

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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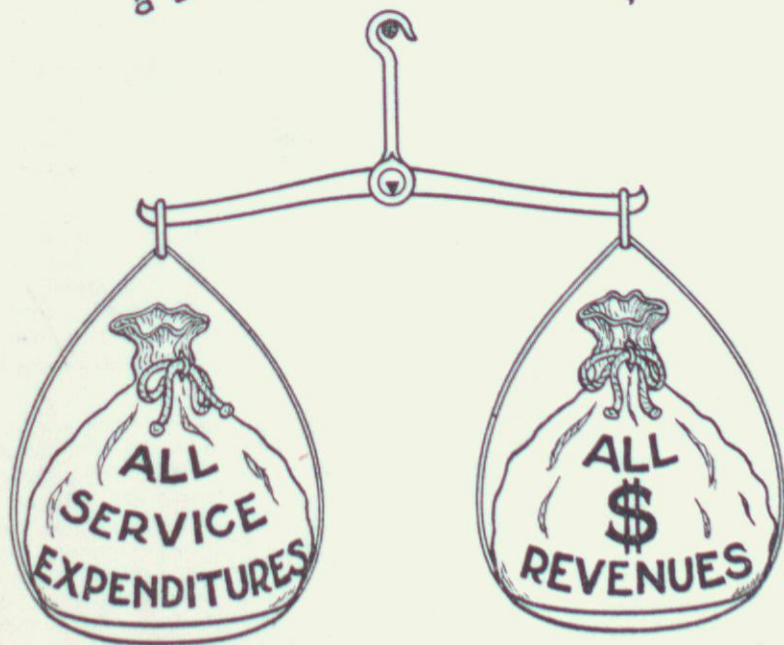
TORONTO
CANADA

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TO THE CITIZENS AND TAXPAYERS OF TORONTO

We Wish You and Yours, ALL,
a Balanced Budget for 1935.



and a few dollars
left over for a nest egg.

OPEN LETTER

To the Citizens and Taxpayers of Toronto:

During the last four years of decreasing or vanishing incomes, the people of Toronto have carried, not only without murmur, but with willingness, huge costs of service to needy members of the community.

Between 1931 and 1934, both inclusive, the citizens of Toronto paid out of taxes almost $4\frac{3}{4}$ million dollars for hospitalization of those needing hospital care; over \$800,000 for pensions for aged citizens; about $1\frac{1}{5}$ million dollars for allowances to mothers to insure the proper care of their children; about one million dollars for the care of children under the supervision of Children's Aid Societies; and, for general welfare, about $1\frac{1}{7}$ million dollars. During the same time, it paid—out of taxes and out of funds borrowed on their joint credit, and later repayable with interest out of taxes—about 7 million dollars, net, to maintain unemployed citizens. On this welfare work they, therefore, out of taxes, present and future, spent almost 16 million dollars in four years.

In addition to these millions they spent out of their incomes, and, in some cases, out of capital funds, very large amounts in charity, personal and through institutions. The sum can hardly be placed at less than four million dollars for the four years.

During this period of four years the citizens of Toronto engaged in business, industry, professions, etc., have contributed to the greatest good of the greatest number through voluntary and involuntary adjustments of salaries and wages to an unknown amount, but probably not less than 70 million dollars, or \$17,500,000 a year, and have thus helped to maintain business and industry as going concerns by reducing the demand on them.

That is in four years, from these three sources alone, **there has been a social contribution on the part of citizens of almost 90 million dollars.** Or, considering only their direct contributions to social welfare, the citizens of Toronto have contributed in four years to the care and support of their less fortunate fellow-citizens almost 20 million dollars out of total incomes which have been adjusted downward by, say, 70 million dollars.

Not only have they contributed in these negative ways, but through the municipal corporations and its outside boards or commissions, they have contributed positively to employment by carrying on their public payrolls over 15,000 persons, supporting, say, 45,000 persons. Out of taxes and incidental revenues in four years they have paid salaries and wages amounting to over 73 million dollars, and out of rates and fares an additional sum of, say, 27 million dollars, 100 million dollars in all.

They have been, through their City corporation, not only large but generous employers. In 1933*, in addition to the already existing suspension of increases, the reductions made in civic salaries were at the rate of 5% on salaries and wages up to and including \$5,000; $7\frac{1}{2}$ % on salaries and wages over \$5,000 and up to \$7,500; 10% on salaries and wages over \$7,500. In 1934 the regular rates were restored for January and February, but the same percentages of reduction as in 1933 were made applicable for the last ten months of 1934, i.e., an equivalent of $4\frac{1}{6}$ %, $6\frac{1}{4}$ %, and $8\frac{1}{3}$ % for the year. But, between December, 1930, and October, 1934, the index of the cost of living as published by the Labour Gazette went down from 151 to 124, or almost 18%, that is, the value of the dollar increased 18%. The drop in the annual income of taxpayers in general since 1929 at least could hardly have been less than 25% and may have been as high as 35%.

* For the first two months and previously the Civic employees made voluntary contributions.

In addition, the citizens through their municipal corporation are large employers of labour on capital works. Exclusive of Direct Unemployment Relief, which is a current expenditure capitalized for financing purposes, the City has issued in the four-year period for capital expenditure debentures exceeding \$43,000,000, of which about $9\frac{1}{2}$ million dollars were authorized from 1931 to 1934, inclusive. These totals included large amounts for salaries and wages at good rates. While a total of \$47,406,000 debentures were issued, debentures amounting to \$40,262,000 matured and were paid off.

No one can truthfully say that Toronto citizens have been niggardly either with their unfortunate fellow-citizens or with their employees.

The time has certainly come when more consideration must be given to the harrassed taxpaying, or would-be taxpaying, citizen.

The Bureau is not responsible for the following facts, and is certainly not responsible for failing to point them out, which it does once again:

1. That the number of people who have incomes sufficient to be liable for income tax decreased from 21,753 in 1931 to 13,952 in 1934 (35.8%).
2. That the assessable income on those liable for income tax in these years dropped from \$79,933,958 to \$49,658,566 (37.9%). (The income assessment as returned by the Assessors for 1935 will be even lower, \$46,224,459, though owing to a change in the Assessment Act this will not be the amount taxed in 1935.)
3. That other citizens, still self-supporting but who could not qualify for the select list appearing on the rapidly shrinking income tax roll, have suffered an average loss in income, and therefore in taxpaying ability, of from say, 25% to 35% in the same period.
4. That the number of family breadwinners with no income or so little that they are forced to accept aid from public funds in order to support their families now stands at the impressive total of 26,818 (Dec. 15, 1934).
5. That elected public bodies have paid quite inadequate attention to the necessity of "tempering the wind to the shorn lamb", the taxpayer, who has to pay taxes slightly reduced out of an income drastically reduced.

The Bureau believes that all men, women and children suffering the effects of unavoidable unemployment must not only be supplied with a minimum of food, clothing and shelter, but that they must receive **adequate support** in order that health and vigour may be fully maintained. Any other policy would be not only heartless but unintelligent. **It does not believe, however, that the necessary expenditure, at least all of it, need be funded.** To say that the whole of the net unemployment relief expenditures must be funded in order to reduce the tax rate is simply a round-about way of saying that other civic expenditures cannot be reduced at all. There is reason to believe that they can, without reducing the present level of efficiency, and without injustice to any real interest. They will be reduced if all those who believe that they should be reduced, will say so and keep on saying so. In this case, he who plays the piper does not necessarily call the tune, but the conductor of the orchestra is apt to listen, if many of the victims who perforce have purchased tickets, forcibly and persistently express their views.

The Bureau believes that the City should balance its budget so far as possible and look after those who are sick and distressed, including distressed taxpayers. If the budget cannot be balanced, after including all current expenditures which leave behind no balance sheet asset, and after effecting all just and possible reductions in the budget, without making a tax levy which would tend to increase tax arrears, **the estimated deficit should be clearly stated and the**

explanation dawned on him. His new business required more help. His new revenue and reduced taxation helped him to pay the new help and raise the wages of the old. The boot and shoe merchant had a similar experience. Many disreputable looking shoes were cast off and replaced by new ones. The painter and paperhanger also felt the change. Soon the factories were forced to speed up turning out more clothes, more shoes, more wallpaper, more paint, etc., etc., and employing more men at better wages. More men getting more wages, more purchases, more production, more wages, more purchases, more production, more wages, more purchases, more production, more wages, etc., in a beneficent circle. Why not help the move toward higher and better wages, by fewer and lighter taxes? The sap is beginning to run in the economic tree. Let's not chill it but help warm it up. The most direct and practical stimulus which Toronto can give in 1935 to local business and industry from which Toronto citizens derive their incomes would be to cut civic costs and therefore taxation.

REDUCED TAX LEVY—REDUCED TAX ARREARS

Ever since tax arrears began their alarming increase the Bureau has consistently and insistently pointed out that one effective way of stopping the increase was to reduce the annual tax levy until it was in line with the taxpayer's ability to pay as indicated by the collections during the previous year.

In its latest annual report the Bureau drew attention to the fact that the net general and special levy for 1934 was actually less than the collection of the previous year, the best record in this respect since 1929. The recent report of the Finance Commissioner shows that

- (a) The growth of tax arrears has not only been halted but the total has been substantially reduced by approximately \$561,000, the first time a reduction has been effected since 1928.
- (b) The taxes collected in 1934 actually exceeded the levy of 1934; the first time since 1928 that the City took in in cash tax revenue during the year more than its current tax levy for expenditure in that year.

This is not merely an indication of returning activity in business and industry. It is also the direct result of (1) reducing the burden and (2) efficient methods of tax collection.

If the total 1934 tax levy as struck had included a part of the 1934 net unemployment relief costs the situation would be even better.

Let us this year reduce the levy and pay at least part of the 1935 costs of net unemployment relief out of current revenue even if for another year we cannot balance the budget.