

Winnipeg's Tax Problem Millions Spent by City On Unemployment Relief

Burden Entirely Beyond Winnipeg's Capacity—Relief Debt Now \$6,205,000—Ottawa's Plans Awaited.

The financial position of Winnipeg is affected by an impossible load of relief costs. The enormous expenditure for unemployment relief has not been felt by the citizens since nearly all the money has been borrowed—all of it during the last three years. The interest and sinking fund charges on the relief loans are all that the taxpayers have been carrying. These are steadily increasing and they will have to be carried for fifteen years, besides an amount for current relief that will have to go into the annual budget when most of the present load has been taken off the city's shoulders.

Winnipeg's own share of relief costs last year was \$1,886,504, and the relief debt at the end of 1935 was \$6,205,130, of which \$2,411,176 was borrowed from the Dominion, \$2,963,954 from the bank, and \$830,000 on city debentures taken by the sinking fund trustees. More recently the bank loan has been reduced by \$1,100,000 by the sale of debentures to private investors.

During the first depression after the war, there was an unemployment problem which seemed serious enough when the city spent \$220,000 on relief in 1925. (The debt charges for relief last year were almost twice that sum.) Relief costs in 1928 fell to \$23,308.

The comparatively small cost of relief from 1926 to 1930, and then the terrific increase up to the end of last year, are indicated in the accompanying chart. This is the cost that fell on the city itself, and does not include the total expenditure which was shared by the governments in the last five years. The actual cost to Winnipeg in the last ten years was:

1926	\$ 133,000
1927	45,378
1928	23,308
1929	25,914
1930	274,597
1931	905,751
1932	1,146,897
1933	1,324,263
1934	1,556,627
1935	1,886,504

This crushing burden was left to the city to carry because it was declared that the primary responsibility for the relief of the unemployed belonged to the municipalities. There was no recognition by the Dominion Government that there was a national emergency, during which the municipalities should not be expected to carry more than they were able, the Dominion assuming the greater part of the burden.

At first, the City and the Provincial and Federal governments each

paid one-third of the cost of direct relief, the City also paying the administration costs. In 1934, while the relief costs were still going up, the Dominion cut down its contribution from 33 to 20 per cent. The Province has paid 33 1-3 per cent throughout. This left Winnipeg to pay 46 2-3 per cent, besides the administration costs, now well over \$100,000. The governments also refused to pay anything for medical or dental relief, and the city has had to foot the bill.

The new government at Ottawa agreed, a few months ago, to increase its contribution for direct relief until March 31 in order to ease the load on the municipalities. The result was, in Manitoba, that the two governments pay 70 per cent of the cost, and Winnipeg's costs are reduced \$50,000 a month. The City is now paying 30 per cent of the cost of general relief and also administration costs and the cost of medical and dental relief.

The all important question is what the arrangement is going to be after March 31. Winnipeg and other municipalities require much more easement of the relief burden.

Winnipeg has spent \$7,080,000 on direct relief since 1930. The total expenditure in Winnipeg was \$17,077,000, of which the City itself paid 41 per cent.

The latest report from the Relief Department shows 6,560 families on relief in the week ending March 7. In the corresponding week last year there were 7,264 families, and in the previous year 8,117 families. The number of single men being cared for by the city is 155, and the number of single women 1,900. The number of women on relief at this time last year was 1,711 and in the previous year 1,580.

The total cost of relief in the week ending March 7 was \$83,446, as compared with \$75,488 in the corresponding week last year. Food cost \$2,120 less, and clothing cost a little less, but there were increases for rent, fuel, medical fees, medical supplies, dental fees and repairs, and administration costs.

While there is some improvement in the employment situation, there is not yet the actual improvement that would be indicated by the reduction in the number of families on relief from 7,264 last year to 6,560 at the present time, because 503 married men have been taken off relief to work on the sewage scheme. Apart from this, there are only 201 families fewer than last year.

More of the married men may find employment this year, but the city's relief costs will depend a good deal upon the public works that are carried on and upon the share of direct relief costs that are borne by the federal government.

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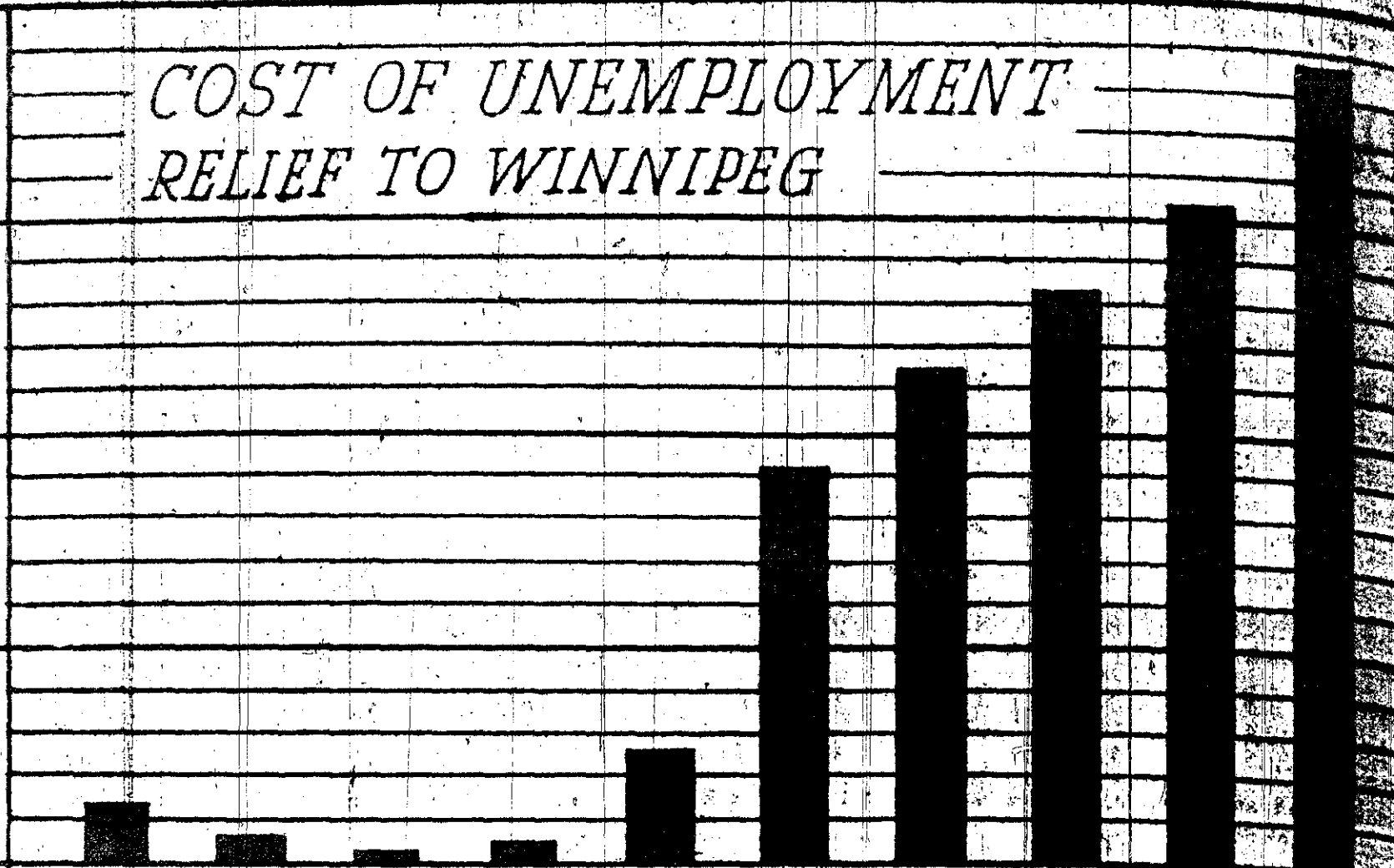
SCAI
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March 18 1936

IN MILLIONS OF DOLLARS

COST OF UNEMPLOYMENT RELIEF TO WINNIPEG

2
1 1/2
1
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1926 1927 1928 1929 1930 1931 1932 1933 1934 1935

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