

# Citizen Control of the Citizen's Business

TORONTO'S CITIZENS CAN CONTROL TORONTO'S AFFAIRS ONLY THROUGH FREQUENT, PROMPT, ACCURATE AND PERTINENT INFORMATION WITH REGARD TO TORONTO'S BUSINESS.

ISSUED BY THE

21 KING STREET EAST



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## Why the Surprise?

The Taxpayer who is deceived  
by tax-rate economists

cannot with reason feel superior  
to that funny bird, the Ostrich.  
Refusing to look at the facts does  
not annihilate the facts.

## SOME PLAIN STATEMENTS OF FACT IN SHORT SENTENCES AND PARAGRAPHS

Excerpts from Introduction to Civic Estimates by Mr. George H. Ross, Commissioner of Finance.

1927.

"For years past I have endeavored to point out that large capital undertakings have too often been initiated without careful consideration of the burden in debt charges that must inevitably follow in subsequent years. There are capital works essential in a growing city like Toronto, and such works are compatible with economy. There are, however, other works which could very reasonably be postponed until the burden of capital financing, and also the burden of debt charges in the tax rate, are not so great. The taxpayers as a whole must realize that unless they moderate their demands for the expenditure of public monies, there can be no relief in the matter of taxation.

"Looking back over the years, one cannot fail to be impressed with the almost continuous urge for the expenditure of public monies on works that are purely sectional in character and which by no stretch of imagination could be held to benefit the community as a whole. Generally speaking, people are selfish and inconsistent in such matters. With one breath they demand economy, and with the next they are clamoring for capital or current expenditures on works purely parochial and of no value to the great mass of the people."

1926.

"If the citizens generally could only be made to understand that the city treasury is not an unlimited reservoir, it would help the situation greatly."

1925.

"When the citizens generally understand that every time Council acquiesces in the urgent demands of deputations for capital works, it means running the debt charges skyward, then, and only then, may we reasonably hope to check these ever-recurring demands."

1924.

"Council and outside Commissions must constantly keep in mind that each and every bond issued is a general mortgage on the whole city, and is so regarded by the investing public."

"... This cumulative feature of charges on new debt cannot be over-emphasized. Capital expenditures are often passed over lightly because they will have little effect on the all-important current tax-rate—next year's rate being left to take care of itself."

Excerpt from Introduction to Civic Estimates by Mr. Thomas Bradshaw, Formerly Commissioner of Finance.

1920.

"Since the city so splendidly and self-sacrificingly met the demands and claims of the war, it is anticipated, notwithstanding the extent of its financial requirements, that with reasonable increases in population and assessments, careful spending, judicious assumption only of capital obligations, jealous guarding of the exceptionally high credit enjoyed by the city at home and abroad, and elimination of deficits in revenue-producing enterprises, the city's financial future may be regarded with undiminished confidence."

1919.

"If sound economic principles are followed in the administration of publicly-owned enterprises, if the city refrains from assuming obligations not coming within the scope of municipal undertakings, but properly belonging to the Government, to other bodies, or to private interests; and, finally, if the corporation does not saddle upon the general taxpayer an improper proportion of the cost of local improvements, or the cost of services designed for the benefit of a special and limited number of its citizens, Toronto taxpayers, it is believed, in view of the fact that the provision next year for war expenditure will be over two mills less than this year's 3.26, may confidently look forward to a further reduction in the tax-rate."

### RE DEFICITS.

From Annual Financial Report, 1922, by Mr. George H. Ross, Commissioner of Finance.

"... The City's liability in connection with these bonds (Hydro-Radial) resolves itself into the assumption of the deficits, if any, of the radials operated by the Hydro Commission, as trustee for the City."

From Introduction to Civic Estimates, 1922, by the Commissioner of Finance, Mr. George H. Ross.

"... We cannot shut our eyes to the fact that our present taxation is laying an unduly heavy burden on the community. The success of

the City's huge investment in public utilities rests solely on the continued prosperity of the City at large and the business community in particular."

"The best advertisement a city can have is a reasonable tax rate, without which no city is attractive to the large business interests. Toronto not only offers unequalled inducements in the matter of power and shipping facilities, but has pledged her faith and credit in support of these very things. Therefore if full and profitable use is to be made of our publicly-owned utilities the tax rate must be further reduced next year."

From Introduction to Civic Estimates, 1919, by the Commissioner of Finance, Mr. Thomas Bradshaw.

"The conduct of the abattoir has never been a financial success. . . . It is claimed by some that it should not be disposed of, no matter how heavily it bears upon the taxpayer, because such action might be adversely used by those opposed to municipal ownership. This line of argument is not sound, inasmuch as the abattoir is merely a commercial enterprise and its operation and use are entirely dissimilar to those of such public utilities controlled by a municipality as Water Works, Hydro-Electric and Transportation. On the contrary, it is believed that the continuance of the enterprise at a financial loss tends to bring into discredit the whole principle of public ownership."

From the "Report on the Audit of the Books and Accounts" of the Toronto Harbour Commissioners, 1924, by Mr. S. C. Scott, City Auditor.

"It is obvious, therefore, that with the cost of Debenture Interest and Debenture Redemptions showing a steady increase from year to year, and with the dependable yearly Revenue remaining in comparison stationery, the present method of financing the difference out of the proceeds of further issues of Debentures cannot be continued indefinitely."

"Since the City has guaranteed the Debenture Debt of the Commissioners, I recommend that the City Council give its serious consideration as to what should be done in the future in the way of finding the most economical method of taking care of the Annual Debt Charges of Interest and Redemptions until such time as the Harbour undertaking is self-sustaining."

From the "Report of the Audit of the Books and Accounts" of the  
Toronto Harbour Commissioners, 1925, by  
Mr. S. C. Scott, City Auditor.

"As in my reports for 1923 and 1924, I should like to point out to you again the necessity for finding a less wasteful method of providing for the Interest on the Debenture Debt than by the further issues of Debentures."

From White Paper No. 75 of the Bureau of Municipal Research, March  
22nd, 1924, being an Excerpt from an "Imaginary Letter from  
a Hypothetical Correspondent."

"The long view (of the Harbour situation) may ultimately justify itself, but the short view is not exceedingly reassuring. In my judgment, unless something practical is done on the basis of present conditions, the ultimate results which everyone has had enthusiastically in mind may be seriously jeopardized, and within a comparatively short time all or a part of the interest and sinking fund charges may be transferred directly to the broad but bending backs of the taxpayers. If this were to happen, what would be the effect on Toronto business and industry, even now in unequal competition with the business and industry of other centres not so heavily burdened by local taxation?"

From White Paper No. 99 of the Bureau of Municipal Research,  
April 12th, 1926, re Harbour Deficits.

"It may be a choice of putting 1½ mills on the tax rate now or of putting 3 mills on the tax rate later. The burden cannot be passed on indefinitely."

From an Open Letter of the Bureau of Municipal Research,  
October 23rd, 1925.  
Re Capitalizing York Radial Deficits.

"Until it has secured remission of the present liability in whole or in part, economy demands that the City pay out of taxes all radial deficits just as it has so paid all deficits on the Civic Abattoir and the City Housing Commission and just as it will ultimately have to shoulder the Harbour deficits. Any other policy would be wasteful and improvident. The policy of piling up of deficits is always vicious, even if it enables the City to show a lower tax rate for a few years. Failing the assumption of the deficits by the municipalities served, or a reversal in the 'form' of the radials themselves, putting off the evil day cannot benefit the majority of taxpayers now living, as they will later have to pay off the deficits with compound interest."

"If it is permissible to apply surpluses on trading enterprises to the reduction of taxation, it is only a matter of common probity to pay deficits thereon out of tax funds. The fact that one operation reduces the tax rate and the other increases the tax rate has no bearing on the proper method which should be taken to care for deficits, although in the minds of many it has a bearing on the civic elections. One cannot consistently eat his cake and refuse to swallow his castor oil."

"The spendthrift policy of postponing the payment of current obligations, whether in Toronto or elsewhere, whether they be deficits on general civic operations or on civic trading enterprises, and whether in national, provincial or municipal affairs, can lead to one end only—the eating up of the substance of the community and its members.

"It might well be that the swallowing of this particular deficit dose might contribute to a more earnest examination on the part of the patient public of the policies and persons offered to them for their consideration in the future."

The City is to be congratulated that the short-sighted policy of allowing deficits to pile up with accumulated interest charges is being abandoned. It is always wise economy to cut losses. If advances by the City are regarded as liabilities of the Harbour and Radials, later to be refunded if and when funds are available, there may be no ultimate loss to the taxpayer.

So long, however, as the taxpayers refuse to take obvious steps necessary to produce economical administration, their acquiescence will receive its reward of increasing taxation. Some of these steps are:

1. Decreasing the weight of Ward representation.
2. Reducing the size of the City Council.
3. Increasing the length of term of Aldermen.
4. Centralizing the administrative control of the large operating departments and reducing the number of departments.
5. The establishment of an Advisory Administrative Board, made up of the heads of departments, in order to facilitate inter-departmental co-operation.
6. City planning and the planning of capital expenditures some years in advance from the standpoint of the needs of the City as a whole.

Note: The bold face type is the Bureau's.