

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.

137 WELLINGTON ST. W.
TELEPHONE EL. 1904



TORONTO
CANADA

White Paper No. 193

February 23, 1934

Are the Taxpayers of Toronto Prepared to Support

a permanent organization for direct unemployment relief
or
should we now, as signs of increasing employment become evident,

1. Begin to revert to the pre-depression basis of relief and
2. Set our house in order so that if and when the next depression comes upon us, we may be prepared to meet it effectively and without unnecessary human or financial waste?

If we do not begin to make permanent plans now, when opportunity offers, we may find fastened upon us for all time, or at least for many years, a vicious system of doles from governments to municipalities and from municipalities to individuals, demoralizing alike to individuals, the body politic, and governmental administration. It would appear to many careful observers that the processes of disintegration are visibly undermining the foundations of national and private character. Control of unemployment relief is not merely financial control. Control of human wastage is more important than financial economy, but the two go hand in hand, and the latter in the long run is impossible without the former. The collection of information is necessary for the proper determination of a permanent policy and the information herein contained is offered simply as an example of the type of information which should and can be obtained.

It may be a surprise to some to know that in each year since 1920 up to 1933 the civic estimates made out of revenue an appropriation for unemployment relief other than overhead. The appropriation from revenue in 1921 was \$225,000, in 1932 from \$400,000 to \$550,000, and in 1933 nil. The net expenditures for unemployment relief in 1921 were \$276,650, and in 1933 the net expenditures were recently stated as \$2,400,791. In thirteen years the appropriations totalled about \$2,300,000 and the expenditures about \$5,700,000, \$2,100,000 say, being from borrowed funds.

Chronic and Acute Relief Conditions.

There are two kinds of relief—chronic and acute. The former we have always with us because in every community there are incompetent, sub-normal, unemployable and otherwise unfortunate people, who are not self-sustaining and would not be under any organization of society. They must be carried by society with understanding and sympathy. They are the proper care of a permanent local organization, financed from local funds. Those who are chronic relief cases must continue to be wards of the community which must be responsible to see that their wards are adequately clothed and housed and properly fed. So far as supplies are concerned a depot system seems best adapted to this purpose.* Acute relief which we have had for some years and still have in the form of unemployment relief is not due to any fault of the individual but to maladjustments or breakdowns in the national or international economic organization. It cannot adequately be treated by any mere palliatives, as these tend to convert unemployed into unemployable and acute relief cases into chronic relief cases. If we are not to see and acquiesce in the complete collapse—moral, financial and industrial—of our social-economic structure, a permanent policy province-wide and national in scope must be worked out which will either (1) prevent the recurrence of peaks of unemployment by the accumulation of governmental work reserves and other similar methods or (2) prevent the necessity of municipal emergency employment relief by the establishment of a provincial-national contributory fund upon which unemployed workers may draw as a right according to well-established principles of administration, and by the setting up of a provincial-national organization to administer any residuum of unavoidable unemployment relief from provincial-national funds, such organization setting up local committees with all the necessary local information. Acute unemployment relief, as distinct from ordinary routine relief, cannot be looked upon in any degree as a condition for which municipal authorities are morally responsible, or to meet which they are the logical administrators. To try to treat the two kinds of relief in the same way or by the same or similar organizations is foredoomed to failure.

The Relief Method of Dealing With Unemployment, Demoralizing.

Undoubtedly in Toronto the depot system could have been retained and developed for acute unemployment relief, although opposed by many welfare workers for humanitarian reasons; but, no matter how great the decentralization of depots, there is bound to be widespread and natural resentment to the system on the part of recipients and retail merchants whose business has been effected. All these have votes so that, for this if for no other reason, the depot system soon is apt to give way to the closed voucher system. The next step is the adoption of the open voucher system and then of the cheque or the cash system which has already appeared in Montreal, and in at least one western municipality. As long as unemployment is met by purely relief measures, there is no logical stopping place short of cash contributions once the depot system has been abandoned. It is the belief of many observers that the "cash" system will soon bankrupt most if not all communities which adopt it, as there are always some individuals among unemployed persons and merchants, as is the case in all sections of the population of every community, who will exploit any public fund to their own advantage. The easier the exploitation the greater it will be so that a system, which if all men were honest and patriotic, might be the best, in practice is bound to break down by its own weight. The desire to get something for nothing

* This system is still used in Toronto for this type.

grows by what it feeds on, and a term of prolonged unemployment changes many who are just "on the fringe" into unemployables, and some "pushers" into "leaners". Undoubtedly the solution of the problems connected with acute relief needs an open mind, breadth of view and the highest qualities of statesmanship.

Direct Unemployment Relief Should be Removed from Local Administration.

Does it not seem reasonable that "direct unemployment relief" administered by municipalities either under a voucher system or a cash system is not good enough and must ultimately be abandoned? The "dole" has been the undoing of many individuals. The subvention system tends to demoralize municipalities and a system under which the reward of municipal insolvency is the taking over of all direct relief expenditures by the state, really that is by all the taxpayers, in other words, a system of doles to municipalities, will do for the municipalities what the "dole" does to the individual. Among the municipalities written to by the Bureau was one, not in Ontario, which did not receive any unemployment relief aid from government because it had balanced its budget and therefore needed no assistance. A system which so penalizes solvency and rewards inefficiency and waste must be scrapped "holus bolus". Certainly the removal of the administration of direct unemployment relief from municipalities and from local politics should be carefully considered in the interests of the health of local public affairs and would probably lessen the total burden, possibly even the burden on the provincial and national governments. As pointed out above, those responsible for the administration of any unemployment relief which may exist in future years will need local information, not to say the local "touch", but the appointment of capable local people to local committees or boards without direct contact with local authorities or politics. Even now, when government has assumed the total share of a municipality, the relief boards appointed by government are made up of local people.

Normal Relief to the Local Field, Unemployment to the National-Provincial Field.

At the present juncture, when business and industry are on the upturn, is it not the logical time to begin to separate the two types of administration, leaving chronic relief, administered under the depot system, to local authorities and putting unemployment administration under a national-provincial administration with adequately supported "insurance" funds drawn from government (taxpayers), industry and labour, or with accumulated emergency work and relief funds, or with both.

A Bureau Questionnaire on Unemployment Relief.

On January 9th, 1934, the Bureau asked cities of over 100,000 population and a number of suburban municipalities in the vicinity of the four largest cities, for information as to the number of families on unemployment relief by months during 1932 and 1933 and as to the cost of relief and methods of financing the cost. The Bureau received returns from all the cities of over 100,000 population written to, and from 15 suburban municipalities.

"Closed" Vouchers, "Open" Vouchers, or Cash.

Returns from the 22 municipalities which answered the questionnaire, including Toronto, indicate that, in 1932, eleven municipalities used the various forms of "closed" voucher, varying between those which named the amounts of each commodity which might be supplied and those which simply supplied authorized lists from which supplies might be chosen in any proportion up to the face value of the voucher. In 1933, twelve used "closed"

vouchers. In both years six municipalities used "open" vouchers. Of the 22 municipalities, two are now on the "cash" system. In several municipalities under boards of supervisors, the whole of net unemployment relief was assumed by provincial authorities. It is to be presumed that, if the existing relief situation continues, and as the facts become more widely known, more municipalities will take this apparently easy road to tax relief. It is a nice question how far this tendency can go, before the taxpayers of the still solvent municipalities will quit the unequal contest and their municipalities follow the others under the sheltering tent. When all get under, then what?

Of the twenty-two municipalities one got no government aid, issued no unemployment relief debentures and paid the total net cost of unemployment relief out of taxes. On inquiry the Bureau was informed that the provincial authorities concerned gave no assistance to municipalities which balanced their budgets and therefore needed no help. Certainly, "virtue is its own reward".

The Issue of Relief Debentures.

In 1932, nine and in 1933, eleven municipalities received aid from private sources toward carrying the cost of unemployment relief. In 1932, twelve municipalities paid all net costs out of taxes and one raised the amount from private sources. In 1932, one paid the total net out of the proceeds of debenture issues, in 1933, four. It is to be noted that in both years Ottawa and Vancouver paid their total net unemployment relief costs out of taxes and issued no debentures therefor. Toronto has funded or will fund the total net amount of unemployment relief, not including costs of servicing and items on which the government pay no percentage, to the amount of \$2,143,071.25, of which \$1,600,000 has been sold to the Sinking Fund at par.

The Burden of Unemployment Relief.

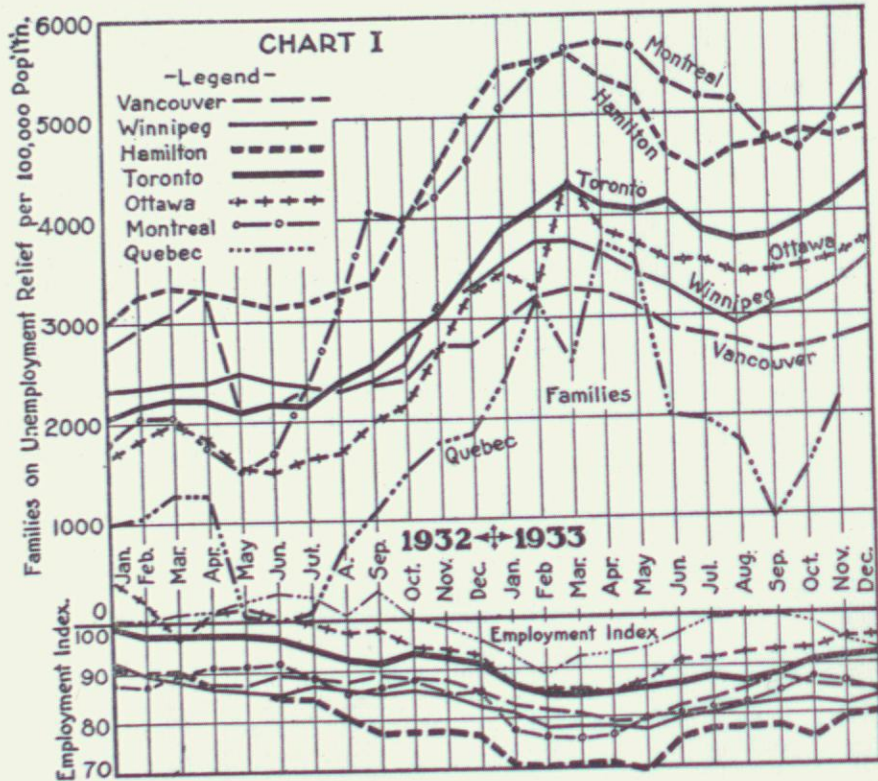
In order that the reader may get an idea of the size of the problem, the number of families on unemployment relief in the seven largest Canadian cities is given below. The number of unattached individuals on unemployment relief was found to have little significance owing to the establishment of provincial camps and the varying effect these had on the figures of the cities concerned. While the average size of the family varies in different cities, this would have little effect on the whole picture and the number of families is used because the family is the social unit and because exact information could be more readily obtained under this head.

NUMBER OF FAMILIES ON UNEMPLOYMENT RELIEF IN SEVEN CANADIAN CITIES OF OVER 100,000 POPULATION

	Montreal		Toronto		Vancouver		Winnipeg		Hamilton		Quebec		Ottawa	
	1932	1933	1932	1933	1932	1933	1932	1933	1932	1933	1932	1933	1932	1933
Jan.	14,731	41,600	12,713	24,244	6,777	7,347	5,147	7,865	4,617	8,470	1,891	3,357	2,196	4,583
Feb.	16,803	44,460	13,620	25,469	7,260	7,939	5,194	8,326	5,035	8,542	1,468	4,447	2,425	4,355
Mar.	16,787	46,466	13,941	26,846	7,633	8,139	5,274	8,320	5,164	8,693	1,776	3,543	2,641	5,779
April	14,427	46,969	13,842	25,617	8,221	8,061	5,299	8,064	5,100	8,306	1,776	5,235	2,438	5,143
May	12,378	46,485	13,111	25,304	5,193	7,708	5,502	7,649	4,978	8,110	85	5,016	2,055	4,965
June	13,824	43,615	13,541	25,862	5,348	7,129	5,297	7,289	4,844	7,134	Nil	2,817	1,982	4,698
July	19,167	42,382	13,463	24,015	5,735	6,976	5,187	6,843	4,916	6,860	114	2,765	2,149	4,587
Aug.	25,390	42,079	14,870	23,399	5,790	6,791	5,073	6,440	5,075	7,184	995	2,464	2,220	4,541
Sept.	33,322	39,018	15,804	23,627	5,805	6,535	5,293	6,738	5,217	7,249	1,503	1,353	2,627	4,541
Oct.	32,693	37,959	17,583	24,542	5,944	6,628	5,651	6,900	6,092	7,427	2,080	2,125	2,813	4,605
Nov.	34,418	40,320	19,076	25,778	6,572	6,832	6,987	7,292	6,911	7,338	2,477	2,991	3,525	4,714
Dec.	37,480	43,853	22,655	27,396	6,738	7,057	7,310	7,859	7,743	7,458	2,571	?	4,316	4,949

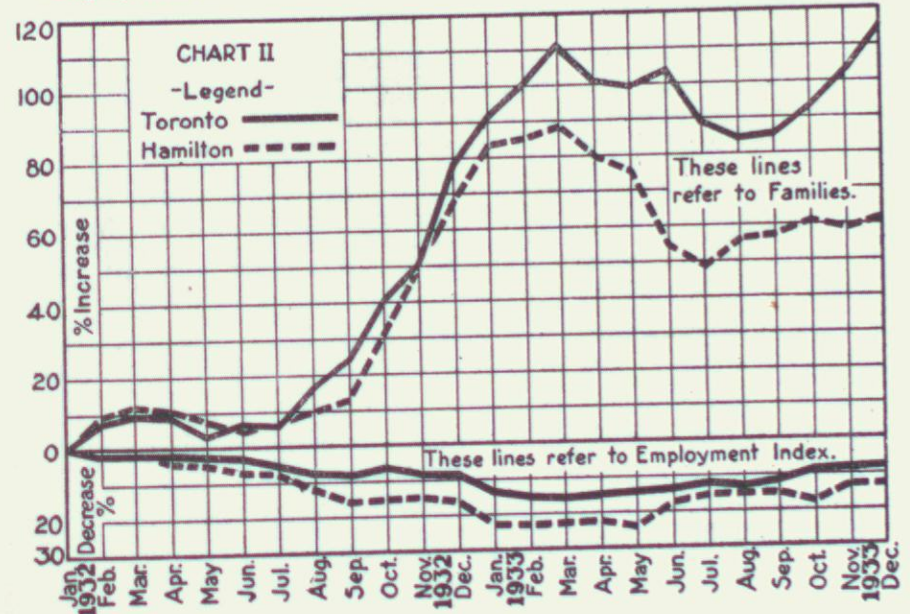
Note: There may, of course, be minor differences of methods of compilation between these cities.

The Number of Families on Unemployment Relief in the Above Cities per 100,000 Population, With the Employment Index in These Cities.



It will be noted (1) that the number of families on unemployment relief was about twice as high in March, 1933, as in March, 1932. (2) that, in general, as the employment index goes down, the number of families on unemployment relief goes up, (3) that this is not the case in detail, however. For example, while the employment index has increased significantly in Toronto since August, the number of families on relief has shot upwards. In Montreal the employment index increased during the last two months of 1933, while the number of families on unemployment relief began to increase rapidly in November, in which month the "cash" system of distributing relief went into effect. It is, of course, recognized that during the winter months and as periods of unemployment stretched out, family resources came to an end and families were compelled to accept relief in numbers out of proportion to the index of employment but it would seem that there should be some correlation between the number of families on relief and the index of employment even during the winter months, i.e. as the latter increased the former would tend to decrease or in any event to increase at a slower rate. This latter tendency is observable in some of the cities used in Chart 1.

Per Cent. of Increase and Decrease in the Number of Families on Unemployment Relief and Per Cent. of Increase and Decrease in the Index of Employment in the Cities of Toronto and Hamilton for 1932 and 1933.



It will be observed from Chart 2 that although the line showing the percentage of increase and decrease in the employment index of Toronto maintained higher levels than that of Hamilton, and although, as is shown in Chart 1, the proportion of families on relief has been consistently higher in Hamilton than in Toronto, the line showing increase and decrease in percentage of number of families for Hamilton has fallen steadily lower than the corresponding line for Toronto for about a year.

Mr. Thomas Bradshaw before the 1933 annual meeting of the Ontario Municipal Association:

"The last three years have seen a comparatively new item of current expenditures in municipal budgets; that is, relief for those unfortunately thrown out of gainful occupations. Fortunately for the municipality, federal and provincial governments have borne the major share of these expenditures. Those which the municipality assume are a current item and should be met out of current revenue". (Mr. Bradshaw stated that in special cases, there might be justification for issuing short term debentures for from 25% to 50% of the total net cost.)