

Article

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Tax Exemptions in Montreal and Toronto, 1870 to 1920

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Abstract

Informed by an historical materialist perspective tempered by an appreciation of the impact of religious institutions on class formations, this paper charts and explains debates over tax exemptions in Montreal and Toronto, from 1870 to 1920. Local taxation was an important part of the revenue source for these two great cities, in this important period in Canadian urbanization. Debates over exemption from taxation constitute an appraisal of the way the local state was to marshal resources. This paper explains these struggles through an understanding of the interplay of class and religion within the political and cultural geographies of Montreal and Toronto.

Key Words: Tax Exemptions, Montreal, Toronto, Classes, Urbanization.

Résumé

Les exonérations fiscales à Montréal et Toronto (1870-1920)

Fondé sur une perspective matérialiste historique qui vient modérer l'évaluation de l'impact des institutions religieuses sur la formation des classes, cet article analyse, graphiques à l'appui, les débats sur les exonérations fiscales qui eurent cours à Montréal et à Toronto de 1870 à 1920. Les impôts locaux représentent une partie importante des revenus de ces deux grandes villes durant cette période-clé de l'urbanisation du Canada. Ainsi, les débats sur les exonérations fiscales allaient-ils permettre aux autorités locales de découvrir quels modes de perception et de gestion des ressources adopter. Le présent texte veut donc montrer, à partir du contenu de ces débats, les interactions qui existaient entre les classes sociales et les institutions religieuses, et qui constituaient un trait important des géographies politique et culturelle de Montréal et de Toronto.

Mots-clés: Exonérations fiscales, Montréal, Toronto, classes sociales, urbanisation.

Exemption is a controversial part of property taxation. Incentive to industry, promoter of morality and "civilization", exemptions have often been seen as the saviour of local community or municipal growth. But they have also often been reviled as inequitable, freeloading and a burden to everyone who is not exempt.

This controversy is an important element of the political geography of Canadian cities in general and of the historical geography of Canada's two major metropolises in particular. In the period 1870 to 1920, a period of fundamental change in the economies of these two great cities, there was constant conflict among diverse social groups over the appropriateness and utility of forms of property taxation. Whether the debate was over personal property tax, the Single Tax or the like, the principal issue was the nature of the tax base. What was to be the object of taxation? What property should bear the burden of municipal finance?

No issue more clearly indicates concern over the nature of the tax base than the exemption question and yet few tax issues are as beguiling. Exemptions abounded in both Montreal and Toronto and increased throughout the period. Exemptions for church, charitable, governmental, educational and business property existed. Millions of dollars of property escaped taxation. Arguments pro and con revolved around the type of property exempted as well as around basic notions of equitable taxation and of the economic and social function of taxation. Those advocating exemptions saw them as stimulating activity which would benefit the cities socially, economically and spiritually and those criticising exemptions saw them as discriminatory, depressing regarding social and economic activity, and irrelevant regarding moral growth.

This paper describes debates which occurred in Montreal and Toronto in this important era in their history. Informed by an historical materialist perspective, it explains the similarities and differences in the debates in terms of social class and of local political and cultural geography.

TAXATION, THE LOCAL STATE AND THE EXEMPTION QUESTION

Property taxation has been historically and remains today a critical part of the revenue raising mechanism of local government in North America. Local governments raise revenue in a variety of ways. Among these are licences, fees and taxation. Taxation in Canadian municipalities has included property as well as income. Typically, income tax has been of less importance at the municipal level in Canada than has the property tax. Exemptions from property tax and, to a lesser extent, from local income tax have been a source of controversy yet little is known about the history of such debates.

Property tax is a tax on wealth. It is a levy based on accumulated wealth. In Canada, the property tax has come to be a tax on land and improvements (that is, real property) although historically it has included personal property as well (Perry, 1951, Ch. 15). This property "is treated as an economic thing upon which a contribution by way of taxes is levied and which if necessary is sold to obtain that contribution" (LaForest, 1981, p. 104). In contrast, income tax is a tax on current revenue which is levied as a percentage of the income of the individual obtained in a particular period of time.

Taxation in general is a means of raising revenue so that government may maintain its operations. But taxation is more! As an instrument of policy, it affects the distribution of income, the level of demand for goods and services, and the allocation of resources between public and private uses (Ontario Committee for Taxation, 1967, p. 7). It is an instrument of resource allocation and it is an arena of class struggle (Levine, 1987). To the extent that tax law has denied equal treatment between individuals or groups or the minimum level of social and economic well being, it has been the source of political conflict.

Exemption is the exclusion or immunization of particular people, groups, organizations or institutions from taxation. This definition is the widest possible — that is, exemption equals "all exclusions from the scope of the tax" (Martin, 1938, p. 4). The narrowest concept is "that which embraces only subject matter within the purview of a tax law but which is excluded by explicit provision of the statute or constitution" (Martin, 1938, p. 3). While recognizing the importance of the widest definition, the discussion in this paper focusses on exemption defined by statute.

There are four major reasons or principles for exemption (Martin, 1938, pp. 6-20). The first is that one should avoid imposing taxes which would not allow subsistence or force the public to become a public charge. The second principle is that public property, income and activity should not be taxed because there is little sense in having the government pay a bill to itself. Thirdly, exemption of private agencies performing public functions is sensible since "taxation would be necessary to discharge a needed function" (Martin, 1938, p. 17). Finally, exemptions may be used to encourage economic growth or desirable enterprise by lowering the tax burden of that activity.

Exemptions do raise questions regarding equity as well as regarding administrative and economic objectives. Is it fair to exempt certain classes of people or activity? How does it affect the tax burden of others? Is it equal treatment of equals?

Property tax exemptions vary from jurisdiction to jurisdiction and are often complex systems which allow exemption on a number of different criteria such as ownership or use. There may be a host of exemptions based on use. For example, government, religious, charitable, educational, business, park and residential (homestead) property is often exempt (B.C. Commission of Inquiry on Property Assessment and Taxation, 1976). As well particular people may get

exemptions. For example, in the States, veterans' exemptions are common (Maxwell and Aronson, 1977, p. 157). Property tax exemptions may be partial only (Gaskell, 1982, p. 102; Kitchen, 1984, pp. 206-207), limited in amount or duration. Exemptions may be permissive or mandatory, that is, a local government may allow an exemption if it is permissive but must allow it if it is mandatory.

In Canada, there are clearly many different types of exemptions and the rationales for them vary. "Tax exemption on upper-tiered government properties have been the result of constitutional considerations, while tax exemptions are given to charitable institutions on the assumption that they generate positive externalities (benefits to society for which society does not pay directly) that should be encouraged" (Kitchen, 1984, p. 199).

Government properties may be constitutionally exempt. Churches and cemeteries may be exempt on grounds of public morality whereas industry has been exempt in the past in order to encourage plant location in the exempting area (Finnis, 1972, p. 38 and 90).

Exemptions are the result of political pressures. "Any decision to relieve one segment of society of a particular burden is usually more on political expediency than on economic reasoning" (Finnis, 1977, p. 451). The exemption pattern has been seen as "the result of generations of indulgence by provincial governments in the face of vociferous appeals of municipalities, industry and others" (Martin, 1938, p. 441). Yet exemptions are not mere whims nor ultimately are they mere artifacts. Property tax exemptions are expressions of important struggles over the nature of the tax base. These struggles, in turn, are reflections of the nature of society. Exemption questions are particularly interesting because they show the way in which social forces such as religion are articulated with and often dominate class forces in the creation of a tax system.

That class forces shape the local state has become a common view in political economy and political geography. Class is an indicator of the relationship of people to the ownership and control of the means of production (Poulantzas, 1974). While class bounds are often difficult to delimit empirically (eg. see Wright, 1985), it is submitted that the traditional delineation of the broad classes, bourgeoisie, petty bourgeoisie and working class, has meaning and validity when considering the formation of tax policy in the local state.

What has been of less concern to political economists and urban geographers has been the way in which social institutions shape class and are shaped by it. Forces such as religion become institutionalized and at specific conjunctures may hold ideologies pertinent to, and allegiances with, diverse classes (eg. see Levine, 1986). Because religions deal with questions of life and death, questions of utmost importance, once institutionalized, they have potential power which may transcend class or, at least, affect the nature of class consciousness. To understand the nature of many tax exemptions in Canadian municipalities, one must have an appreciation of the impact of religious institutions on the collective psyche of the populace.

Tax exemptions for churches have been defended in both Canada and the United States because they ensure religious freedom and they support the separation of church and state which has been a hallmark of liberal democracy (eg. see Doyle, 1984). Conversely, exemptions for religious organizations have been seen as discriminatory burdens for non-believers (eg. see Krishnaswami, 1960). Whichever view one takes, it is significant that religion has apparently had such an impact on the liberal state. While class forces shape the state, religious institutions potentially promote ideas and practices which challenge and question class interests per se.

Religion, in particular Christianity, influenced and has been influenced by the rise of industrial capitalism which has found its most profound expression in urban centres. Protestantism has encouraged ethics which promote capitalism (Weber, 1958; Tawney, 1966) although Catholicism's ethos cannot be seen to inhibit it (Zanartu, 1962). Christian ethics may be seen to rationalize and legitimize capitalism (Samuelsson, 1957), yet industrial capitalism and its urban expression influenced Christianity. Confronted with the clash of the bourgeoisie and working class in Europe, the Catholic church in the late nineteenth century accepted the capitalist order but demanded that capitalists behave in a more humane and Christian manner (eg. see papal encyclical *Rerum Novarum*). Confronted with the great poverty and irreligiosity of the lower classes, the Church of England in England formed the Church Army (Inglis, 1963). Faced with the question of a rising industrial-urban order, the Methodists started temperance societies, charities and missions (Edwards, 1944; Sweet, 1961).

The exact response of churches in different cities, though, to questions of the day, is not obvious and cannot be presumed by simple reductionist views of trends in society. The tax exemption issue is particularly intriguing as it presents the encounter of religious institutions with the local state both of which faced social pressures inherent in capitalism.

MONTREAL AND TORONTO, 1870 TO 1920 — ECONOMY, CLASS, SOCIETY, GOVERNMENT, CITY FINANCE, MUNICIPAL TAXATION AND EXEMPTION THEREFROM

In the period 1871 to 1921, Montreal's population rose from 115,000 to 618,506 and Toronto's from 59,000 to 521,893 (Census of Canada, 1871, 1921). While Toronto's rise was perhaps more dramatic, both cities experienced a profound growth in industrial, commercial, financial and rentier activity (Masters, 1947; Hamelin and Roby, 1971). But the study period was not one of steady growth. Much of the seventies, 1891 to 1896 and 1911 to 1913 were times of depression while the eighties, 1896 to 1899 and 1905 to 1912, were periods of growth. This era saw an important shift in class structure (Bernier, 1975; Kealey, 1980). An industrial labour force arose while artisanal occupations declined. Technocratic petty bourgeois occupations such as lawyers and professors gained in numbers while petty commodity producers declined.

The governments of both Montreal and Toronto increased in size through annexation and through an expansion of services (Middleton, 1923; Tanghe, 1936; Martineau, 1907; Wickett, 1907; Atherton, 1914; Riendeau, 1984). Fire, police, water, road and lighting services were extended and transport facilities were added to the fabric of both cities. Embarking on projects of civic embellishment, expansion of services such as sewerage and subsidization of services such as tramways incurred considerable expense.

The systems of council representation and ward structure changed many times in both cities (Adam, 1972; Atherton, 1914; Petersen, 1984). Property qualification determined who could vote and who could run for office. Typically councillors were petty bourgeois or bourgeois members of society.

City hall was subject to many political pressures and diverse social forces. The politics of urban life was not a politics of consensus as has been alleged by some historians (eg. Armstrong and Nelles, 1984; 1986). Municipal politics was a battleground for diverse societal interests. A recent study of the politics of personal property taxation has shown class interests at work in the shaping of tax policy (Levine, 1987). The study of exemptions indicates the importance of other social groupings such as organized religions in local politics.

In both Toronto and Montreal, the bourgeoisie and the working class influenced local politics through a variety of institutions. Different parts of the capitalist class made use of different organizations to influence City Hall. Both cities' Real Estate Associations represented the interests of rentier capital while the Boards of Trade were dedicated to promoting the interests of other elements of the bourgeoisie. In Montreal, the Corn Exchange and the *Chambre de Commerce* were also important voices of mercantile capital. Various labour associations arose in the period. In Montreal, socialist parties became very active in local politics while Toronto's labour movement was more accepting of the new industrial order and, so, often was a willing partner in the civic reform movements of the day which usually were ultimately pro-business development.

Social groups not bound by obvious class ties also had an enormous effect on local politics. Particularly important were organized religious groups. The late nineteenth and early twentieth century involvement of churches in the life of urban centres in Ontario is not without ambiguity. The ideology and actions of the churches arose out of an interplay between an ethic of individual salvation and a quest for social justice (Levine, 1980).

Each church reacted to the urban milieu in its own way coincident with its own theology, history and church government. In Quebec, for example, the role of the Roman Catholic Church cannot be emphasized too much. Overridden by Ultramontanism, it met the new age of capitalism with conservatism and fear (eg. see Monière, 1981). The churches of Montreal and Toronto took an interest in local tax issues. They were especially interested in the exemption question because it provided a focus for debating the relation of church and state and, of course, because it was important to their resources.

The cities needed money to finance the continual increase in city servicing. By 1920, both Montreal and Toronto were obtaining revenues in excess of \$20,000,000 (City of Montreal, 1920b; City of Toronto, 1920b). A substantial proportion of this money was obtained through property tax levies. Exemptions from this tax were important because they increased the burden on those who were not exempt.

The nature of the property tax was different in each city. In Montreal, there was no personal property tax, while in Toronto there was. Within that basic context, the system of exemptions in each city was unique and complex although not without commonalities.

Types of exemptions from the real property tax in Montreal grew in the study period. A survey of provincial legislation for municipalities and of special legislation for Montreal reveals an increasingly complex system of exemptions (Municipal and Railway Act, S.Q. 1861, s. 58; R.S.Q. 1888, v. 2, Title XI, C. 1, S. 5, S. 4 500; City of Montreal Act, 1899, s. 362; R.S.Q. 1909, Title 11, S. 5729; R.S.Q. 1925, v. 2, c. 1, S. 520.1). Exemptions for properties held by religious and charitable organizations provide an illustration. From 1861, buildings used for religious worship, charitable purposes, and parsonages were exempt. None of these exempt properties was exempt from special taxes or water rates. In 1909, the "religious" exemption was clarified to indicate that properties owned by religious and charitable bodies would not be exempt if such properties were used for "deriving a revenue". In 1925, legislation made clear that while religious and charitable institutions were exempt from property tax per se, they were liable for local improvement taxes of various sorts (eg. to improve and maintain streets).

Complexity was also a hallmark of Toronto's and Ontario's exemption pattern (Assessment Act, S.O. 1869, s. 9; Consolidated Assessment Act, S.O. 1892, s. 7; Assessment Act, S.O. 1904; Assessment Act, S.O. 1910, s. 7). Until 1904, Ontario permitted a broader property tax base than did Quebec in that it allowed the taxation of personal property and income. Exemptions therefore were of a broader nature in Ontario than in Quebec at least until 1905 when Ontario dropped the personal property tax. (Although it should be noted that it maintained the local income tax well after 1920). Exemptions for religious and charitable institutions existed in Toronto and Ontario as they did in Montreal and Quebec. From 1869, places of worship, church yards, cemeteries, workhouses and poorhouses were exempt. By 1892, however, places of worship were required to pay local improvement taxes. Interestingly, from 1869 the personal property of ministers was exempt from taxation.

In both Montreal and Toronto, Quebec and Ontario exemptions were provided for the purpose of encouraging manufacturing in the early twentieth century. This provides an interesting contrast with religious exemptions which were constantly maintained although increasingly more clearly defined in legislation throughout the period.

Figure 1

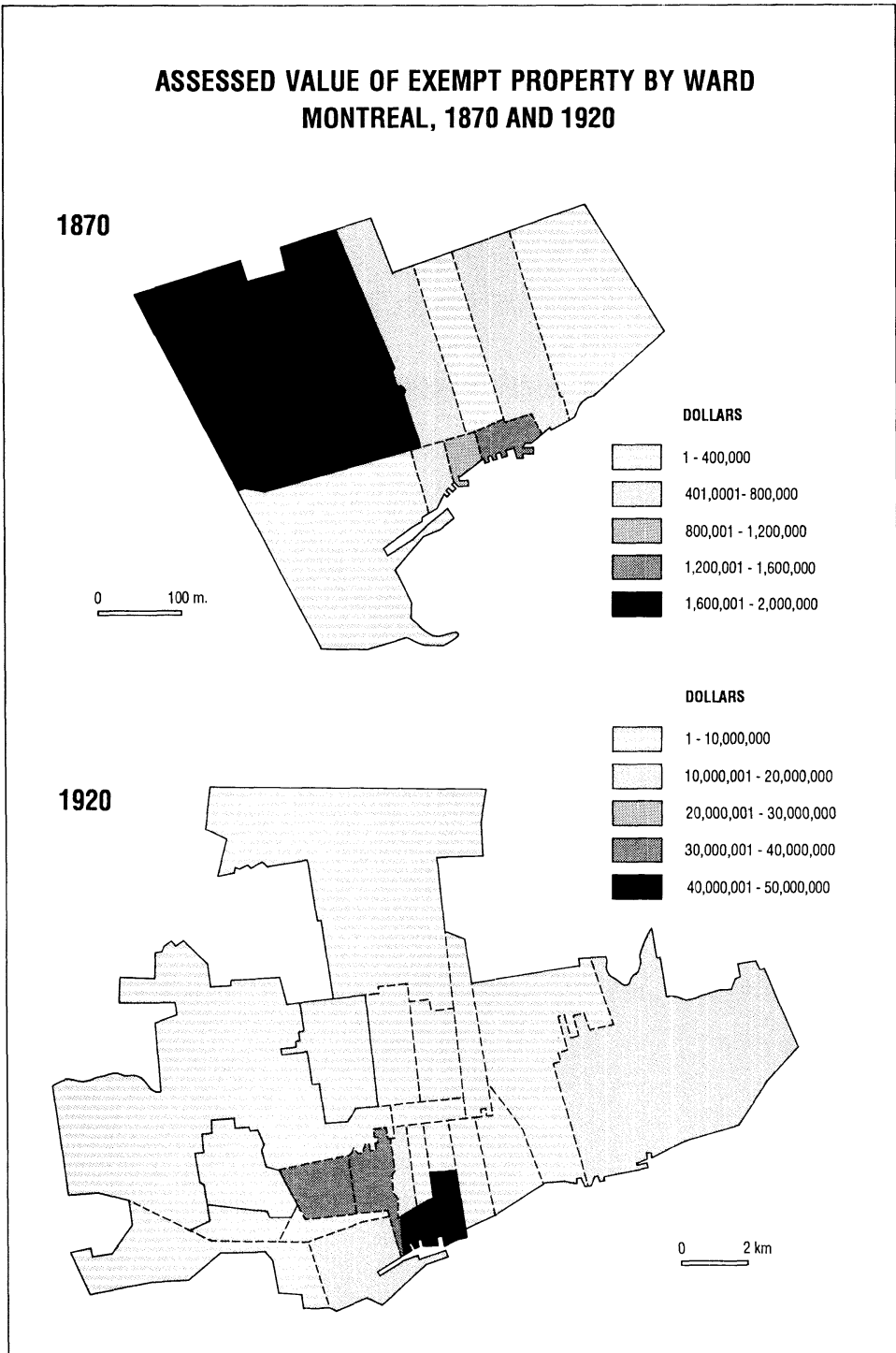
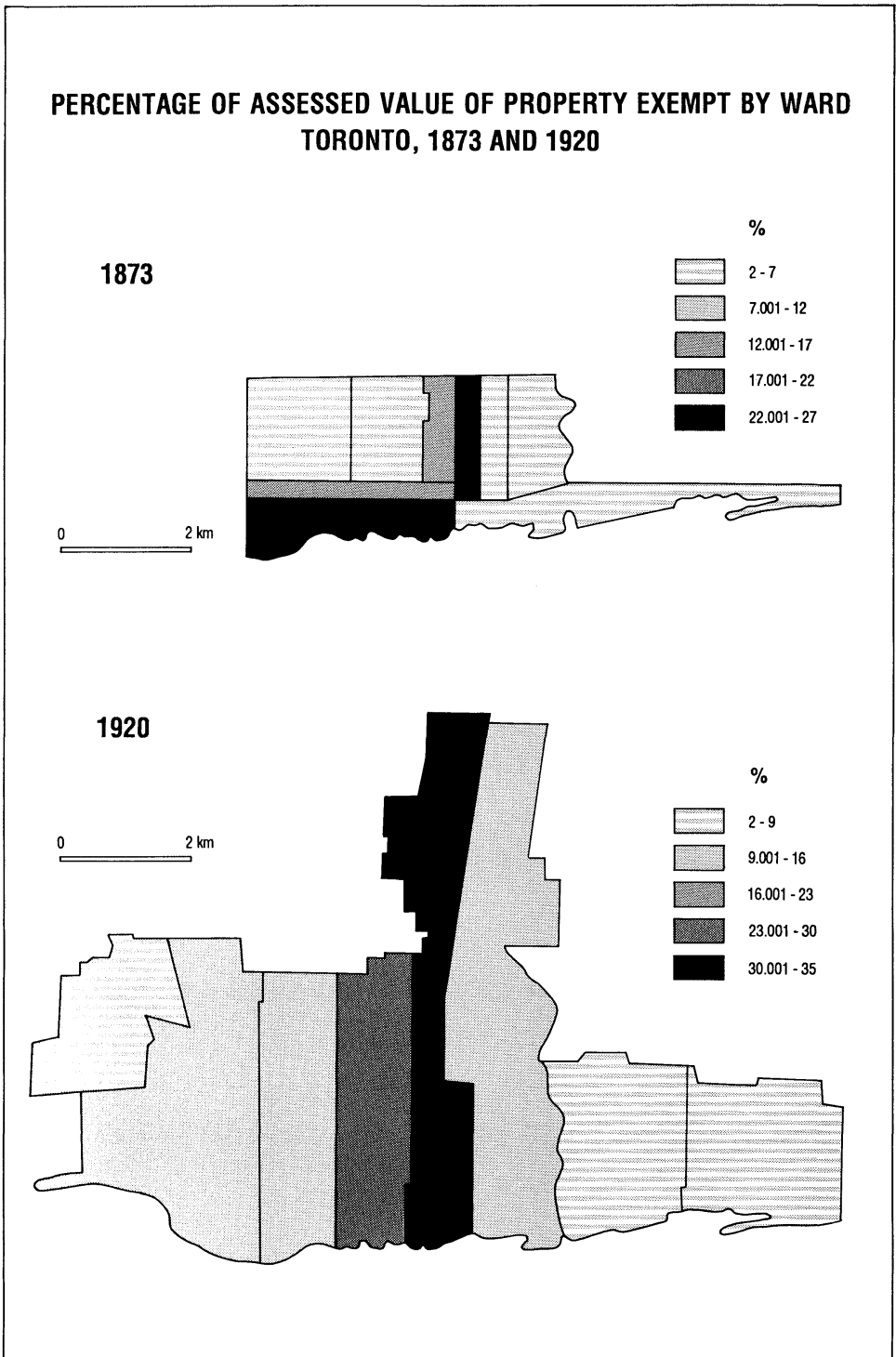


Figure 2



In both cities, the value of exemptions was enormous and rose throughout the period. Figures 1 and 2 reveal the increased percentage of property that became exempt, the increase in dollar value of exemptions and the spatial concentration of exemptions. The older more central parts of the cities had higher proportions of exemptions than outer areas.

What follows is a charting of debate over the exemption question. It utilizes newspapers representative of diverse social and class interests, in addition to City records and other documents. In Montreal, the *Gazette*, the *Witness* and *La Presse* were representative of bourgeois, petty bourgeois and working class interests respectively, while in Toronto the *Globe*, the *Mail* and the *Star* had similar affiliations (Beaulieu, 1965; Rutherford, 1982; Levine, 1987). Each of these papers was surveyed on a daily basis for that part of the study period that it published (eg. *Gazette*, 1870 to 1920; *Star*, 1892 to 1920). Other papers such as the *True Witness* and *Catholic Chronicle* were also consulted when available or when it was particularly important to consult the religious or labour press.

MONTREAL'S DEBATES

The exemption debates which arose in Montreal many times epitomized not only fiscal concerns of the era but the very fabric of that urban society. Debates centered primarily on church and charitable properties and secondarily on business, government, and recreational exemptions. While concern with business exemptions shows the importance of business interests in pressuring the local state, the debate over church and charitable exemptions illustrates the influence of other social institutions in the promulgation of local government policy.

Reflective of the importance of the issue were the many occasions in which motions for and against exemptions were brought before City Council. In the early 1870's, for example, the Council often debated the church exemption issue and the altercations culminated in the elimination of all taxes on churches (City of Montreal, 20 April 1868a, p. 65; 4 November 1870a, p. 133; 7 February 1871a, p. 246; 5 May 1871, p. 83; 27 April 1874, p. 122; 11 May 1874, p. 145). Nonetheless church exemptions remained a source of controversy.

Exemption of cultural and recreational facilities were debated in Council in the eighties and nineties in particular (City of Montreal, v. 102, 20 September 1880a; v. 136, 12 March 1894a, p. 152). Business exemptions, particularly exemptions on industry and manufacturing, were a source of contention from the eighties onward (eg. see City of Montreal, v. 106, 1883a, p. 208; *La Presse*, 20 mars 1900, p. 20). In addition, the seemingly enormous number of exemptions of all types sparked Council commentary in the eighties and early twentieth century (eg. see City of Montreal, v. 108, 8 September 1884a, p. 59; *Standard*, 30 December 1905, p. 11).

The nature of arguments in the Council and in the larger community revolved around propositions that either exemptions stimulated beneficial activity or that they were an unjust burden on the non-exempt taxpayer. On one side were

institutions such as *La Presse*, a voice of the working class which held that, in a general sense, exemptions were "dans l'intérêt du peuple et du contribuable..." (23 janvier 1889, p. 2; see also 26 janvier 1889, p. 2). On the other hand there were individuals such as Mayor Wilson Smith, an investment broker by profession, who in 1898 maintained that "it would seem to be an injustice to the taxpayers that nearly one-fourth of the real estate of the city should be exempt from taxation" (14 February 1898, p. 7). As well, institutions such as the conservative *Standard* berated the idea of exemptions in general because of fiscal problems and tax inequity. The pro-business *Gazette* is particularly interesting. At first ambivalent, the *Gazette* accepted the propriety of some exemptions (5 June 1886, p. 4). However, by the end of the period, that Tory paper grew alarmed by the increasing number of exemptions and criticized the whole idea of exemptions even though it saw them as inevitable. In 1918, it observed that "the staggering sum of these exemptions is much in excess of what the city could be fairly asked to contribute towards their support" (11 February 1918, p. 8). By 1920, it asserted that exemptions "are a relic of a past age, and really have no justification in principle these days".

CHURCH AND CHARITABLE EXEMPTIONS IN MONTREAL

The issue which expressly emerged as a key exemption issue and which haunted the Montreal political scene was church exemption and its relative, the tax immunity of charitable institutions. The releasing of churches and charities from taxation, in 1875, aroused controversy and is particularly interesting because it indicates the importance of non-capitalist ethics in shaping Montreal politics.

On the pro side was the argument that churches and charitable institutions were of enormous benefit to society and hence should not be taxed. Although many Protestants supported church exemption, this position was essentially a Catholic political position and its opposition was essentially a Protestant assertion. The *True Witness and Catholic Chronicle* was adamant in its support of exemptions. It boldly stated:

"The reason that church property and property devoted to charitable purposes is exempt from taxation is that communities in which it exists derive considerable benefit from them, both directly and indirectly. The services rendered to the public by the ministers of religion have a value which cannot be estimated in dollars and cents. The influence for good derived from them are not confined to this world" (5 March 1898, p. 4).

Any effort to tax church property was "conceived in a spirit of hostility of the interests of the Catholic church" and was "a sacrilege" (18 November 1896, p. 4; 1 October 1898, p. 4). The Church was being made a "scapegoat" for municipal fiscal irresponsibility (2 December 1896, p. 4).

For *La Presse*, an established voice of the working class, church and charitable exemptions were clearly very beneficial. Catholic charities and

educational bodies performed essential services and taxing them would only add to municipal costs as the city would have to supply the services which the Church could not furnish because of taxes (23 janvier 1889, p. 2; 26 janvier 1889, p. 2).

Regarding churches themselves, *La Presse* felt that release from taxation was legitimate and appropriate because, in Montreal, "les sentiments religieux et la foi des populations sont si vivaces et si intenses" (31 janvier 1889, p. 2). Epitomizing its view was a blistering editorial in 1889 which asked:

"Qui profiterait de la taxe sur les églises? Seuls les incrédules, ceux qui ne vont pas à l'église, tous gens si peu nombreux parmi nous qu'il n'y a pas lieu de s'en occuper. Mais cette multitude de croyants, ces pieux contribuables qui fréquentent les temples saints non seulement par devoir, mais par besoin, soit pour y trouver des consolations à leurs douleurs, soit pour y reconforter leur âme, soit pour y rendre grâce à Dieu, quel intérêt ont-ils à ce que leur église, leur église vénérée paye des taxes. Aucun, évidemment aucun" (31 janvier 1889, p. 2).

Such views were widely held. In his valedictory to the City Council in 1894, Alphonse Desjardins, for example, echoed *La Presse*'s earlier assertion.

"Who will deny that here the exemption of churches from taxation does not equally benefit everyone? The whole population have religious beliefs and are frequenters of the temples of God. Do we want to tax educational institutions? On the contrary, we tax ourselves for the maintenance of those institutions.

Shall we tax charitable institutions, those admirable monuments of private generosity, which has substituted itself to the State, to accomplish an undertaking which the latter could not realize, even by means of burdensome contributions?

To abolish exemptions would be to exhaust the source of individual benevolence" (26 February 1894, pp. 8-9).

Not all the citizenry agreed however. Exemplary of dissent were the voices of the *Witness* and the *Gazette*. The *Witness* pursued the extreme Protestant position. Early in the period, noting that Roman Catholics in Ontario favoured exemptions, it stated that there were "a good number of Protestants... who have not such a correct appreciation of the proper principles in this matter as the Protestants in this Province" (23 January 1877, p. 2). The *Witness* opposed any church, Protestant or Catholic, having any privileges vis-à-vis the state and saw Protestant support of exemptions as "weakness" (7 March 1877, p. 2; see also 13 January 1877, p. 2). Church and state should be separate and it was to the churches' advantage to maintain their religious independence (30 September 1885, p. 2).

Churches should bear their fair share of taxation (*Witness*, 8 October 1874, p. 2; 30 September 1885, p. 2; 25 January 1893, p. 2). Churches used services and should pay for them. "The shoemaker is not taxed because he follows an unholy business, but because his property requires protection from fire and thieves..." (13 January 1877, p. 2). The *Witness*, independent, petty bourgeois,

liberal and Protestant as it was, was not convinced that exemption was fair. Was everyone religious? Did everyone benefit equally? Furthermore the *Witness* was not convinced about the benefits of charitable exemptions. "It is probable that the number of poor people having too much self respect to seek for charitable help, suffer from the enhanced taxation caused by these charitable institutions" (8 October 1874, p. 2).

Finally, as the period wore on, the *Witness* started to see ecclesiastical exemptions as inhibitory to business development. In 1893, it asked "Why is it that the central part of St. Catherine Street has not made the same progress as St. Catherine Street east and west?" (25 January 1893, p. 2). Did the answer lie in the fact that so much of that property was church and educational property? Were such exemption privileges inhibitory to economic growth? It is an ironic kind of questioning for a paper which clearly saw some kinds of exemption (and perhaps some is the key) as stimulating growth.

The pro-business, Tory *Gazette's* view, while disapproving of exemptions, was somewhat different and, in addition, its view changed over time. In 1886, it asserted that public property, public educational property and church property should be exempt but all other property should be taxed (5 June 1886, p. 4). In the following year, it argued that churches and some public property should be exempt but clearly all church property, for example parsonages, should not have tax immunity (7 November 1887, p. 4).

By 1920, the *Gazette* was overwhelmed by the number of exemptions in general (7 July 1916, p. 8; 10 August 1920, p. 10). Regarding church exemptions, it saw "no reason why that which is Caesar's should not be rendered unto Caesar" (10 August 1920, p. 10). Despite its philosophical acceptance of church taxation, the *Gazette* believed such a move "would have n^o chance of adoption".

This view of the *Gazette's* would seem to reflect the reality of the era. Despite various Councillors attempts to end church and charitable exemptions, such change was never accomplished. Churches and charities were able to remain immune from taxation and this in turn indicates the power of spirituality and religious endeavour in Montreal's municipal affairs.

TORONTO'S DEBATES

In Toronto, as in Montreal, the exemption question was before the public throughout the era. There was also concern about the various types of exemptions although debate centred on privileges extended to businesses and churches. Anti-exemption movements led by people such as John Hallam, an alderman and wool and leather manufacturer, were evident in City Council in the seventies, eighties and nineties (eg. City of Toronto, 1876a, App. 227, p. 476; 1881a, App. 152, p. 651; 1885a, App. 1, p. 2). Broad anti-exemption groups such as the Provincial Anti-Exemption Association were formed (City of Toronto, 1889a, App. 17, p. 201).

Special interest groups such as Jarvis Street Baptist and Queen Street Methodist sought an end to church immunity from taxation (*Mail*, 9 February 1887, p. 4; 20 September 1893, p. 6).

Just as there were anti-exemptionists there were supporters. Single Taxers supported certain building exemptions as they would stimulate industry but they also supported church exemptions (Ontario Assessment Commission, 1901, p. 217). The City Council, its aldermen and departments such as the Assessment Department, often supported exemptions because they stimulated business activities (eg. Board of Control; Assessment Commissioner: 18 June 1898, p. 176, n. 396; 4 July 1896, p. 206, n. 471; 8 October 1898, p. 337, n. 710; City of Toronto, 1898a, App. C., n. 1, pp. 3-4).

The fight over business exemptions reflects, in large measure, the kind of class pressures that have been found regarding the personal property tax issue (Levine, 1987). Aldermen and other city officials promoted tax avoidance privileges as a panacea resulting in economic growth (eg. see City of Toronto, 1882a, App. 10, p. 39). Other major institutions such as the Canadian Manufacturers' Association argued the logic of exemption when it suited them, that is, when they sought greater protection for manufacturing interests. Of the press surveyed, only the *Star*, a critical yet ultimately reformist voice for the working class, supported exemptions and its correlate bonusing, principally because other cities were giving exemptions and bonuses (24 April 1897, p. 4).

There were, however, institutions which obstinately opposed business exemptions. Both the *Tory Mail* and the *Whig Globe* consistently berated the idea of exempting industry and of bonusing it because industry should function without state support which essentially puts a burden on other taxpayers and because exemption leads to the unnatural location of industry (eg. see *Mail*, 10 April 1893, p. 4; 8 May 1920, p. 6; *Globe*, 19 April 1879, p. 2; 9 September 1897, p. 6; 14 November 1898, p. 6). Despite such strong institutional criticism, it is apparent that business exemptions were utilized in the era, particularly in the nineties and early years of the twentieth century. Such exemptions favoured capitalists in general although those that were the source of most debate were primarily geared to industrial capital.

CHURCH AND CHARITABLE EXEMPTIONS IN TORONTO

Church exemptions were also subject to considerable criticism. Few voices in the sources surveyed spoke in favour of such exemptions. There were no eloquent public defences by City officials as there had been in Montreal. Some church papers and groups apparently upheld the right to exemption (eg. the *Christian Guardian*). A few voices such as those of George Bryan and S. Wood of the Single Tax Association defended church exemptions at the Ontario Assessment Commission because churches were "boons to the city" (Ontario Assessment Commission, 1901, p. 206 and 215).

Against the paucity of favourable comment was a barrage of cutting critique. In the seventies, the *Globe* and the *Mail* bitterly berated the idea of church exemption. The *Globe* could see no justification for church exemptions and held that "the whole principle of State endowments for religious purposes is involved in those exemptions..." (6 June 1876, p. 2). The *Globe* decried the idea that taxing churches was "robbing God" (30 January 1877, p. 2) and demanded that churches and clergy should pay their fair share of municipal burdens because they used city services (23 December 1877, p. 2). In 1875, the *Mail* also criticized church exemption. Seeing it as a form of class legislation, the *Mail* argued that "class legislation is anywhere and under all circumstances objectionable and mischievous..." (29 April 1875, p. 2). In the following year, it decried demands for church and charitable immunities seeing such exemption as "a relic of Middle Age darkness" (20 December 1876).

In the eighties and nineties, the *Globe* and *Mail* continued these assaults on church charitable and clerical exemptions. The thrusts of their arguments that such exemptions were unfair to the broader taxpaying populace, that exemptions were an inappropriate interaction of church and state, and that the exempted parties should assume responsibility for the services they consumed remained throughout these decades (*Mail*, 9 February 1887, p. 4; 20 December 1887; *Globe*, 23 September 1880; 22 January 1890, p. 4; 22 March 1894, p. 4). The *Mail* often cited the power of the church, particularly in Quebec, as a reason for exemptions. Indeed, it mistakenly asserted that church exemptions were adopted in Ontario as a result of the example set by Quebec (9 February 1887, p. 4). The *Globe* adopted the Protestant position similar to that of the *Montreal Witness* and held that it was un-Christian and immoral for the Church to be immune from taxes. In 1889, the *Globe* praised the Baptist convention in Ottawa for condemning exemptions and, in 1890, it lauded Jarvis Street Baptists' remission of municipal taxes (24 October 1889, p. 4; July 1890, p. 4). Both papers condemned the discriminatory nature of church exemptions and both felt they were remnants of state/church ties which were better eliminated than maintained. Neither accepted or articulated the opposing view that exemption was a way to recognize the separate spheres of church and state.

In the early twentieth century similar complaints were heard. In 1900, at the Ontario Assessment Commission, one George Wellings attacked church profiteering on land and said that church land sales and church burying rentals should be taxed (Ontario Assessment Commission, 1901, p. 209). F. Mackelcan, speaking for the Ontario Municipal Association, stated that fairness dictated that land of all classes of property should be subject to state levies (Ontario Assessment Commission, 1901, p. 202).

Finally, a *Star* editorial in 1906 exemplifies that paper's attitude to church exemption and the continuing assault on church privilege. Noting that the churches called for fair play and hence special treatment, the *Star* asserted "If it were common belief that church exemptions rested upon a broad basis of justice, as well as upon the devotion of most people to religion, there would not be this

perpetual looking toward the thousands to be gained by the abolition of these exemptions, by men dependent upon public favour..." (6 February 1906, p. 6).

Despite such moralizing about fairness and church duty, the churches maintained their discharge from civic levies with the important exception of local improvement taxes. Their strength lay perhaps in behind the scenes lobbying but it is more likely that it lay in the creation of an ethic of respect and adoration — an ethic which withstood both cynicism and fiscal need.

CONCLUSION

Exemptions were an issue in both cities. Business exemption questions were more controversial in Toronto than in Montreal. Economic spinoff from business, particularly manufacturing, exemptions was often touted as the reason for their application. Arguments pro and con were presented by business people and hence indicate both the class interests involved in the local state and the ambiguous and beguiling nature of this tax question. The promulgation of exemptions for manufacturing concerns was indicative of the emergent power of industrial capital vis-à-vis local politics.

The church exemption debate indicates the intriguing influence of a social institution, religion, in the local politics of the day. Despite the revenue requirements and loud voices against such discharges, they persisted. Imbued with a Christian ethos, and a sense of sacrilege, and a belief in the good that churches do, the Councils of either City rejected the idea of taxing churches.

The church exemption debate coupled with the exemptions themselves reveal a religious influence in local politics in either city which should not be overlooked. Confronted with rising expenditures and powerful economic interests, as a matter of logic, the Councils surely should have tried to enhance their revenues by striking at Church and charitable exemptions. This they did not do because, of course, they were Councils of their time and their time was an era of respect for Christian institutions. To be sure the changes in legislation show an attempt to restrict or, at least, more clearly define the scope of church and charitable exemptions. The debate itself shows a textured response to Christian institutions which varied by press and place but not as overtly by class.

The variances in the exemption debate may be attributed to differing cultural geographies. A deeply rooted and widespread Catholicism meant that criticism of church immunity, while vociferous, was decidedly more marginal in Montreal than in Toronto. A diverse Protestantism encompassing groups such as Baptists and Methodists, which had a profound fear of state establishment of religion, ensured that criticism of church immunity from taxation was hotly debated in Toronto.

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