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## What Toronto Can Do to Relieve Its Depression

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May I thank the Canadian Club for this opportunity to address its members upon the problems of the depression and the part the Corporation of Toronto might play towards solving those problems.

The depression has been the subject of innumerable speeches and written articles, but it seems to be very stubborn and hard to move. It may well be thought that there is little chance of my being able to suggest anything worth while where so many have failed to prescribe the remedy, the desired elixir of new life.

Perhaps we have been going at it upside down, expecting the remedy to be imposed upon us from above, when possibly the only way we can be made well in a collective sense, as a City, as a Province, as a Dominion, is by making well the individual units, and that if they be cured, then the Provinces and the Dominion will be restored to health and not till then.

We have a Public Health Department in Toronto which inspects and guards our milk supply—it inspects the sale of all foodstuffs. Those efforts would have no avail if when the food were purchased it were carelessly kept or when infectious diseases broke out and houses are placarded and the sick quarantined, the disease could not be controlled without individual co-operation. Our low death rate is the reflection of the hygiene of the individual citizen.

We know that there has been some revival of business. Some who expected Ottawa to do everything about it and did nothing themselves are probably now out of business or ready to quit.

Others who faced their problem resolutely and intelligently have overcome their difficulties, they are now in a sound position, are now prospering and ready to do much better as the general conditions improve.

Our Municipal problems of financial trouble and high taxation, are perhaps problems which each Municipality and each Province must work out and solve for themselves. The same remedy cannot be used in all cases because the constitutions of the patients are different and the disease also. In some cases it is merely a surface boil, in others a deep seated cancer requiring a major surgical operation. Some may need only a rest cure and others must take strong medicine. With those considerations in mind, I venture to suggest to you what Toronto can do to relieve its depression.

In discussing this matter I must refer to what has been done in the past and point out what I think were mistakes in policy. In doing this I will try and avoid any personalities. Whatever was done was by consent of Council and I submit that if you should agree with me that mistakes were made, it were better we give attention to the remedy, rather than try to hang some scapegoat on the nearest tree.

Let us be charitable enough to give credit of good intentions to those who we think were wrong then and hope that they will now see a better way.

*What is the City's problem?*

The problem is how we are to raise \$2,000,000 of increased expenditures this year.

That amount is made up as follows:

Estimated Deficit for 1935 (it may be more)	\$ 400,000
20% of Relief payments of 1936, which are estimated at \$3,000,000	600,000
(The payment in 1935 was \$3,600,000.)	
Increase in Debt charges due almost entirely on loans for Relief and Relief Works in 1933, 1934 and 1935	1,000,000
	<hr/>
	\$2,000,000

The first figure, viz., \$400,000, as a deficit from 1935, is an estimate. I fear the actual figure will be larger. It seems a reflection on the City's accounting methods that the actual amount of the deficit is not yet known, over 1½ months after the end of the year.

The second figure, \$600,000, as payment of one-fifth part of this year's direct relief expenditures, is the recommendation of our Finance Commissioner, in the Estimates for 1935, accepted by last year's Council. His report on the whole question of payment for relief took up pages 11-13 of the Estimates, and what he pointed out should be studied by everyone interested in the City's affairs.

The third figure, \$1,000,000, is found on page 10 of the Finance Commissioner's Annual Report for 1934, dated June 30th, 1935, under the heading "Estimated Increases or Decreases in Debt Charges affecting General Taxation, 1936 to 1940". He gave there the following details for 1936 compared with 1935:

Increase in Ordinary debt charges	.....\$ 1,206
Increase in Relief Works debt charges	..... 290,802
Increase in Direct Relief debt charges	.... 669,097
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Total	.....\$961,105

I have used the round figure of One Million Dollars.

The same statement shows there will be a further increase in debt charges in '37 over '36 and in '38 over 1937.

I wish to point out also that in addition to that amount of \$2,000,000, which must be raised by taxation, the City will also pay out a further sum of \$2,400,000 for direct relief, being four-fifths of the estimated relief expenditure for this year.

If we were paying the whole of relief out of current funds we would require to raise \$4,400,000 by additional taxation this year. We are proposing to avoid that by putting a further mortgage on our property for \$2,400,000 in addition to the three mortgages amounting to \$8,841,883, which we have already placed for relief payments made in 1933, '34 and '35. The total of our mortgages for relief payments will then be over Eleven Million Dollars.

If the deficit from 1935 turns out to be more than \$400,000, we will require to raise that much more.

If the Budget of this year's expenses of the various City Services and of the Board of Education are less than in 1935, the amount required would be reduced by the amount so saved. Estimates of cost of services, already prepared, show a considerable increase, however, in the total and there are demands on the Council for new services and extension of old ones for which, if agreed to, some additional appropriations must be made.

*How are we to raise the amount that will be required?*

Either by reducing the expenses by \$2,000,000, or by increasing our Tax rate by 2¼ mills or by levying new taxes on some shoulders not now bearing taxation.

Such new Taxes on other shoulders are still new taxes on our citizens and should not be levied if we can make the necessary economies, and I hope the Board of Control may approve, without delay, the recommendation of the Committee on Assessment and Taxation that an expert be appointed to make a survey of our present City Services and their cost. It is, of course, understood that such a person must employ the necessary expert help to carry out such an investigation, but the annual saving may be many times the cost.

The Special Committee of the Council on Assessment and Taxation, of which I have the honour to be Chairman, has carried on an intensive study of the subject and has received the considered representations of Professor MacGregor of Toronto University, the Toronto Board of Trade, Canadian Manufacturers' Association, The Bureau of Municipal Research, Toronto Real Estate Board, The Trades and Labor Council and of our Assessment Commissioner, Works Commissioner and Finance Commissioner, and has studied what has been done recently in the way of new forms of Taxation in New York City, Montreal, Manitoba, British Columbia, Australia, and by some States across the border.

One outstanding fact brought out was that Real Estate and Business Assessment cannot stand any increase to

the present very heavy rate of Taxation, and that if attempted it will have serious results.

It will slowly confiscate very much property, representing in many cases the life savings of the owner or his family.

It will depress the value of Real Estate which, with removal of Income Tax, will in future bear the whole burden of taxation, unless new forms of taxation are imposed.

The further depression of value of Real Estate will further reduce the total of our Assessment for Taxation and that will further reduce our borrowing powers.

It will cause many property owners to abandon hope and let their property go with the result that Taxes are not paid, and also that necessary repairs to the property are not made and unemployment increased in consequence.

Also that there will be little new building unless there be confidence in the future value of Real Estate.

All the members of the Special Committee are therefore of the opinion that in the interest of the City and its citizens, whether property owners or not, Taxation on Real Estate must not be increased.

We are glad to observe an increase in our population last year, and also to learn that many businesses report some improvement in their affairs.

Real Estate, however, continues to be very depressed and last year while the total cost of new buildings, and improvements to old buildings, was nearly \$10,000,000, and was \$2,500,000 more than in 1934, that total was only one-fifth of the new building and improvements in 1928, which totalled \$51,607,000, and in 1929 which totalled \$47,698,000.

During the depression the unemployment in the capital industries has been much greater than in the consumption industries, and building construction and its various allied and dependent trades form a large part of the capital industries.

May I quote from an article, "The problem of problems—Work for all," by Senator Robert F. Wagner in last Sunday's *New York Times*. His remarks apply to Toronto.

"No trade languished so completely as building during the depression. The release during the next ten years of a huge building program, springing almost entirely from voluntary individual enterprise, would be the most invigorating tonic to our industrial progress, and would mean the permanent direct employment of several million men."

A large part of the unemployment in Toronto is directly caused by lack of new building, and our relief program cannot be cured without some revival of building construction. In Great Britain their recent new building construction has been almost entirely by private persons, and not largely by the Government or Cities, as formerly. Nearly all students of the problem now feel that permanently good results in new building construction can be achieved only through private enterprise.

The Corporation of Toronto was created by the Legislature of Ontario and has no powers save those definitely given by legislation, and cannot levy any tax except as permitted, and it is now levying every tax it is allowed to collect except a poll tax.

A Poll Tax, which may be levied by the Municipality on every male person over age of 21, is a very old form of taxation. Originally \$2.00, the amount was increased to \$5.00 a few years ago, and the Legislature increased the amount to \$10.00 at its last session.

The City is not obliged to levy it and over thirty years ago ceased to collect it, finding the difficulty and cost of collection of the then \$2.00 charge was too great.

It can be levied on every male person not otherwise assessed, but makes no discrimination between those married or single, whether employed or idle, nor as to the amount of salary or wages received.

If the Corporation wishes to levy Taxes on public utilities, or automobiles or wages (which latter is a more scientific form of Poll Tax), it will be necessary to secure authority from the Legislature.

The Corporation of the City of Toronto is actually a great co-operative organization created to render to our

citizens a variety of services, which they could not otherwise obtain at all, or which they can in that way obtain at less cost than by individual effort.

It gives our citizens a variety of services which include a Water Supply and Sewerage System, Electric Light and Power, Transportation, Police and Fire Protection, Roadways and Sidewalks, Garbage Collection and Street Cleaning, Provision of Parks and Playgrounds, Public Libraries and a Public Health Service.

Last, but by no means least, a Public Welfare Department, which provides Hospital Care, Old Age Pensions, Mother's Allowances, Child Supervision whenever necessary, and Relief to our many unemployed. The Public Welfare Department now expends a very large sum; last year (1935) the total being \$14,000,000, of which \$6,500,000 was received back from the Province and Dominion, on account of Unemployment Relief, leaving a net outlay by the City for Public Welfare of \$7,500,000, of which \$3,500,000 was borrowed and the balance, \$4,000,000, was paid out of taxes levied. There was also \$1,000,000 for the Public Health Department, which is another form of Public Welfare work.

The Board of Education is a separate and independent body, set up to provide education and the necessary construction and maintenance of schools of various kinds and grades. The total income from Taxation of the Corporation and Board of Education last year was \$33,000,000, with \$6,000,000 of other income, \$4,000,000 of which was paid as water rates, the balance coming from licenses, fines and sundry other sources. A total direct income of \$39,000,000, and in addition thereto its commissions operating the T.T.C. and local Hydro-Electric System received gross incomes of \$10,500,000 and \$12,500,000, respectively.

The City has now large equities in the Transportation and Electric Systems, which are being increased through large annual payments in reduction of their debts and in about fifteen years of both systems will be free of debt and owned outright by the City.

Also the City has a large investment in the Harbor De-

velopment constructed by the Harbor Commission, two of the members of which are appointed by the Dominion Government and three by the City. There are large values in lands created by the Commission, but not yet sold or leased. Last year, while the gross revenue of the Commission was about \$750,000, the City paid \$1,138,000 to meet the interest and repayment on the bonds, which are guaranteed by the City. The Bonds issued at 4½% are callable at 105, and it is now proposed to call them and issue new Bonds at 3%, with an estimated annual saving in interest of almost \$200,000. A very wise move.

This Harbor investment has been slower in reward than we hoped, but it has been a real asset in reduction of costs for freight, which has been passed on to our citizens. It has brought here a number of industries which required to be on the water side and the City is now receiving Taxes of over \$800,000 on the industries so created with lands available for more, which we hope will come as business improves. It has also developed the water front driveways which are great aids to transportation and make a good impression on visitors. They have given us a fine front door.

The value of the assets of the Municipal Corporation of Toronto is over \$300,000,000 and the assets of our citizens, whose welfare is bound up with its Corporation, is over \$1,500,000,000. I wish that all our citizens would take a more lively and intelligent interest in their Corporation. The citizens elect annually a board of Directors, of 23 persons; a Mayor, four Controllers and 18 Aldermen. The Mayor and Controllers form an Executive Committee but Mayor, Controllers and Aldermen are equal members in Council, which has the right to approve or amend or deny any recommendation of the Board of Control or of a Committee, and nothing can be done without approval of Council.

The Council, however, cannot increase any expenditure recommended by the Board of Control, nor override their recommendation of appointment or dismissal of an official except by a two-thirds majority. As to all other matters, a simple majority of Council can approve or amend or deny.

I have pointed out that the Corporation was created to give its citizens a variety of services. Many of the services required the construction of expensive works and as there was not enough cash on hand to pay cash for them, they were purchased on the instalment plan, the payments being spread over several years, such as Relief loans for 5 years, loans for pavements for 10 years, and for schools, water works and sewers for 30 years.

We are enjoying the services provided by money which we urged people to lend us at rates of interest we ourselves fixed and offered. There was no compulsion on us to provide the services or borrow the money. We wanted the services and could not have them unless people loaned us the amount required to provide them. There was no compulsion on any one to lend to us, and there were other persons or Corporations offering loans which they might have accepted, but they loaned to us believing we would carry out the terms of our offers.

We will need other services—in fact, we need some now—and are proposing to borrow so that we can continue to help our many unemployed. Is it likely that persons who have saved money by doing without will lend us in future if we have failed to carry out the terms of our past offers?

You have perhaps heard of the old Indian who said, "White man fool me once, Shame on him! White man fool me twice. Shame on me!" Having in mind our future needs, and apart from any question of principle, any suggestion of forced conversion or forced reduction of interest rates upon the loans we have made is only harmful to the City's interests. We are now enjoying the best of credit and able to borrow on terms nearly as good as the Dominion or Province, and we should try and preserve that favourable position.

The debt charges on that part of the debt which are loans of the Corporation and which include interest and annual repayment were, in 1935, \$9,000,000, with \$2,000,000 more of the Board of Education. There was also \$2,342,000 for Local Improvement debt, also over \$1,000,000 on the guaranteed debt of the Harbor Commission. There were also payments of \$3,000,000 on the debt of the Transportation System and \$2,600,000 on that of the Hydro-

Electric System, these two latter being provided by the respective Commissions out of their revenues.

There was payment last year for services of the City amounting to \$14,000,000; for maintenance charges of the Board of Education, \$9,000,000; and public welfare expenditures for Unemployment Relief and its administration amounting to \$4,000,000.

These add up as follows:

<i>City (excluding Board of Education):</i>		
City Services .....	\$14,000,000	
Public Welfare .....	4,000,000	
Debt Charges .....	9,000,000	
		\$27,000,000
<i>Board of Education</i>		
Maintenance .....	9,000,000	
Debt Charges .....	2,000,000	
		11,000,000
Harbor Commission Deficit .....	1,000,000	
		1,000,000
Total .....		\$39,000,000
<i>Revenue in 1935</i>		
Tax Levy .....	33,000,000	
Other Income .....	6,000,000	
		\$39,000,000

The Local Improvement Taxes of \$2,342,000 are in addition to the above.

You will see that of the above the Council and Board of Education have only the cost of the civic services and the maintenance costs of the Board of Education to work upon if the expenses are to be reduced. They are the portion of the expenditures which are controllable by the Council and Board of Education.

Those controllable costs, which amount to \$23,000,000, consist of salaries and wages about \$19,000,000 (82½%), and of materials and supplies about \$4,000,000 (17½%).

In December last, Finance Commissioner Wilson issued a statement on the City's financial affairs, in which is a com-

parative statement showing a reduction in the costs of City services from 1931 to 1935 of \$2,460,000, or 16.56%, and in Board of Education maintenance costs of \$346,000, or 3.71%. The Treasury Department inform me the number of persons employed in the City services was reduced from 6,273 in 1931 to 5,503 in 1935, a decrease of 770, or 12.3%. The number employed by the Board of Education increased from 3,410 to 3,446, an increase of 36, or 1%. There were small reductions in the costs of the Fire and Police Departments, of the Courts, Public Libraries, Assessment and Treasury Departments and Public Health Department. The Works Department shows a reduction of \$742,000, which is caused by the City doing very little in the way of new pavements, etc., except as relief works, for which funds were borrowed. The Parks Department expenses were reduced by \$410,000, a reduction of 29%, which was made possible by a variety of economies, such as fewer Band Concerts, and little development of park lands. The Street Cleaning Department and Garbage Collection shows a reduction of \$507,000, about 25% from 1931 costs, which was made possible by reducing the services. Streets were cleaned for 40 weeks in 1931 and only for 36 weeks in 1935. For 12 weeks in 1931 we let Providence attend to our streets, but we leaned more heavily in 1935 when we expected Providence or the weather to keep our streets in proper condition for 16 weeks or almost 4 months. We are a trusting people. We cannot have our pie and eat it too, and yet many demand reduction of costs without indicating or even considering what service they are willing to do without or desire to curtail.

The Council is constantly receiving demands from well organized groups for greater service or for some new services, some of which are probably necessary and would be beneficial to many, and possibly in some cases such new expenditures would avoid heavier expenditures later on and be really an economy in the long run.

As I have pointed out, salaries and wages make up 82½% of the cost of services, and materials and supplies are 17½%. Materials and supplies, so called, include fuel,

electric light and power, motor trucks and their maintenance, gasoline, oil, stationery, postage, rents for office space outside the City Hall, and the cost of such you will admit cannot be controlled by the City except as they are in direct relation to the amount of service rendered to our citizens. For several years the leaders in the Council have preached the doctrine that the City should employ as many as possible and pay the highest possible scale of wages, claiming that such a policy promoted general prosperity. I do not agree with that doctrine, and at any rate we are still faced with a very large number of unemployed and the City is faced with a heavy increase in expenditures this year with the margin of our borrowing powers almost wiped out.

The salaries and wages paid by the City are according to an elaborate scale of wages recommended by a Commission appointed in 1926 and adopted by Council November 2, 1927. The Commissioners on page 16 of their report said: "It must be true that the City should have the best that each man can give for fair remuneration, but we also believe that the remuneration should not be more than the employee could command outside the service, certainly not less, if the best he has is demanded." I will read that again. On that standard, why should the City pay 60c an hour for casual labour and snow cleaning when the City Fair Wage Officer has fixed the rate for unskilled labour at 50c an hour and which all having contracts with the City are required to pay? Why should elevator operators be paid \$30.00 per week when the current rate in private employment is from \$15 to \$20? Why should eleven general cleaners in the City Hall receive \$30 a week and 33 women cleaners receive \$21.36 per week for a few hours morning and evening work, actually over \$3.50 per day, or a night door man \$31.92 per week and a night watchman \$35 per week, or stenographers receive from \$1,040 to \$1,500 per annum, and in some cases more?

When the present scale of salaries and wages was fixed, the cost of living, as reported by Government statistics, was more than 20% higher than at present, so that a reduction of 10% would mean an actual increase of over 10% in real

wages based on purchasing power. The wage scale suggested annual or biennial increases. It has been departed from in that increases have been suspended. In my opinion, there should be regular increases granted for good service, as otherwise the morale of the staff is affected. One of the difficulties in checking up on a City's expenditures is the absence of something to compare with. We may be told that our total cost per person is higher than in some other place, but we do not know what services they receive, whether as much or more or less than we do. We have no other garbage collection department in Toronto to compare ours with, nor other parks department or other service. We have, however, two office buildings, the City Hall and the Stewart Building, and we can compare the cost of their maintenance with the cost of other office buildings in Toronto. The Property Committee when considering the estimates for this year gave some attention to this. They saw that the estimated cost of maintenance of the City Hall was \$164,482. It looked a large sum to them. The area of the four floors of the City Hall, including the large entrance hall and all corridors is 210,000 square feet, which works out the cost at 82 cents a square foot. Now similar costs of first class office buildings in Toronto run about 50 cents a square foot and less, some being under 35 cents. The Stewart Building has a floor area of 31,500 square feet and their maintenance was to cost \$37,719, which is \$1.20 a square foot. The Property Committee observed that the salaries for the Engine Room staff were \$24,952 and decided to go down and look the Engine Room over. They found four large boilers in the west side, all nicely painted, but in the ranks of the unemployed—they have not worked for over 20 years. Also a nice engine with large fly-wheel driving a large dynamo. Both were put in when the Hall was built, but in case Hydro-power should fail they are still kept ready for use with necessary attendants. I guess they heard we were coming and so had started up the engine just before we arrived. There are also four boilers in the eastern part of the Engine Room, two of which

were in use to heat the building, the other two being stand-bys. You have heard about "The Forgotten Man." Well, there are several "forgotten men" in the City Hall Engine Room.

The salary list of the Engine Room we found included a repair man for the lavatories in the building, \$1,644, and an electrician, \$2,288, both, we were told, employed throughout the Hall.

Deducting their salaries left \$21,000, as follows:

Chief Engineer .....	\$3,650
Second Engineer .....	2,184
Two Assistant Engineers at \$2,123 each ....	4,246
Boiler Cleaner .....	1,820
Relief Engineer .....	1,820
Engine Room Assistant and Storekeeper .....	1,820
Three Firemen at \$1,820 each .....	5,460
	\$21,000

The Engine Room staff also look after a fire pump, which is occasionally turned over to be ready for an emergency, but since it was installed the high pressure mains now surround the City Hall and would provide all the water needed for a fire and at a higher pressure than the pump could deliver. The coal bill for the City Hall is \$10,000 a year. The Toronto Housing Commission maintain a heating plant for their group of houses at Bain Avenue. They heat 256 suites and have three boilers, two in use at one time in the coldest weather. Their coal bill was \$14,300, and the salary list of their engine room was \$5,876.

It cost them 40 cents for each dollar's worth of coal burned, while it cost the City two dollars for each dollar's worth of coal consumed. Just five times as much.

They do not use a vacuum cleaner in the City Hall or other modern device for cleaning. Is it because vacuum cleaners cannot vote?

It seems to me that if we had a City Manager who had supervision and direction of all the operating services of the City, such a condition as I have described would have been dealt with long ago. There may be other similar cases

where services can be dispensed with as no longer required. I do not know and I do not think the Board of Control knew about this. There are now over 400 cities in the United States and Canada which have a City Manager. His functions are the same as the General Manager of a large store or of a manufactory with several departments. It would be considered absurd for the Executive Committee of the Directors of a large store or factory to deal directly with a number of department managers, each one independent of the others. Only by the General Manager can the policies determined by the Directors or its Executive Committee be effectively carried out and full co-operation established between every department. The number of cities with a City Manager is steadily increasing, and where you find efficient and economical civic government you will find they have a City Manager who has been loyally upheld by the Council in his work. Do not confuse the City Manager System with the so-called Commission form of government, under which Commissioners are elected. The City Manager is appointed by the Council and responsible to them, and can be removed by them if he does not perform his duties, but only by a two-thirds vote. The Board of Education have their own scale of salaries and wages, and allows annual increases for satisfactory service. The expenditures of the Board of Education amount to one-third of our tax levy, and if there is to be any substantial reduction in the City's total expenditure, they must do their part. The Public School rate in Toronto in 1935 was 10.50 and the Separate School rate was 15.00. In a recent bulletin of the Citizens' Research Institute on Municipal Government, the cost per capita for education was given for several cities in Canada. Toronto is nearly the highest with a per capita cost of \$17.68. The figures for other cities were Vancouver \$13.23, Winnipeg \$13.11, Hamilton \$15.41, Ottawa \$14.39, Saint John \$13.56, Halifax \$11.73 and Montreal \$11.00. A reduction of \$2.00 per capita would mean a saving of \$1,250,000.

I wish to again point out that the only part of the controllable expense of the City, upon which any major saving can be made is in the salaries and wages, which amount

to 82½% of the total cost of the services. If salaries and wages are not reduced, then any saving can only be made by reducing the staffs and curtailing the present services. Either you keep your staff and reduce salaries, or you discharge 10% of your staff and keep on paying excessive wages to the remaining 90%. Some so discharged may be unable to find other employment and might be forced on relief. Surely it is fairer to the staff and to the City to maintain the necessary services and keep on the staff all those actually required to maintain the services at a reduced but still amply adequate salary or wage.

*And now as to Unemployment Relief.*

In 1931 the City paid Relief out of Taxation, the amount being \$849,391, and the tax rate was 33.60.

In 1932 the City again paid Relief out of Taxation to the amount of \$746,755, and the tax rate was 33.90.

In 1933, however, payments for Relief were \$2,400,791. The Council borrowed the whole amount and the tax rate was reduced from 33.90 to 33.50. They passed the payment on to succeeding years and took credit to themselves for having reduced the tax rate.

Again in 1934 they borrowed the whole of the Relief payments, amounting to \$2,844,315, and reduced the tax rate from 33.50 to 33 mills. More rousing cheers, but it was at the expense of future years.

Last year the chickens on the relief loans began to come home to roost to the tune of One Million Dollars and they are back this year to the amount of Two Millions, and next year will return to the amount of nearly Three Millions, for we have piled up a debt of Nine Millions for relief payments and about wiped out our margin of borrowing powers thereby.

Our Finance Commissioner, who approved the policy of Mayor and Council of 1933 and 1934 in borrowing relief, became alarmed last year and pointed out the City could not go on that way and recommended that next year's Council (that is this year's) should commence to pay a part at

least out of current taxes, his suggestion being to pay one-fifth in 1936 and borrow 80%, in 1937 to pay two-fifths and borrow 60%, and so on, so that by 1940 we would have gradually screwed ourselves up to the disagreeable task of paying our charity out of current funds, and who ever heard of any private person doing otherwise? There are few now who think that relief payments will soon cease. It is probable that only when we are actually paying them ourselves and not passing the debt on to others, or think we are, that this very serious problem will be seriously grappled with. We have now about 28,000 families on relief, and have only 60 inspectors, that is one inspector for 466 families. Our people desire that those who are unable to obtain work be cared for, but there is a growing feeling that the City is being imposed upon in many cases. Only adequate and unhurried inspection can protect the City and at the same time do justice to all really deserving cases. The City's share of Unemployment Relief last year and expenses was 4 million dollars, and borrowing did not pay the debt. This is probably the most serious problem before Council, and it is to be hoped they will deal with it adequately themselves or have a Commission appointed that will. (Read the statement at end.)

*Now what can Toronto do to relieve its depression?*

Well one way, and I think the best way, is to face the situation as they did in England and in Australia, and do whatever is necessary to put our affairs on a sound basis. I had the pleasure recently of listening to ex-Governor Allen of Kansas, address the Canadian Chamber of Commerce on the Recovery in Great Britain. He had visited England before and during the depression and again recently. He named the chief causes for their recovery as Confidence and Easy Money. They restored Confidence by tackling their problem and I believe we can do the same. We have easy money here as there. All that is needed to start its being issued is Confidence. Confidence is required before people will venture and desire to borrow and Confidence is necessary before lenders will lend to those who desire to venture. Our population is increasing and there

has been a moderate revival in business, but Real Estate is still very depressed. During the depression the unemployment in the Consumption Industries has been much less than in the Capital Industries, of which building construction and its many allied trades form an important part.

There must not be any further taxation laid on Real Estate if we are to avoid very serious trouble.

If the present tax rate of 34.15 were reduced to an even 33 mills and further monies required were obtained from other sources it would, I feel certain, have a good effect on Real Estate. Owners would feel encouraged to improve their properties and others encouraged to build, thereby creating much work and lessening our relief payments.

The number of owner occupied houses is decreasing. We would like to see Toronto continue to be a city of homes. They represent, in very many cases, the life savings of the owner. We should do all we can to protect such investments.

We are faced with two alternatives. Either keep on employing all the people we can find any excuse for appointing, and paying wages and salaries much higher than are now received by the thousands of taxpayers whose taxes are dissipated by such over payments, so that the City cannot clean its streets nor adequately light them, cannot undertake necessary works and must refuse urgent requests for needed improvements.

Or, reduce the staffs to no more than are really necessary to carry on the City's services and reduce the salaries and wages paid, to be more in line with those paid for similar work in first-class private employment.

No one wishes the City to be a mean employer, but the City is not warranted in being a Santa Claus to those who have been able to secure a position on the City's payroll.

*And now what do I recommend?*

1. Have a survey made of the Civic Services and cut out all unnecessary costs.
2. Reduce salaries and wages by 10%.

3. Tax our public utilities of Water Works, Transportation and Hydro Electric.
4. Tax automobiles for one-half the license fee paid to the Province.
5. Tax salaries and wages 2%, as in Manitoba and British Columbia, exempting single men earning \$40 a month and married men earning \$80 a month, to be deducted and paid over by the employer monthly to the City, with provision also for a refund where Income Tax paid on Income which included wages on which a Wage Tax was paid.
6. Reduce the tax rate to 33 mills.
7. Pay all Relief we can out of current revenue and borrow only what we absolutely must.
8. Place the administration of Relief to unemployed in hands of a Commission of three, one appointed by the City to be Chairman, and one each by the Province and Dominion.
9. Appoint a City Manager for all work departments.

*How will our Budget then look?*

Expenditures in 1935 .....	\$39,000,000
Sundry Revenues .....	6,000,000

Raised by Taxation in 1935 .....\$33,000,000

*Increased Expenditures in 1936*

Deficit from 1935 .....	\$ 500,000	
Increase in Debt charges ...	1,000,000	1,500,000
		\$34,500,000

City's share of Relief payment in 1936 estimated at .....	3,000,000
	\$37,500,000

*To be met by*

Taxation at 33 mills on average assessment of \$925,000 000 .....	\$30,525,000
Income Tax to be received from Ontario Government .....	1,500,000
Increased Reduction of Civic Salaries to 10%	800,000

Tax on Automobiles .....	700,000
Taxation on Public Utilities .....	1,000,000
Tax on Wages for 6 Months from July 1 ....	1,000,000
	<hr/>
	\$35,525,000
Possible saving as result of Civic Survey ....	500,000
	<hr/>
	\$36,025,000
Balance to be borrowed for Relief .....	1,500,000
	<hr/>
	\$37,525,000

The public utilities should pay taxes. A moderate increase in the present very low water rates would be necessary

There need be no increase in street car fares nor in electric charges.

As to automobiles, the City now pays out over \$850,000 a year on debt charges on the four major street widenings and for police control of motor traffic. We ask the automobile owners to pay \$700,000. The fact that they pay a license fee and tax on gasoline to the Province does not relieve them of their obligation to at least partially pay their cost to the City.

A tax on wages seems to me the very best of all we could select.

There are over 200,000 men and women gainfully employed in Toronto who enjoy the City's services, and only 12,000 paid an Income Tax.

Though they pay no tax, they are guarded and protected as to health and property and recreation.

If they fall sick they are nursed, if they cannot find employment, they will be given relief, and if they die, their dependents are cared for, if such should be necessary.

Why should not all those who are earning pay something to the City for the many services they enjoy?

When every wage earner is paying a tax on wages, which I would suggest should be labelled a "Public Welfare Tax" there would be very much more co-operation in

dealing with those living on relief and making no effort to find work.

It is my belief that such a program will restore Confidence and increase building, which will reduce unemployment so that very soon we would be able to pay all relief out of current revenue and really balance our budget.

After that Taxes could be reduced.

Pitt said of England, "She has saved herself by her exertions and will save Europe by her example."

Perhaps Toronto may lead the way to sound Municipal finance and may have something similar said of her.

The program I have presented will be very unpleasing to a great many people, and the announcements in the papers of the suggestion of a tax on automobiles and public utilities and wages have already brought me scurrilous anonymous letters.

What I am endeavouring to do is to relieve a burden from backs that are breaking and to put a part of the burden upon other backs that can carry it, and which to my mind, should carry it.

I expect nearly every one will be unwilling to have a tax laid upon him, but quite willing to sacrifice his wife's relations.

For over two years I have been endeavouring in various ways to arouse our citizens to take a more active and informed interest in their civic affairs. I wonder if I have aroused a greater interest in my hearers.

The City Council has been elected by our citizens, and will not—nor indeed should not—carry out any program which the citizens feel to be unwise.

We do not want a dictator, a Hitler or a Mussolini. We prefer, I believe, our present democratic system with representatives responsible to the electors. If our citizens want a change from the past policy of the Council, they must so declare and in no uncertain tone, for some members of the Council have been elected on the old platform of the City employing as many as possible and paying the highest possible rate of wages.

The very general indifference of the electorate is the curse of democratic government. I ask each of you to be interested and, whatever you may think, let your representative know your views.

I hope my views may meet with your approval, for I believe if such a program as I have outlined were undertaken, it would restore confidence, we would know the worst, we will have faced our difficulties, our future position will become better rather than getting worse, and through confidence thus inspired unemployment will diminish and our City can undertake those things which are necessary, if it is to preserve its position as "The Queen City of Canada".

*Toronto's Public Welfare Expenditures in 1935.*

Public Welfare Department Expenses .....	\$	300,213	
P.W.D. Statutory Payments for Hospitalization, Old Age Pensions, Mothers' Allowances, Children's Aid Society, etc..		2,190,328	
Increased appropriation on above .....		300,000	
Unemployment Relief Expenses .....		407,344	
Debt Charges on Relief Payments			
Funded .....		1,017,123	
			4,215,008
Department of Health .....		984,877	
			\$5,199,885
Paid out for Direct Unemployment Relief .....	\$9,975,543		
Contributed by Ontario and Dominion Governments .....	6,378,866		
Net Cost to City of Direct Unemployment Relief, the whole of which is to be borrowed .....	3,596,777	3,596,777	
Total amount of Toronto's Public Welfare Expenditures in 1935 .....	\$8,796,662		

*Total Borrowings for Relief Expenditures.*

1933 .....	\$2,400,791
1934 .....	2,844,315
1935 .....	3,596,777

\$8,841,883

Extract from address of the Rt. Hon. J. A. Lyons, P.C., M.P., Prime Minister of Australia:

To Canadian Club of Toronto.

July, 1935.

"We did not try any fantastic schemes to get out of our troubles. We said the Government is like an individual; if it wants to retain the respect of the neighbours it has got to live within its income and must cut its coat according to its cloth. So we said we have got to ask the people of Australia as a whole to bear the extra burden and ask public servants and pensioners to take something less. It was not a pleasant job. So we raised more revenue by increased taxation. We put up our taxes and cut expenditures down."

Australia has paid all relief to unemployed and the cost of relief works out of current revenue. There has been no increase of debt. It was done by reducing salaries and wages of government employees and levying taxes on all salaries and wages at varying rates, from 2% to 6%.

Below are the reductions in salaries and wages comparing those paid in 1929-30 with those paid in 1934-35.

*Average Percentage Reductions.*

	Public Service Proper	All Services Including Railways.
Commonwealth .....	17.2	17.0
New South Wales ....	19.5	19.65
Victoria .....	15.0	18.7
Queensland .....		
South Australia .....	20.0	20.0
Western Australia ....	13.3	15.
Tasmania .....	11.0	10.5

THE COMMITTEE ON ASSESSMENT AND TAXATION would draw attention to the comparative statement of the expenses of the various civic services, and the Board of Education, as given on page 13 of the report of the Commissioner of Finance in December, 1935, which shows a decrease in the cost of civic services from 1931 to 1935 of \$2,460,000, or 16.56 per cent., and a reduction in the Board of Education costs of maintenance of \$346,000 or 3.71 per cent. in the same period as shown in the following statement:

*Reduction of Cost of Civic Service  
from 1931 to 1935.*

Department	Costs in '31	Costs in '35	Reduction
Fire Department . . . . .	2,643,000	2,563,000	80,000
Police Department . . . . .	2,512,000	2,283,000	230,000
Street Cleaning Departm't	2,170,000	1,663,000	507,000
Property Department . . . .	1,307,000	1,165,000	142,000
Parks Department . . . . .	1,421,000	1,011,000	410,000
Works Department . . . . .	1,609,000	876,000	742,000
Courts — Less Government and County share . . . . .	257,000	251,000	6,000
Department of Buildings . .	167,000	125,000	42,000
Administrative Departments—			
City Council, Assessment, Audit, Treasury, etc.	1,294,000	1,149,000	145,000
Public Libraries . . . . .	507,000	464,000	43,000
Health Department . . . . .	968,000	855,000	113,000
	<u>\$14,855,000</u>	<u>12,395,000</u>	<u>2,460,000</u> (or 16.56%)
Board of Education . . . . .	9,326,000	8,980,000	346,000 (or 3.71%)
Totals . . . . .	<u>\$24,181,000</u>	<u>21,375,000</u>	<u>2,806,000</u>

NOTE: The figures of the Department of Public Welfare are not included in the above, being composed of statutory payments not under the City's control and of relief to the unemployed and the expenses of administration in connection therewith.

*Memo for Committee on Taxation.  
Estimate re Water Works.*

Revenue 1935	Revenue with increase of 20% in charges to public consumers	
From Public . . . . .	2,685,014	3,222,017
From Townships . . . . .	261,450	261,450
Fire Protection . . . . .	992,800	250,000
Civic Departments . . . . .	66,636	79,962
	<u>\$4,005,900</u>	<u>\$3,813,429</u>

NOTE.—The revenues from the Townships about Toronto are fixed by contracts, and are supposed to yield a profit to the City.

The change in the charge for fire protection is at the rate of \$30.00 per hydrant instead of the former charge of \$118 per hydrant. Many cities do not pay anything for water for hydrants, and of those which do a charge of \$30.00 is the highest.

Estimate of Expenses, 1935.	Expenses, 1936	
Operation and Maintenance.	\$1,193,694	
Rating and Collection . . . . .	145,237	
Debt Charges including for Duplicate System . . . . .	1,851,486	
Estimate for balance of fund- ing . . . . .	83,000	
Total . . . . .	<u>3,273,417</u>	3,273,417
Add taxation on \$12,000,000 assessment at 33 mills . .		396,000
		<u>3,669,417</u>
Surplus . . . . .		\$ 144,012

Upon completion of the new Eastern Pump House and Filtration Plant the operation costs will be increased by an amount not yet estimated.

*Memo for Committee on Taxation.*

Regarding the proposal to levy a Tax on motor vehicles registered in Toronto the Finance Commissioner has furnished the following figures:

Cost of major Street Widening and Extensions as Local Improvements in recent years.

	Total Cost	Term of years for Repayments	Annual Payments	
			City's Share	Ratepayers' Share
Widening of Bloor Street, Spadina to Sherbourne	\$1,144,361	20	\$ 52,784	\$35,189
Church Street Extension, Bloor to Yonge	992,299	20	62,278	20,757
University Ave. Extension	3,741,200	20	234,820	78,241
Davenport Road Widening, Yonge to Dupont	1,016,472	20	76,045	9,013
Totals	6,894,332		425,927	143,200

In addition to above the City has incurred large expenditures in roadway widenings carried out as Relief works, such as Bathurst St., Carlton St., St. Clair Ave. from Bathurst to Yonge, Annette St. and several other minor widenings, also numerous rounding of corners, none of the cost of which is included in above figures.

The Police Department report as follows:

## POLICE DEPARTMENT

Toronto.

January 21st, 1936

G. Wilson, Esq.,  
Commissioner of Finance,  
Treasury Department,  
City Hall.

Subject.—Estimated Cost of Traffic Regulation to the Police Department in the City of Toronto.

Dear Mr. Wilson:

Replying to your letter of January 18th, I give hereunder figures showing the capital investment and approxi-

mate annual operating cost of traffic regulation within the City of Toronto to the Police Department.

*Capital Investment.*

Automatic Traffic Signals	\$ 99,102.00
Stop Street Signs and Traffic Regulation signs	12,488.00
Motor Vehicle Equipment	9,417.00
Total	\$121,007.00

*Annual Operating Cost.*

Salaries of police officers (part and full-time) <i>re</i> regulation of Motor Traffic	\$260,709.00
Material and Supplies, 1935, <i>re</i> Automobile Traffic Signals, Signs, etc.	1,900.00
Annual Operating Expenses for Motor Vehicles, <i>re</i> Traffic Supervision	3,233.00
Electric Energy for Automatic Traffic Lights	3,714.00
Total Annual Operating Cost	\$269,556.00

I trust this will give you the information desired by Alderman Laidlaw.

Yours very truly,

"D. C. DRAPER,"

Chief Constable.

The Motor Car Registrations reported by the Department of Highways of the Province, of motor vehicles registered in Toronto in 1934 (1935 figures not yet available) are as follows:

	Toronto	Co. of York	Total
Passenger Cars	102,403	16,991	119,394
Trucks	15,415	2,767	18,182
Two purpose vehicles	227	129	356
Trailers	3,193	796	3,989
Motorcycles	1,569	236	1,805
	122,807	20,919	143,726

An estimate has been made of the revenue to be derived by a Tax of 50% of the motor license paid to the Ontario Government, as follows.

*License Fees.*

4 Cylinder Cars .....	\$ 7.00
6 " " to 28 H.P. ....	12.00
6 " " over 28 H.P. ....	15.00
8 " " to 35 H.P. ....	15.00
8 " " over 35 H.P. ....	20.00
12 " " .....	30.00
16 " " .....	40.00

*Registration in 1934.*

Private cars .....	102,403
Estimate at \$6.00 per car on average .....	\$614,412

TRUCKS AND COMMERCIAL VEHICLES.

*License Fees.*

Under 2 tons .....	\$10.00
Over 2 tons to 3 tons .....	24.00
Over 3 tons to 4 tons .....	48.00
Over 4 tons to 5 tons .....	65.00

Increasing charges for higher weights.

*Registration in 1934.*

Trucks .....	15,415
Two purpose vehicles .....	227
Trailers .....	3,193
	<hr/>
	18,835
Estimate at \$7.50 per truck on average .....	141,262
	<hr/>
	\$755,674

Comparative Summary of City's Expenditures re Motor Traffic and of Revenue from Proposed Tax.

Total cost of major widenings and extensions in recent years:

Bloor Street—Sherbourne to Spadina	
Church Street—Bloor to Yonge	
University Avenue	
Davenport Road—Yonge to Dupont .....	\$6,894,332
Annual payments	
for 20 years—City's Share .....	\$425,927
Ratepayers' Share	143,200
	<hr/>
	569,127

*Police Cost of Traffic Regulation in City.*

Capital Investment in Traffic Lights, Stop Street Signs and Regulation Signs, etc .....	\$121,007
Estimate 20% annually over	
5 year term .....	24,201
Annual Operating Cost .....	269,556
	<hr/>
	293,757
Total Cost .....	<hr/>
	\$862,884

Estimated Revenue from Proposed Tax .....

\$755,674