

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

White Paper No. 199

October 23, 1934

City of Toronto

Estimated Revenue for 1934 and Current Estimated Expenditures of 1934 out of (1) Taxation (2) Other General Revenues, (3) Educational Grants, Surpluses, Credits, etc., and (4) Proceeds of the Issue of Short Term Debentures for Current Net Expenditure on Direct Unemployment Relief.

Budget Story No. 2.

Estimated Revenues Available for Appropriation

(1) Net Tax Revenue for 1934 after allowing for uncollectible taxes, etc.....	\$31,972,100.06	
(2) Other General Civic Revenues.....	2,430,009.85	
(3) Educational Grants, Surpluses and Credits, etc....	1,383,646.35	
		\$35,785,756.26
Reserve from 1933 Revenues Brought Forward.....		46,877.14
<i>Total Revenues Available for Appropriation</i>		<u>\$35,832,633.40</u>

Estimated Current Expenditures

Appropriations from 1934 revenues (other than debt charges or direct unemployment relief debentures).....	\$35,465,490.51	
Appropriations from Revenue Reserves Brought Forward from 1933.....	46,877.14	35,512,367.65x
Appropriations for Debt Charges on Direct Unemployment Relief Debentures.....		320,265.75
<i>Total Appropriations out of Revenue</i>		<u>\$35,832,633.40</u>
Estimated Current Expenditures to be met out of (4) Proceeds of short term direct unemployment relief debentures.....	\$ 2,000,000.00	
Less (for purposes of comparison with previous years) debt charges on direct unemployment debentures..	320,265.75	\$ 1,679,734.25
<i>Total Estimated Current Expenditures for 1934xx</i>		<u>\$37,512,367.65x</u>
<i>Net Estimated Deficit on Current Account for 1934xxx</i>		<u>\$ 1,679,734.25</u>

xSee analysis within.

xxCurrent Expenditures for 1934—Expenditures properly chargeable to 1934 Revenue Account, not necessarily paid out of 1934 Revenues.

xxxProvided that expenditures are not greater or revenues less than the estimates.

Estimated Current Expenditures for the Years 1930-1934 (both inclusive) Analyzed by Cost of Main Function to be Met out of Taxation, Revenue Other than Taxation and in 1933 and 1934, the Actual or Estimated Proceeds of Debentures Issued to Meet the Net Cost of Direct Unemployment Relief

COMMUNITY SERVICES BY MAIN FUNCTIONS	TOTAL					PER CAPITA				
	1934	1933	1932	1931	1930	1934*	1933**	1932	1931	1930
General Government.....	\$ 4,940,483.01	\$ 4,800,259.74	\$4,156,319	\$4,543,338	\$3,637,223	\$7.99	\$7.70	\$6.63	\$7.24	\$5.85
Protection of Persons and Property.....	5,753,639.91	5,730,269.11	6,152,768	6,016,129	6,218,191	9.23	9.19	9.82	9.59	10.00
Health and Sanitation.....	3,898,598.97	3,773,605.12	4,240,838	4,229,809	4,011,583	6.26	6.05	6.77	6.74	6.45
Highways.....	2,390,878.23	2,497,216.84	3,094,780	3,631,504	3,530,684	3.84	4.00	4.94	5.79	5.68
Education†.....	12,525,387.43	12,316,402.47	12,513,049	12,491,296	11,865,987	20.07	19.75	19.96	19.92	19.09
Recreation.....	1,556,567.21	1,576,219.58	1,918,150	2,020,748	1,923,013	2.50	2.53	3.06	3.22	3.10
Welfare, Charities and Correction.....	4,452,321.10	4,994,242.92	2,730,662	2,890,183	2,442,814	7.12	8.02	4.36	4.61	3.93
To be met out of Revenue (Less 1934 D.C. on Unemployment Relief Debentures).....	2,452,321.10	2,598,481.92	2,730,662	2,890,183	2,442,814	3.91	4.17	4.36	4.61	3.93
To be met out of Proceeds of Debenture Issues.....	2,000,000.00	2,400,791.00 (Actual)	Nil	Nil	Nil	3.21	3.85	Nil	Nil	Nil
Special Grants.....	64,900.00	31,968.00	36,750	38,050	35,950	.10	.05	.06	.06	.06
Combined Deficits on Public Utilities and Special Services.....	1,742,957.79	1,916,739.29	1,848,998	1,625,368	1,541,332	2.80	3.07	2.95	2.59	2.48
General Deficit Brought Forward from Previous Year.....	186,634.00	1,258,328.00	880,288	(Surplus)	(Surplus)	.30	2.02	1.40	(Surplus)	(Surplus)
Total Expenditure (not including 1934 debt charges on unemployment relief debentures).....	\$37,512,367.65	\$38,895,251.07	\$37,572,602	\$37,486,425	\$35,206,777	\$60.21	\$62.38	\$59.95	\$59.76	\$56.64
Less to be met out of proceeds of sales of debentures.....	2,000,000.00	2,400,791.00	Nil	Nil	Nil	3.21	3.85	Nil	Nil	Nil
Current Expenditures to be met out of Taxation, General Revenue, educational credits, surpluses, etc. (not including 1934 d.c. on unemployment relief debentures).....	\$35,512,367.65	\$36,494,460.07	\$37,572,602	\$37,486,425	\$35,206,777	\$57.00	\$58.53	\$59.95	\$59.76	\$56.64

*On population estimated at 623,000.

†Current expenditures from all sources, as with all main functions. Includes Public Schools, Separate Schools, Collegiate Institutes, Public Library, etc.

**Difference in per capitas from those of last year's White Paper due to use of actual population, 623,562 instead of estimated population 627,000.

COMMENT

1. The total current expenditures increased every year, in total and per capita until 1934.
2. The current expenditure paid out of current revenue increased until 1933.
3. While there were large cuts in estimated expenditure in some departments, the decrease in estimated expenditure payable out of taxes and general revenue in 1933 was due to the funding of net current expenditures on direct unemployment relief and the decrease in 1934 was due largely to pursuing this policy for 1934.
4. The increase in estimated educational expenditures out of revenues from all sources has again been resumed. They are now larger than in 1931 and much larger than in 1930.
5. The total deficit on Public Utilities and Special Services is the lowest in three years.
6. The official deficit brought forward was over a million dollars less in the 1934 estimates than in the 1933 estimates; but the actual 1934 deficit, including all net items of current expenditure such as net current expenditures on direct unemployment relief, was over a million dollars (est.) greater than that brought forward in 1933.
7. Even that part of estimated current expenditure paid out of revenue exceeded the total estimated current expenditure for 1930 by over a quarter of a million dollars and the total estimated current expenditure for 1934 exceeded that for 1930 by over two and a quarter million dollars.
8. The appropriations under the head of Highways were almost one and a quarter million dollars less in 1934 than in 1931.

QUERIES

1. Is it true that, "what we need in public office today is men who have actually 'felt' the depression***" through seriously reduced personal income?
2. Was the funding of the whole net cost of direct unemployment relief necessary, if other reductions had been made which might have been made?
3. What effect will the funding of net direct unemployment relief have on:
 - a. Its total final costs?
 - b. The efficiency of administration?
 - c. The City's high traditions of sound financial administration established during the last decade and a half?
 - d. The civic credit?
 - e. The cost of civic administration so far as this is affected by debt charges?
4. Can the City properly be charged with niggardliness toward Education throughout the depression?
5. What is the use of reducing the combined deficits on Public Services, due in part to not facing the facts in the past, if through further failure to face other facts at present, we load up the future civic services with debt charges on debenture issues which have no corresponding balance sheet assets?
6. Are we entering on a decade and a half of deficits or disguised deficits, following a decade and a half of surpluses brought forward from one year to another?

***Los Angeles Bureau of Municipal Research.

QUERIES—Continued

7. What evidence would one gain from a study of Toronto's estimated current expenditures since 1929, that Canada (and Toronto) has been passing through a devastating depression which in a few years has reduced the national income, and therefore the incomes of taxpayers, by between 40% and 50%?
8. What relation, if any, exists between the retrenchment in Works expenditure, etc. on the one side and, on the other.
 - a. The increase in unemployment.
 - b. The use of debentures for financing net direct unemployment relief expenditure.
 - c. The decision not to further reduce the scale of pay of civic employees in conformity with reduction in incomes of other taxpayers and electors?

Editorial, The Municipal World, June 1934.

One element of expense in many municipalities is the personal ambition of members of councils to succeed themselves. Men thus determined are apt to explain their actions as being in response to public opinion, which in reality are for the purpose of conciliating a faction or section of the community whose votes may be required in the future. Men who act in this way are generally in the minority. They are not desirable in any council, and are not looked on with favor by their associates. A municipal representative owes his supporters not only his industry, but his best judgment, and betrays instead of serving them if he sacrifices it to their opinion. No man should renounce his honest opinions in order to secure or retain office. He should be more than the mere mouthpiece of those who elect him. He should vote on all questions according to his convictions, and try to persuade them to think as he does. If he fails to convince them, he may forfeit his position, but has the satisfaction of knowing that he has been true to one of the fundamental principles of responsible government. What is needed at all times is leadership, not obsequiousness of flexibility. The first condition of sound public opinion is clear individual judgment. Every man who thinks thoroughly or courageously will often stand alone. The crowd may be borne along by some popular tide of feeling—all wrong. Then is the time for men who have convictions of their own to speak. Hidden convictions have very little influence on public affairs. Their failure to do this simple duty because they are looking for future consideration at the polls is often the cause of our worst municipal conditions.

"Higher taxation reduces the spending power of the people; it limits development, strangles industry, and seriously adds to the number of persons unemployed. Conversely we believe that reduced taxation means reduced unemployment, and so we urge Federal, State (Provincial) and Municipal leaders to live as cheaply as do the people from whom they draw their funds."

THE TAXPAYER,
Sydney, Australia.