

Post-War Municipal Problems

By G. S. MOONEY

PROGNOSTICATION concerning post-war problems affecting anything or anybody must, at this date of writing, be tempered by the uncertainty which surrounds the war itself. We can neither foretell the probable duration of hostilities, nor the nature of the peace to follow, nor the intensity of world-wide exhaustion which many believe will follow in its wake. Lacking insight on these matters, any attempt to calculate post-war repercussions can only be based on sheer speculation.

It is, moreover, these unknown factors which loom before us, rather than the known, which will determine in the main the precise nature of the more immediate and urgent problems which will confront all levels of government—federal, provincial and municipal—whenever peace is restored.

Notwithstanding these limitations, it is possible, however, to discern in broad outline that the tasks which peace will bring, will arise from two principal considerations.

First, there will be the backlog of problems which presented themselves before the war, and which we have not yet solved, and which the exigencies of the present prior needs compel us to temporarily lay aside. And second, there will be the problems arising from the war, the most urgent of which will be the necessity of reorganizing our war-time economy to a peace-time basis.

No matter what the precise problems may be, we shall probably discover that the trials of peace which this war is likely to leave as an inheritance, will tax the courage and ingenuity of the best of us. But, if—as probably will prove to

be so—the end of the war will mark but the emergence from one crisis to another, it will also, by these very circumstances create a great opportunity. If, upon the advent of any post-war crisis, we then fall short of the effort which will be required, maybe we will enter upon a further period of chaos and recession; but if we can raise ourselves up to the task which post-war developments will present to us, then there lies before us the possibility of an era of renewed progress.

What, then, would appear to be the sort of problems which post-war municipal administrators are likely to have to contend with and about which they should now be giving some consideration?

Rehabilitation of Manpower

When one speculates upon this question, one immediately senses that probably the most monumental task of all will be connected with the necessity of finding ways and means to reabsorb our armed forces and workers in war industries into peace-time occupations. One cannot anticipate the cessation of hostilities without realizing that that moment will also terminate the jobs of a larger number of the nation's manpower.

Thousands of our finest youth are now in khaki. Many of them drew the first earned wages of their life as a soldier under arms. Others of them interrupted a brief apprenticeship in factory or office to join the colours. All of them will be just a little out of step with the rest of us who are privileged to maintain continuity with the world of industry and commerce. Some of them will return to jobs that are being kept open for them; but for most of them new jobs will have to be found when demobilization makes possible their return to civil life.

These men must not be returned to the relief rolls, or left on their own to

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hitch-hike and panhandle their way from town to town. They are entitled to something better than that and we are obligated to see that they get it. But it is not going to be easy, this job of finding jobs for our returned men at the close of the war, so we had better be thinking about it now.

Besides the men in khaki, who carry a gun, there are the men in overalls who are manning the war industries, and who, along with the fighting forces at the end of the war will find their job suddenly brought to an end.

To facilitate the orderly absorption into peace-time activity of the armed forces and the working personnel of the war industries, is a task that challenges and calls for the complete cooperation of government and private business. One of the important links in what of necessity must be a nationwide effort will be the role to be played by municipal administrators throughout the Dominion.

In anticipation of this eventuality, we must concede that it is very unlikely that private business in the immediate post war period will be capable of absorbing any large number of additional employees. To the contrary, it is more probable that private enterprise will itself be forced for a temporary period to lay off at least a portion of its normal complement of workers. It will therefore devolve on the collective community, that is to say on the governments, federal, provincial and municipal, to undertake, pending the readjustment of our economy, to provide employment through public works projects throughout the country.

Post-War Public Works

To the extent that this may prove inevitable and necessary, some forethought should now be given to the nature of such public works projects, and plans formulated for carrying them out, if, as and when circumstances require. One of the most important tools which we should learn to make use of in anticipation of post-war municipal problems, is the long-range program for capital expenditure.

In its simplest terms, this represents the gearing of the city's needs for public buildings, streets, parks, water and sewer systems and the like, with estimated revenues expected to be available to pay for them. Capital improvements should be listed in order of their priority or urgency, correlated with the budget out of which funds are provided year by year, and undertaken as part of a composite plan which has as its objective the orderly and rational growth and development of the community.

Hitherto we have failed to make adequate use of the planning technique in the development of Canadian Municipalities. Notwithstanding the lessons of the last war, the halcyon decade of the twenties, and the sad experience of the last depression years, during which vast expenditures on public works and city improvements have been made, we have continued to make costly mistakes which could have been obviated if such projects had been carried out as part of a definite program of planned community development.

A good deal of the morass of financial bankruptcy which has bogged down many municipalities in all sections of the Dominion, is traceable in part to the overdevelopment and unwise expenditure on improvements which could have been avoided, had intelligent community planning preceded such undertakings.

To many people town planning suggests aesthetic and possibly impractical proposals for bringing an outward beauty, more trees and sunshine, to bare and crowded urban areas. Though such an ideal has its place, the real contribution which town planning can bring to the modern community is a matter-of-fact application of forethought to save dollars and cents in day-to-day civic operations and developments. Town planning should be literally the keystone of post-war municipal developments.

The Housing Problem

When we ponder upon possible outlets for sound post-war employment, we cannot but be impressed with the

amazing potentialities which would open up if we ever get around to the job of making a thorough-going frontal attack on our nation-wide housing problem.

During the depression years many of us believed that here was the main source for re-employment of the unemployed. But, though some results followed the introduction of the Home Improvement Plan and the National Housing Act, actually the volume of construction and housing repair these Acts made possible has been negligible compared to the unmet backlog of potentialities which some day will have to be attended to.

During recent years we have done no more than provide a modest amount of new housing for a limited urban group, consisting for the most part of middle-class homeowners and apartment dwellers. Virtually no new housing during the past ten years has been provided for working-class families of average or low income. The few centres in the Dominion where new low-cost housing developments have been proceeded with have but touched the fringe of the problem. Nowhere has any attack been made on the most grievous aspect of all, namely, the slums, which abound in every Canadian municipality, large and small, and in rural areas as well.

The existence of slums in Canadian cities is a blot on our national balance sheet, and a disgrace to the good name of the nation. One of the first tasks of the post-war period must be an earnest effort to come to grips with this evil. It is primarily a responsibility which local governments, in cooperation with senior governments, must not only assume but in large part must also carry through.

Immigration

There can be no doubt that immediately following the cessation of hostilities, one of the most important questions with which we Canadians will be faced, will be that of immigration. Already in the year or two preceding the outbreak of war, the question was very much to the fore. Because of that it is a matter

upon which some thinking should be done during these days, preparatory to any eventual post-war policy, and notwithstanding the fact that any consideration of this problem must at this date be clouded with a lot of ifs, ands and buts. We may take it for granted, however, that following the war there will tend to develop an exodus from strifetorn European countries of people seeking a haven in some more congenial clime. The arguments which are likely to be presented for their wholesale admission into Canada, being based on high concepts of international necessity and human compassion, are not going to be easy to dismiss.

While the eventual determination of any post-war immigration policy is obviously a responsibility of the federal government, the effect of any such policy is inevitably going to concern urban areas as well as the rural sections of the Dominion. Municipal administrators will wake up one morning to find the problem, at least in part, on their doorstep. They should be thinking about it now.

They should be thinking about it now in order that an informed public opinion may play its part in hammering out a reasoned immigration policy, based on economic as well as other considerations. It would be calamitous to precipitate on this country a post-war flood of immigrants without the most careful planning, based on an intelligent appreciation of all the contributing factors, not the least of which should be a frank appraisal of the wisdom of attempting to absorb and integrate a large European emigre population into our peculiar national social structure, at a time when that structure itself is attempting to achieve some sense of national unity among its own peoples.

If public opinion does not now formulate some broad principles for the guidance of its political administrators, it is likely that the people of Canada at the close of the war may have an immigration policy fastened upon them without adequate opportunity to consider its merits, one way or the other.

Post-War Employment

It is now known that the federal government will introduce, at the forthcoming session of Parliament, a scheme of unemployment insurance. As a matter of sound social economy, some such measure is long overdue.

Had unemployment insurance, in one form or another, been in operation during the decade of the nineteen-twenties, a period of high employment, the resultant accumulation of insurance reserves would have buttressed in a very substantial manner the subsequent lean depression years. The human costs would certainly have been less appalling, the tax burden on the general population less staggering, and the financial position of our governments less alarming.

Ten years of severe economic recession, prefaced by improvident preparation for its eventuality, with the resultant burden of direct relief plus incalculable costs in so far as human values are concerned, should be an all-sufficient warning of what is likely to occur if at the close of the war we are to experience a slump, the intensity or duration of which it is impossible to foretell.

The fact that we are moving into a period of relative war prosperity, and that virtually all the available manpower before long is likely to be absorbed in productive employment, at wages which, certainly so far as the unemployed are concerned, will be greatly in excess of their income during recent years, provides the justification, as well as the necessity, for conceiving some appropriate plan to cushion the shock of post-war adjustment when such jobs will no longer be available.

The question before the country now is: Will unemployment insurance be enough?

Critics of the government's plan to introduce a scheme of unemployment insurance warn us against believing that such a scheme would prove a panacea for Canada's post-war unemployment problem. They claim, with considerable justification, that such a scheme overlooks the fact that even if effectively

operated, it would provide for not more than a small percentage of present relief recipients, and then only for a short period. The workers it would cover, are those least likely to suffer in a post-war collapse.

In spite of its critics, however, there are strong and conclusive arguments in favour not only of unemployment insurance, but of some scheme*, to divert excessive war earnings away from inflationary consumption, and into "rainy-day" channels. Precisely because the war period will be a time of full employment at high wages, a determined effort should be made to introduce an adequate program, in anticipation of the inevitable post-war dilemma, when employment is likely to be at a very low ebb.

The present War Savings Certificates plan, which is a voluntary savings project, may prove adequate. An estimate of its adequacy should be possible within the next short while. If the net result, either in terms of number of persons participating or average savings involved, does not appear adequate, then other means must be resorted to.

This is a matter of vital importance, and likely to have serious implications for the post-war financial picture of Canadian municipalities.

Municipal Autonomy

There has been a growing tendency during recent years to place checks and controls upon local governments. This trend, for the most part, is understandable in so far as it is confined to the curbing, with a view to the eventual rehabilitation, of municipal borrowing power. When we recall the irresponsible and dizzy spending of many municipal administrations during the past thirty years, we cannot help but feel that the net result of such provincial oversight will prove salutary. But the establishment of fiscal controls over local borrowing is one thing, and the restraining of local administrative responsibility is another. The two need not go hand in hand. Indeed when they

*The Keynes plan which is the best known of these schemes is discussed in the article. "How Canada Finances the War" on page 173 of this issue.

do, it is an implicit threat to the very foundations of our political structure and concept of government.

In a country such as ours, too much centralization, either provincial or federal, may in the end defeat democracy. We would do well, therefore, to be on our guard against any encroachments that threaten to weaken it. The exigencies of the war may tend to accentuate the usurpation of local function by senior governments, and it may prove expedient for the moment to tolerate such a possibility; but the close of the war should mark a speedy return to both the spirit and the letter of "home rule", which hitherto has characterized local government in Canada.

This is not to say that there may not be a continuing necessity to supplement local autonomy with effective controls in order to prevent local abuse. But such controls should be so conceived that they will interfere as little as possible with the purely internal affairs of what we are pleased to describe as self-governing communities. It being understood, of course, that the senior governments will continue to exercise their constitutional prerogatives to legislate and administer those matters which, by their very nature, are common to all communities, and which for their effective functioning require the establishment of minimum standards or minimum controls.

Municipal Finance

It is not likely—to the contrary, it is most improbable—that Canadian municipalities will, during this war period, repeat the errors of the last war. In those days, many municipalities benefitting by the increased industrial activity and mounting civic revenues, embarked on programs which they found difficult to carry through at the end of the war. A good portion of the present top-heavy municipal debt structure throughout the Dominion had its genesis in the buoyant optimism which symptomized the thinking of municipal administrators twenty-five years ago.

But a lot of water has churned under the municipal mill since those days.

To begin with, the safe margin of borrowing power for most Canadian municipalities had been cut pretty narrow, even before 1929. Subsequently the burden of unemployment relief has had the effect in many communities of eliminating any capital works expenditure. Moreover, revenue from the property tax, the mainstay of municipal finance, has already been squeezed so dry that any attempt to further tap this revenue is likely to have disastrous results for property owners and municipalities alike. With high fixed obligations and shrinking and restricted revenues, most municipalities to-day are carrying on what amounts to a bread-and-butter administration. Civic improvement spending is at a standstill, with little prospect of the situation changing for some time to come. The net result of three decades of, at times, improvident local spending, coupled with the unloading on municipalities, by senior governments of the costs of social and other services, have strained the capacity of local government finance, and accentuated by the imposition of an unfair proportion of the costs of unemployment relief, has had the effect of placing too many Canadian municipalities in what amounts to a financial straightjacket.

Sirois Commission

A frank recognition of this situation is implied in the recent report of the Royal Commission on Dominion-Provincial relations. Stating that "The Dominion Government is the only government which can meet, in an equitable and efficient manner, the large fluctuating expenditures due to unemployment", the Commission recommends the complete assumption by the federal government of the costs of unemployment relief. This is precisely what Canadian municipalities have been urging from the very onset of the depression. Had the federal government accepted this responsibility from the beginning, the present plight of many municipalities, including that of the metropolis of the Dominion, would have been obviated.

Then, proceeding to outline a plan

for the easing of the national governmental debt structure (federal—provincial—municipal) the Commission, while conceding the responsibility of the provinces for other social services, puts forward the proposition that “fiscal justice also demands that the municipalities should not be required to carry an undue proportion of the load”. The Commission’s plan proposes federal assumption of most of the existing provincial debt which, being relieved of, the provinces would then be enabled to adequately undertake and assume complete responsibility, with the assistance of certain grants, for those social and other services which, under the constitution, are provincial duties.

It is assumed by the Commission that the provinces would pass on some of the benefits in fiscal easement to the municipalities, which would thus be made possible.

If the Report of the Royal Commission is eventually implemented, the resultant benefits to local finance throughout the Dominion should be quickly reflected

in improved municipal credit. Thereafter, most Canadian municipalities should be in a position to finance future capital expenditures on a pay-as-you-go basis, with economy to its taxpayers.

If the Report of the Royal Commission is not implemented, financial insolvency will be the post-war lot of most Canadian municipalities, and probably most of the provinces. It may require that we postpone action on the Commission’s Recommendations until the close of the war, but one of the first tasks of peace must be to implement its findings.

These, then, are in broad outline the nature of some of the problems, inherited as a backlog from the depression years, and accentuated in bold relief during this war period, which, with the advent of peace, will confront municipal administrations throughout the Dominion. The courage, insight and expedition with which these problems are then handled will determine, in large measure, the trend of municipal affairs during the immediate post-war decade.