

The next fact which sticks out is that the 1934 civic budget is not balanced. It may be on a "strictly 'balanced'"

basis". That is the columns devoted to current appropriations total the same as those which show the estimated income, and other current expense, not shown in the revenue-expense budget, is balanced by authorization to borrow funds to meet it. The arithmetic is, we presume, quite unimpeachable. If, however, one may call "balanced" a budget which provides for borrowing on debentures to meet expenses which leave behind no balance sheet asset, then all budgets which have been issued in Canada since, say, 1867, have been "balanced", or could have been "balanced" by including on the revenue side the amount of borrowed funds. No one and no government, having good credit, need have an "unbalanced" budget and the only one who could have an "unbalanced" budget is one who could not borrow. Indeed if one could not borrow he would have to balance his budget in the old fashioned, now unorthodox, way by not spending more than he could collect in income. If Canada has a few more years of "balanced" budgets it may become convinced that what goes up must come down.

The third item which obtrudes itself is, that apart from deficits, the 1934 estimates apparently provide for more expenditure than those of 1933 by ~~xxx~~ \$45,858.44. The year 1933 started with an official deficit brought forward of \$1,258,328, being 1.29 mills on the general assessment while 1934 started with an official deficit of only \$186,634 which represents approximately only .20 mills on the assessment. That is the 1934 Budget started with an advantage over the 1933 Budget of over one mill on the tax-rate and ended with only two-fifths of a mill.

The fourth salient feature appearing on the surface is that there seems to be a difference of opinion between the City authorities and at least one of the three eminent financiers called in to advise on the financing of direct unemployment relief expenditures as to the meaning of the phrase "the transference of a fair share of the burden" of direct unemployment relief to future taxpayers. The estimates intimate that the three consultants unanimously approved with the City Council, of "the policy of extending financial relief to present taxpayers and the transference of a fair share of the burden to future taxpayers". In August, 1933, before the annual meeting of the Ontario Municipal Association Mr. Thomas Bradshaw, formerly Finance Commissioner of the City and one of the three financiers consulted stated that, "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 was willing "to temper the wind to the shorn lamb". He stated that, "In some of the major cities, where unemployment has been very large, the whole burden of the year has been found almost too heavy for the ratepayers to provide during that year. In these cases, there is perhaps justification for borrowing through the issue of short-term debentures, running not more than five years, for an amount not more than twenty-five per cent to fifty per cent of the city's net relief cost. Apparently 100% relief through 100% funding was not Mr. Bradshaw's

idea of a "fair share of the burden for future taxpayers". It is to be noted that Mr. Bradshaw does not state that funding direct unemployment relief expenditures changes the fundamental character of these expenditures from current to capital, or that any part of them may properly be funded except in very special cases. In any event what proportion of future taxpayers expect not to be "present" four years from now when the debt charges for direct unemployment relief are expected to reach their peak, even if members of the City Government do not? Evidently the authorities expect that prosperity will be at the peak in 1936, 1937 and 1938. It is to be hoped that the new prosperity will not be getting ready to disappear around the corner by 1938 and also that the bills for repair of plant, such as streets and sidewalks, as well as necessary capital expenditures such as for sewage disposal, will not have also reached a peak at that time. The joy of spending little or nothing on direct unemployment relief in 1933 and less than \$600,000 in 1934 may be turned into mourning in 1936, 1937 and 1938 in which years together over \$4,000,000, it is estimated, must be paid.

The fifth item which appears on the surface is that civic salaries up to and including \$5,000 are to be reduced 4-1/6% for the year, those between \$5,000 and \$7,500, 6%, and those over \$7,500, 8-1/3%. The sympathy of the authorities for the taxpayers seems to be at least equalled by their solicitude as to the desire of the Civic Employees' Association to assist the Board of Control and Council in the difficult task of striking a suitable tax rate. The taxpayers appreciate this effective assistance of the Civic Employees' Association.

There are several minor features, such as appropriations for upkeep of roadways, pavements and sidewalks and for snow removal which naturally raise some inquiries in the mind of readers.

Yours very sincerely,

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