the budget to be drawn upon only with the consent of the Commissioner of Finance.

"Is it not good if there be a low tax-rate in my days?"

These sample quotations from estimates show that most City Councils in the past held this belief:

Year of Estimate:

- 1907—"The rate of 18½ mills in the dollar imposed last year did not meet the requirements of the city."
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- 1911—"The rate of 17½ mills in the dollar imposed last year did not meet the requirements of the city."
- 1912—"The rate of 18 mills in the dollar imposed last year did not meet the requirements of the city."
- 1913—"The rate of 18½ mills in the dollar imposed last year did not meet the requirements of the city."
- 1914—"The rate of 19½ mills in the dollar imposed last year did not meet the requirements of the city. After the passage of the Estimates the Council found it necessary to make supplementary appropriations to the amount of \$177,487. The amount is increased by a deficit in the revenue of 1913 amounting to \$269,449, making a net deficit of \$446,936, or about a mill of the assessment."
- 1915—"Overdrafts in expenditures and deficiencies in revenues for the year 1914 (to be paid in 1915) \$1,041,599."
(1914 Tax-rate, 19¼ mills).
- 1916—"Surplus, \$221,678.68."
(1915 Tax-rate, 23 mills).
- 1917—"The surplus of revenue over expenditure for the year 1916 amounted to \$310,885.88" (Absorbed in wiping out sundry losses of previous years).
(1916 Tax-rate, 22½ mills).
- 1918—Surplus for 1917, \$307,784.
(1917 Tax-rate, 25½ mills).
- 1919—Deficit or Surplus ?
(1918 Tax-rate, 30½ mills).

Note and Query: The deficits ceased (?) in 1914. At the same time the tax-rate went up. If the tax-rate had not gone up and, as a result, deficits had continued and accumulated, how long would it have been possible to postpone settlement, and what would have been the resulting tax-rate?

Increased assessment not a sure remedy for a high tax-rate, and no remedy at all for abnormally high expenditures.

The following extract from the 1915 Estimates illustrates hopes unrealized as yet: "The requirements of the city have, and will continue to, increase with its growth, but while that is inevitable, the growing value of property and business will produce a correspondingly large assessment, and that fact, together with the natural increases of revenue from other sources, ought to enable Council to operate during normal conditions so that the rate levied should vary but little, if anything, on account of the larger outlays."

Note and Queries: There have been no normal times since. When will times be normal? What guarantee is there that abnormal times will not recur in the future? How do we know assessments will not go down? If we look to assessment for relief, will there not be danger of juggling with the assessments?

No royal road to a reduced tax-rate. The only sure roads are:

- Decreased per capita expenditures;
- Increased revenues from sources other than taxation;
- Increased production and commerce.

How to decrease per capita expenditures:

By paying our own bills ONLY and not those of the Dominion Government or others;

By doing all necessary or revenue-producing work when it should be done;

By not doing unnecessary work at all;

By establishing centralized purchasing, centralized accounting, centralized budget-making, centralized civil service control under an Administrative Board made up of department heads, with the Finance Commissioner as Chairman and the City Clerk as Secretary;

By planning for the year's expenditure before and not after the year begins;

By charging the cost of improvements to those directly benefited by them;

By eliminating deficits of so-called revenue-producing units;

By starting or maintaining only such publicly-owned utilities as can be made to pay their way in dollars and cents for services rendered to citizens of Toronto, rather than in "other valuable considerations," which can only be estimated by the eye of faith.

Note: The Commissioner of Finance, in the 1918 Estimates, writes:

"There is no greater detriment to the advancement of public ownership than the continued administration of a municipal enterprise upon such a false and artificial basis (i.e., yearly deficits) as that upon which this system (civic car-lines) is operated. It has always appeared unjust and unfair to settle upon the general body of ratepayers, the cost of special services which are being enjoyed by a certain section of the community. The small increase in fares suggested could not possibly have constituted any hardship

upon those who are being benefited, and it is still hoped that Council may see its way clear to adopt the recommendation made, which, if it did, would effect a reduction of one-third of a mill in this year's tax-rate."

How to increase revenues:

By having publicly-owned utilities charge cost price for services;

By taxing all taxable incomes.

That the Commissioner of Finance has the increase of revenues other than taxation fully at heart is shown by the following extract from the Estimates of 1917:

"Assuming that the policy adopted by Council is adhered to and that no new works are undertaken involving capital expenditures, and that war expenditures are not greater than anticipated, the tax rate should not be increased in the near future; but, on the contrary, it is believed that a reasonable reduction can be effected through the additional revenue that should be obtained from the following enterprises: (1) Civic Abattoir; (2) Water Works System; (3) Civic Car Lines; (4) Registry Office; (5) Exhibition Park and Buildings; and some others which are now being considered. All these sources of increased revenue are being carefully investigated, and it is confidently hoped that the result will be beneficial to the taxpayer."

Note and Query: Council failed to adopt the recommendations made by the Commissioner of Works and the Commissioner of Finance, February 25th, 1918, which, if adopted, would probably have made the car-lines self-supporting.

Council adopted the first half and failed to adopt the second half of the recommendation made by the same officials on February 26th, 1918, in order to make the water works really self-supporting, that:

1. Water rates be increased 25 per cent.;
2. That the resulting surplus should not be applied to the reduction of taxation, but to renewals, replacements and extension, thus reducing future tax-rates by warding off debenture issues.

Legislation by the Provincial Government has enabled the city to make the Registry Office more nearly self-supporting.

A rearrangement of the debt charges between the Exhibition and the Exhibition Park would probably show the Exhibition as more nearly self-supporting, even on the direct dollars and cents basis, than is usually assumed.

THE FIRE-BURDEN RATE.

How much does the fire scourge cost Toronto?

No one knows, but in 1915 a leading Toronto specialist wrote as follows:

"I have previously given the figure of \$2.00 per capita (for Toronto) as representing the direct loss for 1913. Although that alone amounts to over \$2,500 per day it is but a minor portion of the actual cash cost of our fires. To arrive at a true estimate we must include the expenditures on the fire department, a proportion of the cost of our water supply and as much of the fire insurance premiums as are not returned by way of indemnity. That brings the cost of our fires up to no less a sum than \$3,000,000 a year, and imposes a tax of about \$6.40 per unit of our population, exclusive of any other consideration such as that involved in the disorganization of business. In other words, we are buying smoke at a cost of \$8,000 a day, and it has never dawned upon our shrewd, penetrating and sagacious intellects that it amounts to culpable negligence for an enlightened community to tolerate such a state of affairs."

This statement represents present conditions with fair accuracy. Excluding the 2.4 mills necessary for the support of the Fire Department, the fire loss is equal to at least 2.3 mills on the assessment (1917). Can the direct and indirect loss through fire be cut down? The same authority has stated that three-fourths of all fires are preventable. If they were prevented, the reduction in fire loss would be equivalent to 1.8 mills on the assessment.

How does Toronto's per capita fire loss compare with that of other cities?

"Available statistics show that fires occur in Canada in the ratio of 1 to every 600 people, and in Europe in the ratio of 1 to every 3,000 people."

(Commission of Conservation, 1918).

Query: What effect would a slightly increased investment in education on fire prevention have on the 75 per cent. of fire loss which is preventable?

THE COST-OF-SICKNESS RATE.

What does sickness cost the citizens of Toronto in diminished incomes and increased expenses?

According to Dr. Irving Fisher, the annual loss in earnings and expenses attendant on sickness and death in the United States was, in 1909, about \$960,000,000. This would be equivalent to an annual

loss in Toronto from this source of \$5,646,900. This is equivalent to a loss per family of about \$56.50, or to a tax-rate of 9.4 mills on the 1918 general assessment. As one-third of all illness is preventable, a saving equivalent to 3.1 mills on the assessment is practicable with increased and more effective education. This calculation takes no account of the capital loss to the community in the actual or potential productive value of those who die.

Notes and Queries: Particularly in public health and public education we must obtain the full value of every dollar spent. Can we afford to cut off a single dollar from these services which the responsible officials can show will bring returns in health and vigor? Can we afford in this regard to cut down the official tax-rate if it will result in increasing the unofficial tax-rate of sickness and impaired vitality?

THE LABOR-TURNOVER RATE.

The labor-turnover rate is equivalent to a high tax on manufacturing and business. No business, under ordinary conditions of competition, can stand more than a certain rate of labor-turnover. Stability of operating force is essential to economic cost of production, and to a high standard of living among our people. John R. Commons writes as follows about Wisconsin conditions:

"We are accustomed to measure prosperity by the millions of dollars' worth of cheese and butter and machinery and leather put out and placed on the market. Let us measure it by the thousands of men and women turned out and placed upon the labor market. What shall we say of a factory that hires and discharges a thousand men and boys in one year in order to keep up a steady force of three hundred? Modern industry must employ a hundred and fifty to five hundred men every year in order to keep a hundred positions steadily filled. Here is a kind of raw material taken in every day and a kind of half-finished product poured out, that means more for the state of Wisconsin than its inflow of pig iron and its outflow of machinery. As you look at the panorama passing through the employment office, you see the human products of Wisconsin's prosperity."

Factors in a high turnover rate:

The absence of adequate organization for fitting men to jobs which they can fill;

The failure to retain in industry, in a suitable capacity, the middle-aged and old men who have been proved by this war to be a valuable element in industry;

The insufficiency of technical education for large numbers of workers of all grades, both brain workers and hand workers;

Insufficiency of suitable housing facilities. This constitutes a national, provincial and local problem, and demands a national, provincial and local solution.

The relation of housing to labor-turnover. (From the report of the Civic Housing Commission).

"No class of the community is more deeply concerned over adequate and suitable housing than the employer of labor, and it follows naturally that manufacturers, wholesalers, merchants, financial institutions, boards of trade, etc., should all be vitally interested in it.

'Experience has demonstrated that good housing attracts a better class of workers; gives greater stability to the supply of labor; reduces the number of floaters; provides better living conditions; secures greater loyalty to the employer; makes more contented and more efficient workers; attracts married help; gives greater regularity of employment; establishes the employee in the community, by giving him a share in it, and produces better citizenship.' Mr. Owen Brainard, Architectural Engineer and Adviser to U. S. Steel Co., said, in this connection: 'I recently had occasion to examine the housing conditions in one of the largest industrial towns in the country, where the conclusion was unavoidable that the solution of the problem of permanent employment was to be found in an improvement of the housing facilities.'"

The relation of technical education to labor-turnover:

Skill at the basis of stability;

The demand for skill cannot be met in Toronto even by our unexcelled Technical Schools;

It can be met within the limits of our financial resources by co-operation between the schools and the factories, offices and counting houses.

(From the Report of the Commissioner of Education, 1916):

"One of the most interesting experiments in developing engineers who shall possess the necessary factors for success is being made at the University of Cincinnati, under the direction of Dean Herman Schneider. In 1906 the engineering school entered into a co-operative arrangement with the industrial plants of the city whereby each student spends half his time at the university and the other half in actual engineering work. The students are divided into two groups, which alternate with each other in bi-weekly periods, so that the shop and the university are always full-manned. In this way the practice of engineering is taught under actual commercial conditions, while the science underlying the practice is taught in the university."

What can be done in Universities can be done and is being done in secondary schools in such cities as Fitchburg. Such a

system minimizes capital expenditure, betters the factory by contact with the school, and betters the school by contact with the factory. It is the method, somewhat modified, which has revolutionized medical education.

Query: Can one imagine the results to the workers and employers in ten years if such a system were universally adopted by the Boards of Education throughout the country?

THE PHILANTHROPY-CHARITY RATE.

There is no city-wide organization of privately managed welfare work in Toronto. This results in great financial and community loss.

There is no co-operation between organizations in raising revenue. This results in loss of money, in loss of time of those canvassing, and loss of time of those being canvassed.

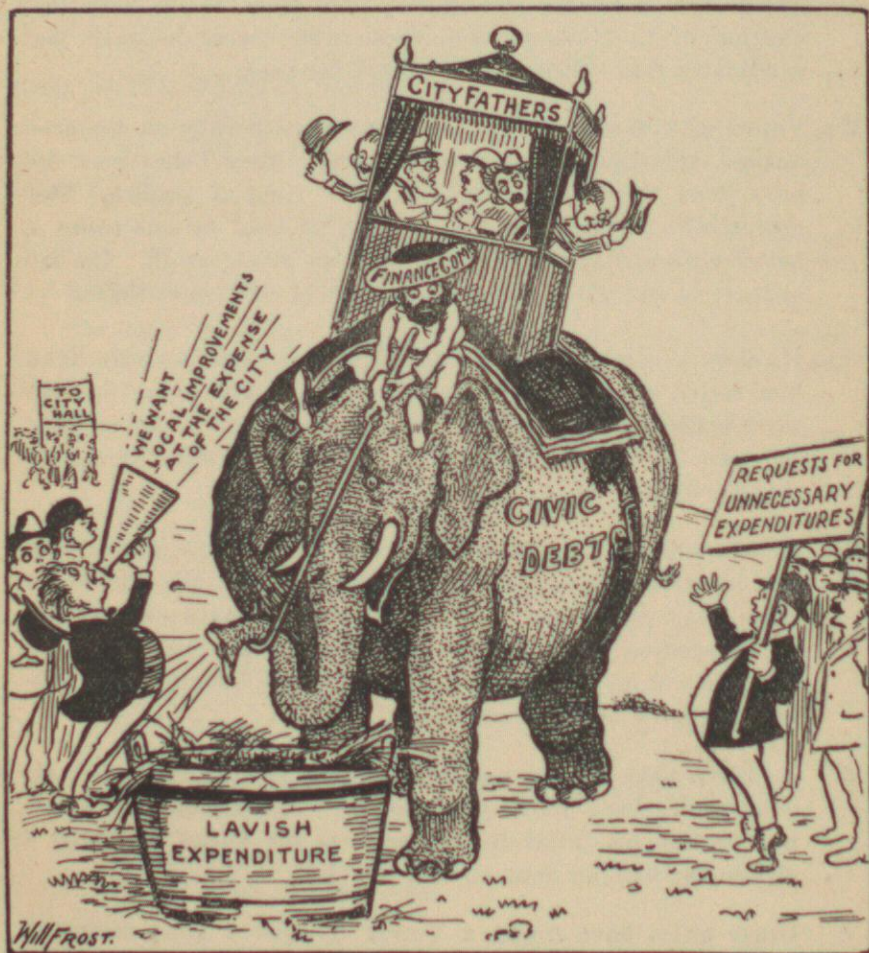
The lack of a clear understanding of the real welfare needs of the city results, as everywhere, in haphazard giving and expenditure.

The remedy is the Federation for Community Service now in process of organization. This is bound to result in

More knowledge of community needs.
More community needs met.
More small gifts.
More middle-sized gifts.
More large gifts.
More informed givers.
More willing givers.
More enthusiastic givers.
More happiness for more people.
More health for more people.
More of the amenities of life for more people.
Fewer inefficient homes.
Fewer handicapped children.
Fewer unproductive people.
Fewer cases needing help.

THINGS OFTEN FORGOTTEN BUT IMPORTANT IF THE TAX-PAYER IS TO DO HIS FULL DUTY AND PROTECT HIS OWN INTERESTS.

1. Those who select the candidates have more to do with the election of the Council than those who choose between the candidates that others have selected for them.
2. Voters who do not perform their duty have morally no recourse against aldermen and controllers whom they believe not to have done their duty. They have no right to grouch. The citizen who votes and votes wrong is at least on one count a better citizen than the citizen who doesn't vote at all. He has at least voted. He has, therefore, a moral right to criticize.
3. If, after a candidate is selected and elected, those who chose him retire into winter quarters and leave him alone to fight their battles, they will get what they deserve and deserve what they get. It will be harder for them to fool their candidate into running again.
4. Members of the City Council and heads of departments usually get censured when they deserve it and frequently get abuse when they don't deserve it. The citizens might even things up by sending in their appreciation when appreciation is due. It might not do any harm if, occasionally, a bouquet were substituted for a brick by mistake.
5. A citizen pays taxes covering a whole year's expenditure. He gets service for a whole year from city departments. He cannot protect his interests or discharge his duties by being a citizen for half an hour on January 1st.
6. Other cities have found a Voters' League a good means of getting out candidates.



The Elephant ate all night, the Elephant ate all day,
Do what we would to furnish him food
The cry was still "More Hay."