

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. 237

January 24th, 1939

"RELIEF" STORY No. 1

Direct Unemployment Relief

has appeared in Toronto's Civic Accounts every year since 1920.

The City's share has, since 1920 at least, increased from about \$23,000 to about \$2,800,000. It will be with us in 1950. The amount depends largely on what is done in the near future by the three levels of government in which the citizens and taxpayers of Toronto are, viz., the Dominion, the Province and the City.

The Solution of the Problem is Becoming More Difficult and at the Same Time More Necessary

Since and including May, 1938, the total number of individuals on unemployment relief in Toronto has exceeded the corresponding monthly number in 1937. The net cost to the city, due partly at least to reduction in government contributions, has been larger for corresponding months since and including March. The index of employment in Toronto was higher on November first than on January first, but since May first the monthly index has been down each month in 1938 from the corresponding month in 1937. It is still, or was on November 1st, 1938, over 109. This is practically the same as the Toronto figure and the average for all Canada at Nov. 1, 1927.

It is fairly evident that in Toronto at least the problem of unemployment is far from solved. It is admitted by most that a local solution is impossible. It is a nation-wide problem and demands a national solution. The "dole" is no solution and, in fact, acts like a habit-forming drug, undermining the recipient physically, mentally and morally, and the nation as a whole, morally. Possibly every man has a social right to work and to be maintained by that work, and some men have a right to relief if work is not provided for them. It is certainly not true that every man has a right to free support without work at the cost of those who work. Yet an increasing number look upon it as a right whether or not there is work for them to do. Demand is supposed to bring out the supply, but in many cases of unemployment relief, the supply brings out the demand. It has been said that one of the causes of unemployment relief is its existence. There can be little doubt but that the appetite for unemployment relief grows by what it feeds on. This does not mean necessarily that there is a large number of conscious "chisellers", but unconsciously the system produces "leaners" and fosters "leaning".

THE REPORTING AND FINANCING OF DIRECT UNEMPLOYMENT RELIEF IN TORONTO

(Based on Official Publications)

The table below gives the history of the financing of direct unemployment relief in Toronto:

Year	Total Annual Net Cost to City	Total Annual Payments by City out of Current Funds	Decrease in Current Tax Rate Effected by Funding	Increase in Current Tax Rate Caused by Funding
1920.....	\$ 23,553	\$ 23,553	.....	.....
1921.....	274,151	274,151	.....	.....
1922.....	114,969	114,969	.....	.....
1923.....	89,192	89,192	.....	.....
1924.....	139,054	139,054	.....	.....
1925.....	150,889	150,889	.....	.....
1926.....	149,281	149,281	.....	.....
1927.....	152,608	152,608	.....	.....
1928.....	136,131	136,131	.....	.....
1929.....	122,121	122,121	.....	.....
1930.....	377,570	377,570	.....	.....
1931.....	849,391	849,391	.....	.....
1932.....	746,755**	746,755	.....	.....
1933.....	2,400,791	12,239	2.44 mills	.....
1934.....	3,185,061	656,467	2.65 mills	.....
1935.....	3,602,411	1,390,970	2.34 mills	.....
1936.....	3,139,294	2,381,191	.83 mills	.....
1937.....	2,409,934	2,944,444	.....	.59 mills
1938.....	2,472,507* (est.)	3,467,689 (est.)	.....	1.11 mills*** (est.)

* This excludes \$390,000 for increased allowances if City permitted to fund same. Figures given in City Brief to Royal Commission on Dominion-Provincial Relations \$2,701,616.

** \$332,994 Civic Employees' contribution in addition to City's share.

*** If the \$390,000 had been included, the increase would have been .67 mills (est.)

Surely the funding of all or a large part of direct relief costs does not appear even a partial solution so far as the civic burden is concerned.

On the contrary, the funding of relief costs probably aggravates the burden. It is human nature that the spending of funds borrowed at low rates is apt not to be so rigidly "controlled" as money which must be taken out of current income. It is more difficult to control public than private expenditure. The difficulty is greatly increased if the expenditure is made out of current funds.

No one can say how much larger the costs of unemployment relief have been on account of borrowing by the Dominion, the provinces, and the municipalities, to meet the costs.

Other numbers in this series will be issued from time to time. An early number will discuss "reporting direct relief expenditures".

RECOMMENDATIONS

The Bureau of Municipal Research recommends that, while waiting for the Dominion to assume all unemployed relief costs, the City of Toronto take energetic steps on its own account to reduce its share, for example, by

1. Establishing a routine by which those receiving relief from the taxpayers shall afford some relief to the taxpayers by performing necessary or desirable work for the city.
2. Inclusion by the city of its share of estimated current unemployment relief costs in the current budget, even if the policy of issuing debentures to defray the greater part of the costs be continued. The amount borrowed for current relief would be the amount of the current deficit. If this policy had been followed since 1932, the annual deficit would have been staring the taxpayers and citizens in the face and policies which should have been adopted could not so easily have been side-stepped. One of the first duties of a corporation is to show the facts so clearly that no stockholder can fail to understand them.
3. Payment out of current revenue of a much larger and increasing share of the current net direct unemployment relief cost. Experience shows that it is much easier to secure and maintain continuous financial control of current expenditures out of tax funds than of current expenditures out of debenture funds.
4. Conducting through an independent body a thorough administrative survey of civic welfare activities as a part of the city-wide survey which has frequently been suggested, looking to the effecting, so far as possible, of further economies. No one wishes to have unemployed fellow-citizens suffer, but any further economies brought about through increased efficiency of organization or administration will help, not harm, the unemployed, by cutting down the burden on industry and promoting the employment of more people.

In its 1935 Annual Report the Bureau suggested as a nation-wide policy that:

- a. Unemployment relief be transferred bodily to the National-Provincial field;
- b. Chronic relief be retained by municipal authorities.

This policy may be adopted, but the nature of the machinery to be set up will be of vital importance to Toronto.

FROM BUREAU WHITE PAPER, No. 193, FEB. 23, 1934.

"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."

Much water has run under the bridge since this was published, but it is still true.