

# BUREAU OF MUNICIPAL RESEARCH

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

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TORONTO  
CANADA

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## PLANNING EXPENDITURE ON A FACT AND PROBABILITY RATHER THAN ON A PIOUS HOPE BASIS

### STORY No. 1.

The Current Expenditures of Toronto in 1931  
might have been cut

The Current Expenditures of Toronto in 1932  
might and should have been cut

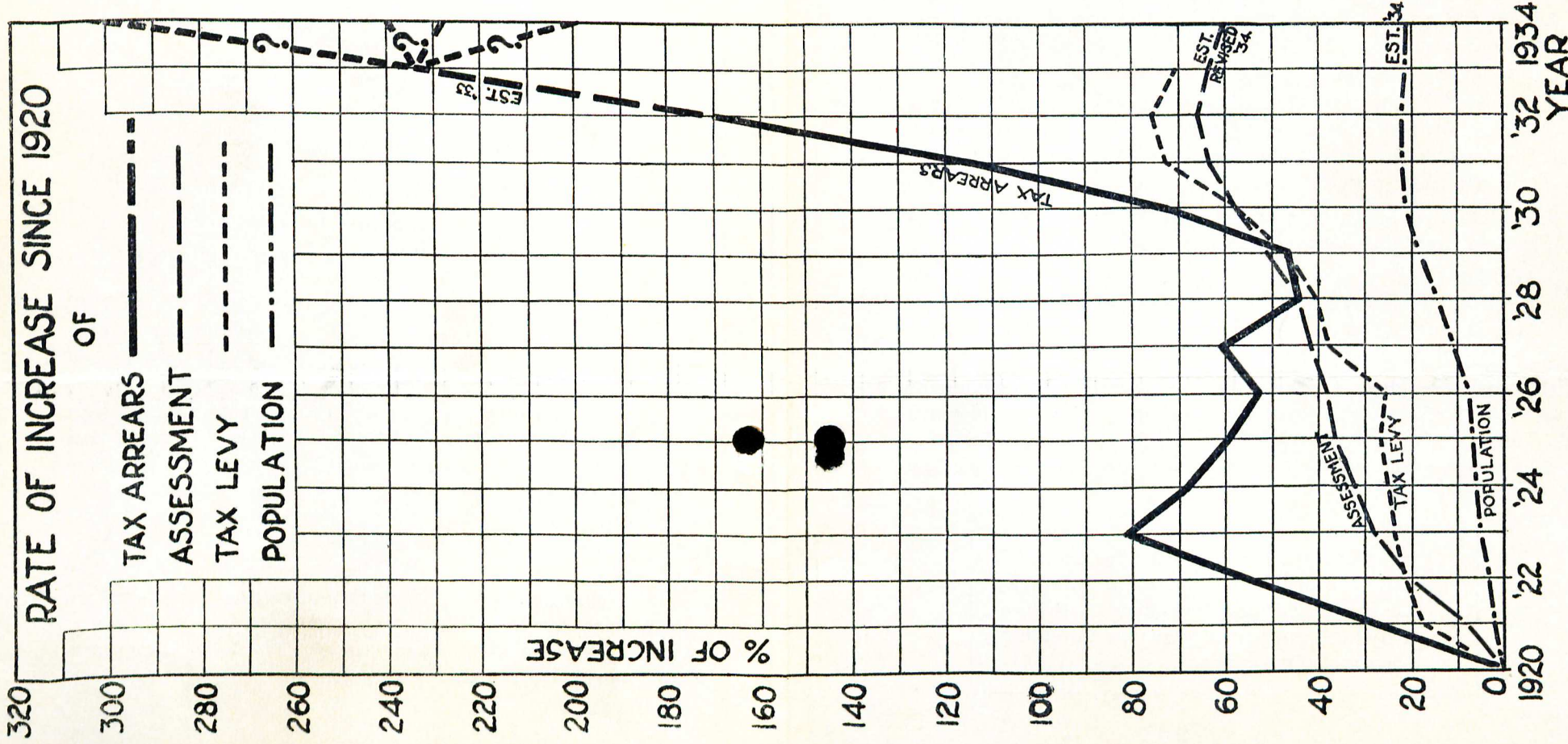
The Current Expenditures of Toronto in 1933  
might and should have been cut  
to a figure much lower than they were.

On account of failures to cut more extensively in three preceding years  
of the depression, the current expenditure for 1934

**must be cut drastically**

if due consideration is to be given to the reduced taxpaying ability of citizens and to such warnings as mounting tax arrears. Even if substantial expansion of business and industry comes at once, civic expenditures should continue at a lower level for some years in order to consolidate Toronto's financial position.

The following figures and chart illustrate some reasons why cuts, much larger than have been made and more in keeping with cuts in private establishments and the decreased ability of the citizens to pay taxes, **must be made.**



Year	Population	Assessment (from Report of Assessment Commissioner)	Tax Arrears at end of the year (for previous years)	Net Total Tax Levy (including Ratepayers' Share of Local improvements) (g)
1920	512,812	\$641,454,156	\$3,751,248 (c)	\$21,061,103
1921	522,666	697,418,485	4,796,991 (c)	24,644,852
1922	529,088	776,134,636	5,836,204 (c)	25,663,708
1923	538,771	823,820,951	6,787,921 (c)	26,076,620
1924	542,417	849,121,200	6,302,652 (c)	26,262,022
1925	549,429	875,414,354	5,977,194 (c)	26,839,206
1926	556,691	886,839,808	5,727,942 (c)	26,577,805
1927	569,899	910,494,398	6,033,192(c)(f)	29,022,772
1928	585,628	923,972,441	5,420,980 (d)	29,552,522
1929	606,370	968,532,329	5,496,762 (d)	30,841,262
1930	621,596	1,013,408,615	6,518,842 (d)	33,150,291
1931	627,231	1,050,204,868	8,034,358 (d)	36,441,136
1932	626,674	1,063,798,134	10,134,166 (d)	37,034,510
1933	623,562	1,049,465,163	12,527,264 (e)	35,935,323(h)
1934	621,000 (est.)	{ 1,034,085,402(a) 1,027,085,402(b)}	? (f)	?

- (a) Unrevised.
- (b) Estimated Revised.
- (c) From Balance Sheet.
- (d) From 1932 Annual Report of Commissioner of Finance.
- (e) Estimate.
- (f) Probable approximate total if there is no change in present methods of civic administration and finance and if present general financial and industrial conditions do not radically improve, \$15,000,000 or over.
- (g) Being gross figures less reserve for uncollectible taxes etc. The gross figures appear on page 5 of previous White Paper.
- (h) Not, of course, including net expenditure for unemployment relief which it is said may total \$2,000,000.
- (i) \$6,016,863, otherwise computed.

**NOTE**

Population and Assessment in 1934 will probably be not much greater than in 1930. If the net total tax levy for 1934 is also placed at about the 1930 basis, as would seem reasonable, including local improvements and estimated "unemployment relief" expenditures, it will not greatly exceed \$33,150,291.

## COMMENT

In 1933 tens of thousands thought that there should be a cut in expenditures, but let it go at that. The thousands who did not want cuts did not stop with thinking. The result of the meeting of the two forces was that a reduction was made, but one which—even when reinforced by funding unemployment relief expenditures—was quite inadequate. Thus we have the addition to the debenture debt of possibly \$2,000,000 for this year's net "unemployment relief" expenditures, mounting tax arrears, and, presumably, additional temporary financing on revenue account. Toronto is not in such a unique and impregnable position that it can ignore sound policies or refuse to heed the warnings which some other municipalities failed to heed with disastrous results. Why not make a "detour" now, rather than keep straight on and have to turn back and make a "detour" later?

### QUERIES.

1. Why should not civic financial policy be adjusted adequately to meet facts and probabilities?
2. What adjustment should be made in 1934 estimated expenditures to offset and so far as possible halt the spectacular increase of tax arrears since 1929?
3. In view of the increase in tax arrears, in spite of the funding of unemployment relief debentures, is it likely that we can borrow our way out of the situation now facing the city with regard to its current revenue?
4. Is the increase of interest charges in succeeding years likely to help in reducing expenditures?
5. Is there any other way of reducing taxes save by reducing expenditures, and is there any sufficiently effective way of reducing expenditures other than by cutting where cutting will produce significant results on the total tax budget?
6. Is it likely that any more effective policy for the stimulation of business and industry and the encouragement of employment **all over the City** could be adopted than the drastic reduction of taxation which is an uncontrollable overhead charge of all business and industry?

The Toronto Bureau of Municipal Research is an independent non-partisan citizen agency of constructive criticism and exists for the promotion of informed citizenship, and through it, of efficient city government.