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A Season of Unusual Depression
The Panic of 1857 and the Crisis of City Government in Toronto

Eric Jarvis

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Article abstract

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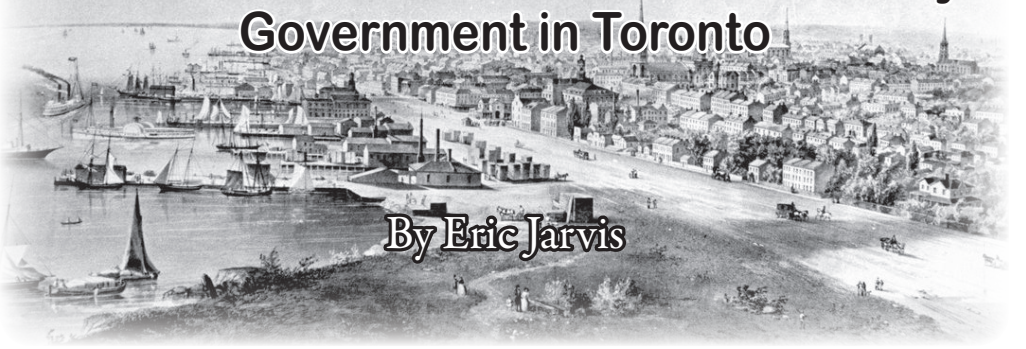
A Season of Unusual Depression

The Panic of 1857 and the Crisis of City Government in Toronto



By Eric Jarvis

The Esplanade in Toronto in the mid-1850s.

This study examines the impact of the Panic of 1857 and the economic depression that followed it on the fiscal system, public services and urban democracy of Toronto during the 1860s. It will not focus on the continental origins of the Panic nor on the plight of the city's poor or unemployed. The municipality's overworked charity and social welfare policies do not figure into this discussion either. All of these topics are, of course, very important but the analysis here shifts instead to the internal workings of the city government and into such issues as city debt loads, the problems involving taxes and tax collection and cutbacks on such newly developed urban services as a professional police force, an organized fire department and the use of street lighting. These civic enhancements had been created during boom times and heralded as symbols of urban progress and sophistication in mid-nineteenth century Toronto. The Panic put a quick (though not long lasting) end to those pretensions and, at the same time, exposed the endemic problems of urban governments during an era of economic panics and depressions that roiled nineteenth-century society.

The Panic of 1857 also had significant impact on the attitudes of reformers who pushed for the necessity of creating a less democratic form of city government through alterations in the structure of city councils, the methods by which councilors were selected and the degree of power and autonomy mayors should

Abstract

The Panic of 1857 had a significant impact on Toronto, since the economic depression that followed affected the city's government, fiscal health, and public services. Thus, it can be used as a case study of how a 19th century Panic and depression could change a city's society, even to the point of "crisis". Using city records and newspapers, this analysis focuses on city debt management, tax collection and cutbacks on such new services as police, fire-fighting and street lighting. In addition, it discusses how a Panic could transform democratic politics by decreasing the number of persons eligible for city council and the franchise. The mayor ceased to be an elected position. Such "reforms" would be used again following the more famous reforms of the 1890s depression. In fact, a pattern can be discerned: city democracy was increased by boom times and decreased by depressions.

Résumé: *La panique financière de 1857 eut un impact considérable sur Toronto, puisqu'elle fut suivie d'une crise économique qui affecta son gouvernement, sa santé budgétaire et ses services publics. Il est ainsi possible de la considérer comme étude de cas sur la manière dont une panique et une crise au XIXème siècle pouvaient changer la société d>une ville, jusqu>à un point extrême. En utilisant les archives et les dossiers de la ville, cet article porte sur la gestion de la dette, la collection des impôts et les réductions de nouveaux services tels que la police, les pompiers et l'éclairage public. En outre, cette analyse examine aussi comment une panique pourrait transformer la politique démocratique en diminuant le nombre de personnes éligibles au conseil municipal et le nombre de personnes pouvant voter. Le maire a cessé d>être un poste électif. Des réformes similaires seront utilisées encore une fois lors de la crise plus connue des années 1890. En fait, certaines tendances se dégagent : la démocratie urbaine augmenterait lors des périodes d'expansion et diminuerait pendant les crises.*

have. Also suggested were changes in the rules for voting in city elections that lessened citizens' influence and that would, it was hoped, contribute to the distancing of municipal government from politics. Overall, the Panic appeared to uncover many of the deficiencies, both financial and structural, that bedeviled cities of the nineteenth century.

Panic was a term that began to be commonly used by the 1830s to label a sharp economic break in what had been a boom era. It was the rough equivalent of the more modern terms 'Crisis' and 'Crash'. As such, it represented a wrenching loss of confidence that could quickly disrupt the enthusiasm of a prosperous era. Motivated by the psychological symptoms of fear and uncertainty, a Panic was often triggered by the collapse of a well-known banking house or of an important business firm, especially those based in either Britain or the United States. Rumours fed the Panic and accelerated its spread into a world-wide phenomenon that undermined the health of the economic system of the era.

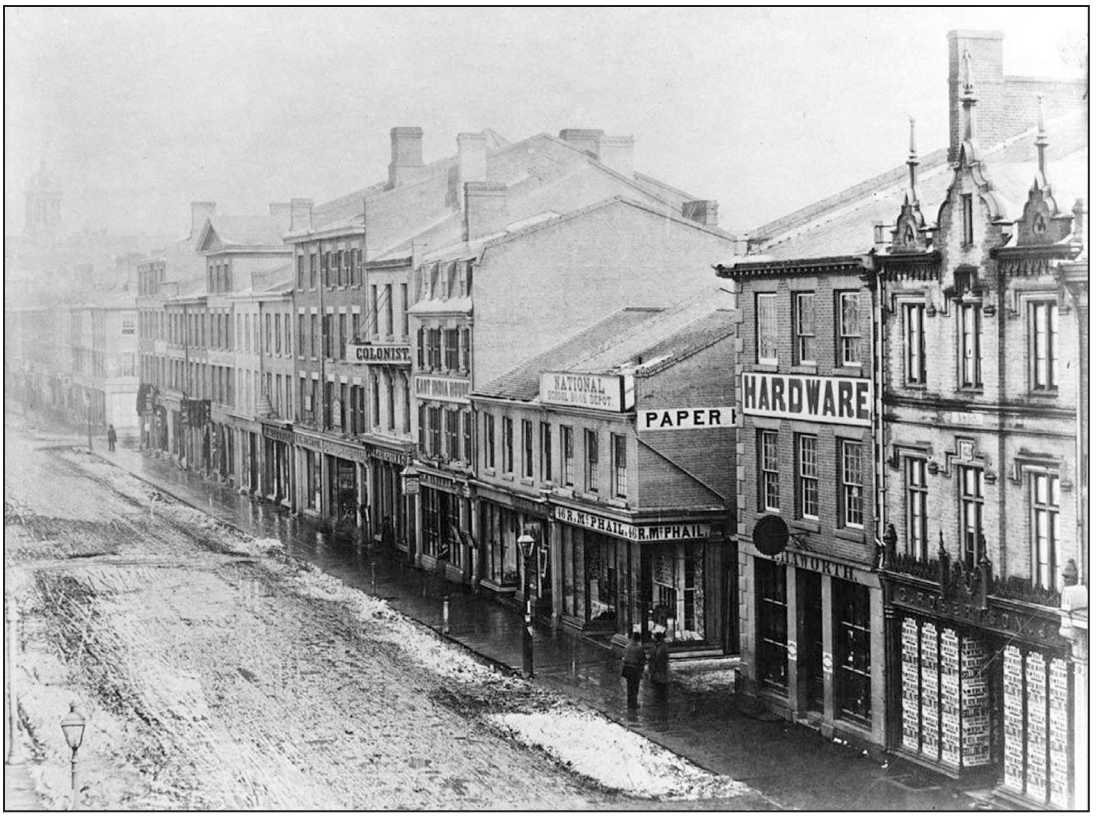
This system relied heavily on a network of credit, since credit was the financial lifeblood that kept a boom alive. It worked well if all else appeared to be working well but when a Panic hit credit

flows began to dry up, debts which had accumulated during the era began to be called in and the entire economy started to contract. The increasing inability to either pay off, or to collect on, debts affected individuals, companies, banks and governments at all levels. Bond and debenture sales became virtually impossible to consummate as closings and defaults multiplied. Governments that had used credit to build canals, railroads and infrastructure faced potential bankruptcy. As a result, the overall economy slipped into a depression that could last years, one that translated into stagnating trade, high unemployment, labour unrest, bank runs, higher taxes, deflation of prices and hardship for social relief agencies. Eventually, however, the economy would gradually improve and then finally move back into a new boom period.

By the later decades of the nineteenth century it had become clear to many that such a boom-Panic-depression-recovery cycle would be a commonplace, predictable feature of an unregulated, free-market economy. As Friedrich Engels put it, such a cycle would "reappear as regularly as the comets." This became increasingly apparent as the sequence kept repeating itself, most noticeably with the Panics of 1819, 1837, 1857, 1873, 1893, 1907 and, one could argue, 1929. It seemed to be an unavoidable aspect of the man-made, roller-coaster nature of the capitalist environment.[1]

As was the case with most North American cities that had to face an economic Panic in that century, Toronto was engulfed by it because of its overexpansion of urban projects and resulting accumulation of debts from the boom period of the 1850s. The subsequent economic depression following the Panic of 1857 then forced an examination by Toronto's city council into the problems involving the municipality's economic and political systems that had been exposed by the harsh reality of fiscal distress. The primary culprit in the city's cycle of financial expansion and contraction was familiar to North American urban centres during

[1] Jessica M. Lepler, *The Many Panics of 1837: People, Politics and the Creation of a Transnational Financial Crisis* (N.Y.: Cambridge University Press, 2013), 3-7, 235-29, 242, 245, 249-20, 252-23 (for the Engels quotation, 237); Alasdair Roberts, *America's First Great Depression: Economic Crisis and Political Disorder After the Panic of 1837* (Ithaca: Cornell University Press, 2012), 42-47; James L. Huston, *The Panic of 1857 and the Coming of the Civil War* (Baton Rouge: Louisiana State University Press, 1987), 17-22; Samuel McSeveney, *The Politics of Depression: Political Behavior in the Northeast, 1893-1896* (N.Y.: Oxford University Press, 1972), 32-33; Michael F. Holt, *The Political Crisis of the 1850s* (N.Y.: Wiley: 1978), 199-200; Douglas Steeples and David O. Whitten, *Democracy in Depression: The Depression of 1893* (Westport: Greenwood Press, 1989), 1-10; Phillip Payne, *Crash!: How the Economic Boom and Bust of the 1920s Worked* (Baltimore: Johns Hopkins University Press, 2015), 1, 82, 88; Bryan D. Palmer, *Working Class Experience: The Rise and Reconstruction of Canadian Labour, 1800-1980* (Toronto: Butterworth, 1983), 64-66; Gregory S. Kealey, *Toronto Workers Respond to Industrial Capitalism* (Toronto: University of Toronto Press, 1980), 30; Richard Pomfret, *The Economic Development of Canada* (Toronto: Methuen, 1981), 179-81; Charles Sellers, *The Market Revolution: Jacksonian America, 1815-1846* (N.Y.: Oxford University Press, 1991), 135-38m 354-55; Bernard A. Weisberger, *The New Industrial Society* (N.Y.: Wiley, 1969), 19, 128; Alan Trachtenberg, *The Incorporation America: Culture and Society in the Guided Age* (N.Y.: Hill and Wang, 1982), 39-40.



Colborne Street, showing the intersection of Church Street on the left, c.1856. Photo by Armstrong, Beere and Hime courtesy of the City of Toronto Archives.

the era—its heavy investment in transportation and infrastructure projects.

In the 1850s and 1860s Toronto had a population of between 45,000 and 55,000 people. It was primarily a commercial and trading hub as well as a manufacturing centre that was dominated by relatively small workshops. However, the city was also on the cusp of evolving into a factory system that could already boast of having a number of industrial plants that employed hundreds of workers under one roof, such as a locomotive works, a rolling mill, a furniture manufactory and a large distillery. Beyond these economic activities, though, Toronto was most focused during this era on spreading its metropolitan influence deep into its northern and southwestern hinterland, much of which contained the rich agricultural regions of Canada West. The municipality was even attempting to exploit the trade of the upper Great Lakes and the American west. It was moving to execute this ambitious scheme through the construction of a network of railways that would radiate out of, and be based in, the city. This was a dream that needed substantial amounts of capital accumulation, usually based on credit and the in-

vestment in rail company stocks.[2]

It was this vigorous expansionist urge of the early 1850s that defined Toronto's hopes and expectations. The railway craze became the symbol of the city's future progress. Thus, in order to support its long-term goals, the city government bet heavily on promoting and investing in these lines. It was a policy that would create both a necessary expansion as well as a reckless overexpansion. Typical of most such boom-driven eras there seemed, at the time, to be virtually no end to growth and prosperity—until the world-wide Panic of 1857 punctured that bubble and the general economy sank into the depression of the late 1850s and early 1860s. As a result, many of the credit-based foundations of the previous years crumbled, sending Toronto into a crisis, both fiscally and politically.

Toronto's municipal government had not only invested in railroads during the boom era. City councils had also poured money into other urban projects, such as the creation of an esplanade on the harbour front (that would soon be taken over by rail lines) and the building of a large, ornate, new city jail east of the Don River, among other improvements. Therefore, the City had run up a considerable debt load before 1857. Once the depression set in, this fiscal dead weight proved to be very difficult to deal with and this led to some innovative and, at times, unwise methods to avoid an embarrassing municipal bankruptcy.[3]

The city councils of the 1850s and early 1860s also got themselves into difficulties through the use and misuse of municipal debentures, both before and during the Panic. Debentures had been used to pay for most of the era's development and many of these urban bonds were reaching maturity and becoming due after 1857. This was particularly true concerning those utilized for railroad expansion and for the esplanade and jail complex. City fathers added to this problem, however, by involving Toronto in a range of less dramatic investments. For instance, councils had issued debentures to aid city schools, a practice that had begun in 1852 and had increased gradu-

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[2] J.M.S. Careless, *Toronto to 1918: An Illustrated History* (Toronto: James Lorimer, 1984), 71, 76-77, 81, 83, 86, 109, 111; Peter G. Goheen, *Victorian Toronto, 1850 to 1900* (Chicago: University of Chicago Press, 1973), chap. 4; D.C. Masters, *The Rise of Toronto, 1850-1890* (Toronto: University of Toronto Press, 1947), chap. 3; Douglas McCalla, "Railways and the Development of Canada West, 1850-1870". In Allan Greer and Ian Radforth (eds) *Colonial Leviathan: State Formation in Mid-Nineteenth Century Canada* (Toronto: University of Toronto Press, 1992), 192-98, 202, 206, 208. For a thorough description of the methods used by the province for supporting municipal railroad construction, see: W.T. Easterbrook and Hugh G.J. Aitken, *Canadian Economic History* (Toronto: Macmillan, 1956), 314-18. For a survey of similar issues involving railroads in the United States: Charles N. Glaab and A. Theodore Brown, *A History of Urban America* (2nd ed.) (N.Y.: Macmillan, 1976), 169-71; David Goldfield and Blaine Brownell, *Urban America: From Downtown to No Town* (Boston: Houghton Mifflin, 1979), 170-80; Jon Teaford, *The Unheralded Triumph: City Government in America, 1870-1900* (Baltimore: Johns Hopkins University Press, 1984), 229-31, 240-45, 275-79.

[3] Careless, 94; Toronto City Council *Minutes*, 1870, Appendix 70; 1862, Appendix 168; 1865, Appendix 41; 1862, Appendix 70; *Toronto Leader*, 18 March 1865.

ally until 1858 when the debt for this item alone had reached $54,930, a sum that had to be paid off in the depression era 1860s. Debentures were also issued for opening new streets, specifically for buying private property in order to run a street through it. As a result of this practice, in the first four years of the 1850s the City rang up another $87,000 debt. No sinking fund had been established to handle the future interest and principal payments on this debt. No such fund, in fact, was created until 1862 in order to deal with the growing inability to pay off any City debenture issues. This problem would ultimately lead to rising tax rates for citizens and increasing questions about how Toronto was being run and by whom.[4]

Another important part of the city government's self-inflicted indebtedness was its councils' routine budget overruns. Throughout the period, year after year, council members authorized projects or payments that were not included in the original city estimates. Furthermore, they adopted the easy financial habit of continually setting budget estimates that were far below the actual yearly requirements. As a result, taxes could be fixed at a lower rate than that which was necessary to meet the actual expenditures, a short-term scheme sure to be popular with ratepayers and voters. So, every year, despite repeated calls for fiscal responsibility, the City spent more than it took in and, therefore, increased its level of indebtedness. These deficits were passed on to be faced by the next year's council, which then had to place them into its estimated budget for the new year. By the end of that year the budget was again overrun.[5] These yearly deficits ranged from $14,952 in 1861 to $96,291 in 1864.[6] This pattern continued throughout the boom era preceding the Panic of 1857 and on into the 1860s. In response, councils embarked on another ill-conceived expedient to soften the impact on Toronto's taxpayers.

During the 1850s and up until 1862, Toronto city councils had also gotten into the custom of floating debentures on the money markets in order to pay for the day-to-day running of the city. Instead of increasing the tax rate to take care of the dual problems of rising costs and decreasing assessments or attempting to have yearly expenses approximate income, the City issued municipal debentures to cover such things as street repair, sanitation, construction, ordinary expenses and even the retiring of previous debentures that were coming due.

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[4] *Minutes*, 1870, Appendix 70; 1862, Appendix 168; *Toronto Leader*, 24 March 1865; *Toronto Globe*, 17 July 1863.

[5] *Minutes*, 1865, Appendix 41; March 10, 1862, 4; 1865, Appendix 142; 1862, Appendix 89; 1864, Appendix 1, 1864; Appendix 53, 1864; Appendix 83, 1865; Appendix 25; 15 January 1866, 1; 1866, Appendix 42. For Mayor Medcalf's address on the topic, see: 1864, Appendix 1. *Toronto Leader*, 9 January 1860, 18 June 1862, 24 April 1865, 27 May 1865; *Toronto Globe*, 17 July 1863.

[6] *Minutes*, 10 March 1862, 4; 1865, Appendix 57. For other large deficiencies: *Minutes*, 1861, Appendix 86 ($71,700), 1864, Appendix 53 ($41,907) and 1866, Appendix 42 ($19,383). Each dollar figure is from the year previous to the appendix report.

This helped to keep taxes lower but it also added to the ever-accumulating debt load. A larger number of debentures were issued for "general purposes" during this time than for any other account. After years of attempting to redeem these types of debentures the City's debt from them alone was nearly $1,000,000 by 1862 when the practice was finally stopped. Again, no sinking fund had ever been established prior to 1862 to help pay down this debt.[7]

It was common policy for the municipal governments in the 1850s and early 1860s not to create these sinking funds in conjunction with the issuing of City debentures. A sinking fund was a method of eliminating a long-term debt by creating a reserve made up of cash or other securities. This fund would be set aside to aid in the gradual liquidation or redemption of the bond issue, hopefully prior to its coming to maturity. In order to accomplish this, payments had to be made into the fund routinely. The absence of such a fund, therefore, meant that the next generation would have to shoulder more, or even all, of the debts incurred, with little help from the people who had actually issued the debentures in the first place. As it turned out, the 1860s added to the sinking fund problems created during the boom era of the 1850s.[8] Because of the debt liabilities that Toronto carried, and the increasing tax burden faced by Torontonians because of the Panic, during the 1860s Toronto city councils began to suspend payments to the sinking fund that had finally been established in 1862. A portion of these payments were withheld in each year from 1865 to 1870, when a new boom era was in full swing. All told, over $336,000 had been withheld during that time period.[9]

This practice had begun in 1865 in part because of a falling off in the amount of assessed property in the city and the $96,000 deficit carried over from the budget of 1864. The finance and assessment committee of city council had estimated that a sizeable tax rate of 32.5¢ on the assessed dollar would be necessary in 1865 to cover expenses and debts. However, because of the "present depressed state of things in the city" the committee also decided that this tax rate would be too high for the ratepayers to bear. It recommended, therefore, that certain sinking funds be suspended and the full council agreed. By withholding nearly three-quarters of the money slated for the fund the tax rate could be lowered to 22.5¢ on the dollar, an amount that still made it one of the highest municipal

[7] *Minutes*, 1870, Appendix 70; 1865, Appendix 41; *Toronto Globe*, 17 July 1863, 5 May 1864; *Toronto Leader*, 1 June 1859. For the practice followed in earlier years, consult consolidated By-Laws of the City of Toronto, 1870. On the practice of issuing debentures to redeem other debentures coming due, see the same Consolidated By-Laws, particularly By-Laws 351, 389, 405, 416, 428, 444, and 459.

[8] Corine F. Thompson and Richard L. Norgaard, *Sinking Funds: Their Use and Value* (NY: Financial Executives Research Foundation, 1967), 12, 14, 23; *Minutes*, 1862, Appendix 128; 10 March 1862, 5; 1870 Appendix 70; 1865, Appendix 41.

[9] *Minutes*, 1870 Appendix 70; *Toronto Leader*, 18 March 1865, 1 July 1865, 3 July 1865.

tax rates in the province. By this action, the sinking funds for paying off debentures that were due to mature in 14 or 15 years were suspended, setting a bad precedent.[10]

Again in 1866, 1867, 1868 and 1869, even after the city's economy had moved out of "its depressed state," the sinking fund was short-changed repeatedly in order to ease the tax burden and appease ratepayers. The councils of those years used this device as a tactic to dodge the impact of past debts. However, in suspending payments into the sinking fund they were, in a sense, suspending payment of their long-term debt commitments, albeit indirectly. This sleight of hand, while visibly avoiding outright bankruptcy, was a form of, and an unadmitted type, of creeping insolvency. Toronto ran the risk of not meeting all of its debts as they became due because its government had for years suspended payment on the fund that had been established to help pay off its creditors. It was similar to a partial debt moratorium in which a long-term debt could be "semi-repudiated" and left for future tax payers to handle.[11]

Perhaps the most important factor to be uncovered by examining Toronto's complex and confusing financial situation after the Panic of 1857, however, involved its system of taxation and tax collection. The tax rates which had been left relatively low during the booming and expansive 1850s, began to rise during the 1860s at a time when the depression made it more difficult for residents to pay them. Tax rates in that decade were the highest ever levied since the incorporation of the city in 1834. They could have been higher still if, as noted, the sinking fund had not been short-changed.[12]

City councils of the era claimed that while the tax load was "oppressive" it was necessary in order to avoid fiscal embarrassment. It was routinely stated that if the city was to "keep its good name" the stigma of municipal bankruptcy must be avoided at all costs.[13] The Province of Canada, however, did not make this any easier to accomplish. In 1861 it passed a new Assessment Act for cities. By its terms the tax rate on vacant lands within municipalities would be reduced to a nominal sum, presumably to aid large individual and business landholders. From 1861 on, these lands would be assessed as

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[10] *Minutes*, 1865, Appendix 57; 1867, Appendix 95; 17 July 1865, 113-114; *Toronto Leader*, 18 March 1865, 3 July 1865. For tax rates of other provincial cities of the era: *Toronto Globe*, 2 December 1865.

[11] *Minutes*, 1870, Appendix 70. For similar methods used by New York City to avoid default in 1975, see: *New York Times*, 27 and 28 November 1975.

[12] *Minutes*, 1860, Appendix 116; 1865, Appendix 57 and 142; 1870, Appendix 70 (statement 2); *Toronto Globe*, 2 December 1865. The rate was 15¢ on the dollar in 1861, 18 ¾ ¢ in 1862 and 1863 and 22 ½ ¢ in 1864 and 1865. The sinking fund and interest payments alone often came to account for as much as three-fourths of the whole rate required yearly on the dollar: in 1862 14 ¾ ¢ out of 18 ¾ ¢, in 1864 13 ¼ ¢ out of 22 ½ ¢ and in 1865 12¢ out of 22 ½ ¢. *Minutes*, 1861, Appendix 86; 1862, Appendix 62; 1864, Appendix 83; 1865, Appendix 57.

[13] *Minutes*, 1860. Appendix 116; 1862, Appendix 62; 1865, Appendix 41.

Wellington Street between Yonge and Church, c.1950s. <www.blogto.com>

"garden" or farm land no matter where they were located in a city. This caused a significant decrease in the total amount of money received from taxation. The assessed value of land in Toronto following the enactment of this law declined from $22,881,000 in 1859 to $17,101,000 in 1862. While some of this decrease came about in other ways because of the depressed state of the economy, it was still believed at the time that a drop of over $1,500,000 was caused directly by the new assessment law, "which had the effect of taking the aforesaid one million and a half from the assessment of vacant lands and placing it upon the shoulders of householders and their tenants."[14]

The rising tax rates were a constant concern for city councils in the early 1860s as they attempted to avoid outright default since it was believed that there was a limit as to how much the residents could or would absorb. However, another factor involved in the problem was the nature of the tax base itself. Along with the vacant land law there was an equally serious set of issues regarding the collection of taxes owed and of those

[14] *Minutes*, 1862, Appendix 106, 128 and 62, 1865, Appendix 142, 1870, Appendix 70.

that could not be assessed. For instance, concerning the former, in 1859 it had already become obvious that tax delinquency was a growing problem, as noted in a financial report in that year. "In the estimate of the amount of taxes uncollected at the end of the year, owning to the depressed state of trade and commerce, was very great."[15]

Far more aggravating than that, however, was the situation concerning those citizens and properties that were legally tax exempt for a wide range of reasons. For this difficulty it is instructive to refer to a city examination (a virtual exposé) that was done in 1874 as a result of the Panic of 1873. While the exact amounts would no doubt be somewhat different from the decade of the 1860s it is still useful in order to examine the extraordinary number of exemptions revealed.

The 1874 study, produced by the Assessment Committee of the city, was discussed by the full city council and it showed "the amount of property exempt from taxation" in the city of Toronto. What followed that introduction were thirty-five pages of itemized tax exemptions listed by type. There was a wide range of categories including property owned by the federal and provincial governments, the City itself, universities, colleges and high schools, charitable institutions, church properties (including ministers' residences), literary and scientific institutes and burying grounds. The study indicated the individual breakdown of the potential assessed value of each category and for each building or person within them. The total amount of assessed value of exempt properties from all wards for all reasons equaled an astonishing $8,698,983.[16] This, then, was the amount that could have been taxed based on the present tax rates. While no such examination of exemptions was carried out in the 1860s, it would be reasonable to assume that such a listing would have been similar to that in 1874.

Still, of all the problems that beset Toronto taxation that would be exposed by the Panic of 1857, perhaps the most interesting involved the City's method of assessing and collecting those taxes. Under the spotlight provided by the economic depression this system was shown to be hopelessly creaky and wholly inadequate to deal with the needs of a mid-nineteenth North American city. Under the rules by which Toronto handled its tax revenue the actual cash that the city received each year rarely, if ever, entered its coffers during the calendar year for which it had been budgeted.

City assessors could not be appointed by law until the first of February each year. It usually took three months before the assessors' final figures were sent to the city clerk's office. The Court of Revision, that sat in May, then heard any complaints by citizens concerning their assessments and the court then proceed-

[15] *Minutes*, 1859, Appendix 228.

[16] *Minutes*, 1874, Appendix 164. The largest property assessments that were exempt: Ontario government ($2,282,480), church lands and buildings ($1,553,505) and university/colleges/high schools ($1,123,460).

ed to adjudicate such appeals. Following that, the collectors' rolls could finally be written up and the city council then formulated its estimated budget for the present year, a process that generally took place in June. The tax rate was finally arrived at and the collectors could, at last, begin their job of actually rounding up the revenue from ratepayers. Thus, during the entire 1860s the collectors did not start their labour any earlier than the first of September. It took about a month for the tax bills to be written up and to be served on the population. By this time of the year about three-fourths of the entire annual budgetary liabilities of the city had become due—before hardly any of the tax money needed to pay them had begun to trickle in. Often taxes for one year were not paid until well into the following year so that the city was unable to keep up with the current expenditures by using its own revenues.[17]

During the 1850s and early 1860s, Toronto's city councils made up this difference in a predictable manner—by issuing more debentures to cover its daily "general expenses." Following 1862, with the cessation of this practice, councils began to borrow enough money from the banks each year to carry on city business and services during the first nine months of the year, while the taxation procedure inched along. As a result, Toronto began to carry a debt obligation with various banks, albeit a smaller one than that created by the issuing of general debentures, and every year it was faced with an interest charge that had to be calculated as part of the yearly budget. All of this increased the tax rates in following years so as to cover the maturing bank loans and the interest on those loans. This entire antediluvian tax system was still in operation as late as 1870, when rumbles over its inadequacies finally changed the method of collecting taxes by pushing the selection of assessors back to the year previous to the one in which collections had to take place. Incentives through discounts were also offered to ratepayers who paid their taxes early.[18]

In addition, the city faced financial difficulties from external forces beyond its control and, indeed, beyond Canadian boundaries. The Panic of 1857 was the catalyst and driving force for most financial problems, but the American Civil War that broke out during the 1860s depression, did not help. Thus, during the period when Toronto's finances were the hardest pressed, the city councils of the era found themselves unable to sell additional debentures on the bond markets. Their attractiveness as in an investment in both Montreal and London money circles was seriously undermined by the uncertainties caused by the Civil War.[19]

Therefore, instead of creating any kind of an overall prosperity in Toronto, the war tended, instead, to exacerbate financial weaknesses. In 1862, following the Trent Affair, and the war scare that it conjured up, all Canadian bonds, both pro-

[17] *Minutes*, 1870, Appendix 70.
[18] *Minutes*, 1862, Appendix 106; 1865, Appendix 41, 1870; Appendix 70.
[19] *Minutes*, 1862, Appendix 106; 1865, Appendix 57.

vincial and municipal, were seriously depreciated on the London markets.[20] Such securities were looked upon with distrust because of the proximity of the American conflict and the possibility that it could spill over into British North America. Only by mid-1865 would the city council hope that "the ordinary improvements of the city that have been retarded during the war in the United States, now that that desolating scourage has terminated, will so progress that the Corporation will not hereafter have to complain of an excessive rate of taxation."[21]

Prior to this hope, however, in 1864, the Corporation, after vainly attempting to sell its debentures (issued, incidentally, to redeem other debentures that were then falling due) finally sent the city chamberlain to Montreal in order to dispose of a new issue. Failing to find buyers in that city, he then travelled to London and for two months struggled unsuccessfully to peddle Toronto bonds.[22]

> In London I communicated with the Agra and Masterman Bank and the agents of the Corporation, Messrs. Bosanquet, Franks and Co., as well as with several of the principal brokers—finding that the state of the money market was such that sales could not be effected through the ordinary method. I had an advertisement inserted in the *Times*, *Daily News*, and the *Money Market Review*, together with circulars prepared and sent by the banks and brokers to their ordinary money customers, also to many influential and wealthy persons in and around London, and in the counties, inviting tenders for the bonds, all of which exertions to effect sales I regret to say were not successful.[23]

The other outside factor that impacted on Toronto's ability to sell its debentures was the shaky financial situation of Canadian municipalities during this depressed time. Hamilton's problems, in particular, received a good deal of notice in London both in the *Money Market Review* and in government circles. Like many North American cities Hamilton had become fiscally over-extended during the boom years of the early 1850s. As a result, it arguably became the most financially challenged city in Canada West in the 1857 Panic era and was unable to pay the interest on its debentures in January of 1862, July of 1862 and, again, in January of 1863. This, of course, outraged its British creditors who believed (perhaps with good reason) that the City was using unethical, and even illegal, tactics to avoid these payments. Hamilton's predicament became infamous in the press and, later, through a burst of correspondence between the secretary of state for the Colonies, the Governor-General of Canada, the Mayor of Hamilton and the city's outraged investors.[24] In the end, the entire sequence of events, charges

[20] *Minutes*, 1862, Appendix 106; 1865, Appendix 57.

[21] *Minutes*, 1864, Appendix 114. Quotation from 1865, Appendix 57. It would seem that these hopes were at least partially fulfilled, for after 1866, even though the city had to levy a high tax rate and continue to short change its sinking fund, it began to move out of its depressed state and slowly recovered its financial balance. See: *Minutes*, 1870, Appendix 70.

[22] *Minutes*, 1864, Appendix 114; 1865, Appendix 142.

[23] *Minutes*, 1864, Appendix 114.

and denials badly undercut the value and trust in all municipal bond sales in the Province of Canada.

Toronto's councils were determined not to follow the Hamilton experience and to avoid bankruptcy, repudiation or begging the province for relief. When other municipalities in North America did follow one of these paths Toronto's leaders would decry such craven actions.[25] An example of this attitude can be seen in a report of the City's finance committee in 1862:

> Previous to 1858 it was confidently believed that every municipality would be compelled to bear its own burthen—to have hinted at the contrary prior to that date would have to convey a deadly affront. In Canada repudiation has everywhere been regarded with as much horror as in Lombard Street. In preparing this report your committee emphatically disclaim all sympathy with those municipalities who under any circumstances would hold out the threat of repudiation. Toronto is both able and willing to pay all just claims on her exchequer. Her citizens may be taxed with burthens unwisely incurred and grievous to bear, but your committee confidently assert that they will take no part with those who seek relief on the ground of inability to meet their creditors.[26]

Instead, Toronto's government took a different route. During the depression it continued, or initiated, questionable financial practices (as noted earlier) and soon it also began cutbacks on public services in order to retrench. By doing so councils of the era signaled a retreat from the concepts of urban progress that were most often symbolized by modern improvements in such services.

The most direct impact that the Panic had on city services was to be expected—cutting back and "downsizing" even though many of them had just recently been created or significantly upgraded. They had been touted as evidence of Toronto's emergence as a mature and up-to-date city that was in step with the urban rhythm involving civic improvements that were occurring in other North American cities of the era.[27]

Perhaps the most contentious of all these service cutbacks involved in Toronto's newly established professional police force. In 1858 a comprehensive Municipal Institutions Act was passed by the province and one important aspect of that new blueprint for cities was the creation of independent police commissions that would be separate from, and uncontrolled by, city councils. It gave the police com-

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[24] For details, see: *Irish University Press Series of British Parliamentary Papers*, "Correspondence and Papers Relating to Government Postal and Rail Communications and Other Affairs in Canada, 1861-1863", Colonies, Canada 24. Specifically: "A copy of all the Correspondence Between the Secretary of State for the Colonies and the Governor General of Canada, on the Subject of the Hamilton Municipal Bonds" (printed 29 May 1863), 385-86, 389, 392. See also: John C. Weaver, *Hamilton: An Illustrated History* (Toronto: Lorimer, 1982), 41, 50, 52, 54 for a brief overview.

[25] *Minutes*, 1864, Appendix 114.

[26] *Minutes*, Appendix 168.

[27] Glaab and Brown, *A History of Urban America.* 169-71; Goldfield and Brownell, *Urban America*, 170-80; Teaford, *Unheralded Triumph*, 229-31, 240-45, 275-79. Also useful within a wider scope, Robin L. Einhorn, *Property Rules: Political Economy in Chicago, 1833-1872* (Chicago: Uni-

missioners in each major city the duty to set the numbers of police required, while leaving elected city councils to budget for the numbers arrived at. Unfortunately, this awkward division of powers and fiscal responsibilities led almost immediately to problems and differences between commissions and city councils, especially after the Panic of 1857.[28] The Toronto Police Commission wanted to increase the size of the force, while the council wanted a significant cut in the numbers of policemen in order to save money. The Act had come into effect in 1859, just as the depression worsened and, as a result, a nasty fight unfolded over the necessary size of the force as opposed to the City's need for overall retrenchment.[29]

In 1860 a controversial attempt by council to unilaterally cut the pay of policemen led to the threat of a possible police strike and the launching of a lawsuit to block the proposed cuts. Once learning of the pay reductions, the policemen, many of whom refused to accept this unexpected salary reduction, gathered outside of city hall on 10 July 1860 to demand redress and restoration of the original pay scales. They were told by council members that no final agreement had been reached with the Police Commission and, therefore, no redress was forthcoming. A work stoppage by police then seemed imminent. For an hour the streets of Toronto were deserted by policemen as the men met to discuss their next move. Mayor Adam Wilson, a reformer who was one of three members of the Police Commission, met with the police officers and advised them to sue the City for their full pay. This plan was subsequently agreed upon and the civil suit was soon launched.[30]

> In the event of a decision in favour of the Corporation, it is understood that the men intend in a body to 'lay down their batons'. In the event of this taking place, the mayor had intimated his intention of issuing a proclamation calling upon the citizens to organize a volunteer force until the situation was amicably settled.[31]

Facing this possible threat and guessing that the lawsuit would go against the City, since the pay cut would not be considered "reasonable renumeration" as the Act required, city council made some movement to pay under protest in order, it claimed, "to end the suffering of the men." However, the court ruling came down before the council acted and it was, as expected, in favour of the policemen. The City was forced to pay all the withheld wages at the original rate.[32]

In 1861, with a worsening financial

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versity of Chicago Press, 1991), 110, 144, 169, 174-75, 183.

[28] *Statutes* of the Province of Canada, 1858, 22 Vic., c.99, 452-453; *Minutes*, 1859, Appendix 7.

[29] *Minutes*, 1860, Appendix 70 and 99; *Toronto Globe*, 5 May 1860, 11 May 1860, 12 May 1860, 4 June 1860; *Toronto Leader*, 11 May 1860.

[30] *Minutes*, 1860, Appendix 70 and 99; 11 June 1860, 130; *Toronto Globe*, 4 June 1860, 9 July 1860, 11 July 1860. The city council was not unanimous on the matter of withholding wages. A violent disagreement ensued over council's right to do so—a debate that began with shouting, then moved on to name calling and finally ended in a fistfight. See: *Toronto Globe*, 4 July 1860.

[31] *Toronto Globe*, 11 July 1860.

[32] *Toronto Globe*, 24 July 1860, 25 July 1866; *Toronto Leader*, 25 July 1866.

environment, the council of that year did convince the Police Commissioners to decrease the size of the police force. These cutbacks meant that most night duties by the police had to be curtailed, as did patrols to the eastern, northern and western portions of the city. After that, most police work would be concentrated only in the central business district during the daylight hours.[33] This represented a significant diminution in the level of police protection that Torontonians had just recently come to enjoy. Despite that, councils continued to pressure the Police Commissioners for years until a new Municipal Act in 1866 finally required city council to simply provide revenue to the Commission without any power to set the amount. After that, and within a growing boom era, the number of policemen gradually began to rise once more.[34]

The city's fire department was more vulnerable to city council retrenchment policies because it had no commission to help shield it. At the start of the depression the city had a professional fire department of 270 paid men, one that had been formed back in 1855 during a prosperous era.[35] The Panic of 1857 ended this professional force's existence. It was replaced by the return to the old system of unpaid volunteer fire fighting. City council had decided in 1861 that because of its cost a professional force could no longer be maintained. Thus, on 1 June 1861, the regular Toronto Fire Brigade passed out of existence[36] and, in response, the dismissed firemen decided to hold a torch-light protest march downtown that nearly ended in a riot.[37] Once again, the Panic had forced the City into a retrograde step involving city services, one that had been presumed in 1855 to have been a positive and permanent evolution away from the volunteerism of Toronto's early years.[38] Only with the dying off of the depression in the late 1860s did the number of paid, professional fire fighters begin to increase.[39]

One other municipal service that had taken on the symbol of progress was also cut back—gas street lighting. Meetings between city council members and the Consumers Gas Company, that was providing the fuel for the lamps, took place in 1861. A deal was reached that saw the

[33] *Minutes*, 1861, Appendix 17, 26 and 33; 14 March 1861, 54-55; *Toronto Globe*, 7 January 1861, 22 February 1861, 15 March 1861, 19 March 1861. See also: *Minutes*, 1866, Appendix 133 for a review of the events of 1861.

[34] *Statutes* of the Province of Canada, 1866, 29-31 Vic., c.51, 281-282; *Toronto Globe*, 9 April 1867, 12 March 1868, 6 December 1868, 3 June 1869.

[35] Consolidated By-Laws of the City of Toronto. 1870 (By-Law 231), 148; *Minutes*, 1860, Appendix 112 and 36.

[36] *Minutes*, 1861, Appendix 15, 22, 59 (By-Law 343) and 73 (By-Law 346).

[37] *Toronto Leader*, 1 June 1861; *Toronto Globe*, 1 June 1861. The March took place the day before.

[38] J.R. Middleton, *The Municipality of Toronto: A History* (Toronto: Dominion, 1923), 304. Middleton overlooked or ignored this earlier professional force and claimed that such an organization only began in the 1870s.

[39] *Minutes*, 1864, Appendix 147; 1865, Appendix 41; 1867, Appendix 10; 1868, Appendix 21; 1870, Appendix 37; *Toronto Telegraph*, 6 April 1869; *Toronto Globe*, 6 April 1869.

number of working lamps in Toronto decreased from 979 to 546, with a lowering in the rate paid to the company for those still remaining. However, in return, the company won the right to extinguish all of the city's street lights for eight nights each month—four nights before the full moon, the night of the full moon and three nights after the full moon. So, as a result, on 96 nights each year Toronto had no street lighting whatsoever and this was at the same time that the police force was not patrolling at night. With some slight modifications this level of street lighting continued on until the early 1870s.[40] As one city newspaper sarcastically complained in 1869,

> The partnership with the moon has been a failure. In dark or murkey nights—whether the moon be full or half full—we ought to be able to pay for some artificial lighting—if only a tallow candle at each street crossing. In London they dare not apply our street lighting theory to the sun— much less to the moon. It is marvelous that our people should have put up with this nuisance so long.[41]

City services were not the only aspect of urban life that was affected by the Panic—the municipal system and the nature of voting were also significantly impacted. The focus of such reactions involved the lessening of the political influence of city councils and of the residents of Toronto. Thus, during the early 1860s, as the depression dragged on, there were increased calls, usually advocated by most of the city's press, for changes in the methods by which city council was elected, for a reconsideration of the types of citizens that should be elected and over how much power the mayor should exercise. The suggestions put forward nearly always pointed to the wisdom of separating city government from local politics and voter input.

In fact, during the era under discussion, three different Municipal Acts were passed by the provincial legislature—in 1858, 1866 and 1873. The dates of these Acts, as well as their contents, are a reflection of the turmoil created by the business cycle. The first Act came into effect at what proved to be the conclusion of a boom era, just as the impact of the Panic of 1857 was beginning to unfold. It had been formulated, therefore, during a prosperous time but then had to function in an era of economic depression and dislocation. The Act that replaced it, in 1866, was a reaction to the fiscal destabilization in cities across North America caused by the Panic. The third Act, in 1873, was a reflection of the boom economy that had returned at the end of the 1860s and it was passed just as the next economic Panic hit in 1873. The provincial government's attempts to continually mold municipal governments from 1858 to 1873 always seemed to be just out of sync with the roller-coaster ride of the economy.

The Municipal Act of 1858 had rep-

[40] *Minutes*, 1861, Appendix 41, 59 and 160; 28 March 1861, 67-68; *Toronto Globe*, 28 May 1861; *Toronto Telegraph*, 4 November 1868; Consumers' Gas Company, *75 Years: The Consumers' Gas Company of Toronto* (Toronto: 1923), 61-65.

[41] *Toronto Telegraph*, 9 March 1869.

resented the first reform of city governments in Canada West since 1849 and much of its contents were formulated prior to 1857. The Act included a number of innovations that would expand the elective principle in the selection of urban councils. A pivotal clause concerned the direct popular election of the mayor by city voters rather than from a majority of city council members that would elevate one of their own to mayor's chair. There was also an increase in the number of members sitting on council and a reduction in both the qualifications for voting and for office holding.[42]

All of these changes represented a shift in local politics that increased the level of popular participation. But such ideas and accompanying regulations were soon put to the test by the Panic of 1857, which began to disrupt city financial systems by 1859. In Toronto, and in most other Canadian cities, this created a crisis, and, as has already been discussed, a steeply rising debt load linked to a correspondingly soaring tax rate.

In response to these economic realities the press of Toronto led a vigorous attack against the city councils created by the 1858 Municipal Act. Even the Reform newspaper, *The Globe*, complained of the city's inept leadership and it was joined by other Toronto papers, including its Conservative rival, *The Leader*, in denouncing the Act. This issue was one of the few that all of the press could generally agree on.[43] Along with the city newspapers there were presentments by the grand jury, the circulation of citizen petitions and political rallies all calling for a change in the system of city government.[44] Thus, by the early 1860s the Act of 1858 began to take the blame for the deteriorating financial condition of the city.

The most persistent complaint concerned the background and status of the men who sat on Toronto's council. The names of important merchants, manufacturers and professionals were conspicuously absent. In an example of what Sam Bass Warner once called 'privatism', the elite of Toronto had expanded their interests into other areas and were not, evidently, interested in running local governments. Instead, critics claimed that city council was being run by a 'Ring' of lesser figures from the middling strata of society who made up a close-knit group of virtually professional politicians that wallowed in clientage and patronage-driven politics.[45] And, in fact, an exami-

[42] Parliamentary *Debates* of the Province of Canada, April 8, 1858; *Statutes*, Province of Canada, 1858, 358-359; B. Dyster, "Toronto, 1840-1860: Making it in a British Protestant Town", Ph.D. Thesis (University of Toronto, 1970), 233-34.

[43] For examples see: *Toronto Globe*, 25 October 1860, 7 December 1861; *Toronto Leader*, 23 August 1865.

[44] *Debates*, 13 March 1863; *Toronto Leader*, 1 July 1865, 22 December 1865.

[45] *Toronto Globe*, 28 April 1859, 5 May 1859, 23 June 1864, 3 October 1864, 24 November 1865; Dyster, "Toronto, 1840-1860," 56-57, 76-83, 263, 337, 349-50; Sam Bass Warner Jr., *The Private City: Philadelphia in Three Periods of its Growth* (Philadelphia: University of Pennsylvania Press 1968), chap. 5. This trend of "privatism" was noted at the time by the *Toronto Globe*, 24 November 1865.

nation of the occupations of members of council during this era does show that they came from an economic sector made up of shopkeepers, factory owners and artisans all of whom had managed to maintain a long tenure on council.[46]

If anything, the elite were less inclined now to become involved in city politics since they would have had to immerse themselves in electioneering and, as they saw it, pandering to the wishes of the common voters. As *The Leader* proclaimed, these men "may not have the knack of making themselves popular" and that "they may not have stomachs strong enough or heads hard enough to enable them to drink whiskey with whole troops of thirsty voters." The problem with the system, therefore, appeared to be that property and intelligence were outvoted.[47]

It was the city councils of the era that had to deal with the fallout from the Panic of 1857 on municipal finances, taxes and public services and, as noted earlier, they proved to be unequal to the task. This fact, in turn, created an atmosphere which encouraged the challenges to the 1858 Act that led to its termination. Its replacement would signal a retreat from popular participation in municipal government.

By the mid-1860s the cumulative torrent of criticism heaped upon city councils throughout Canada West led provincial legislators to contemplate another reform of the Municipal Act. In Toronto there was even talk of scrapping representative government altogether and bringing in a system of paid city commissioners who could run the municipality more economically and efficiently. However, this concept, that would emerge again in the late nineteenth century, was ultimately deemed to be too drastic a solution in the 1860s.[48]

Instead, a series of less extreme measures were eventually suggested. Still, the message behind nearly all of these proposed changes involved decreasing the amount of popular involvement by rolling back the more democratic reforms of 1858. A wave of reaction had formed behind the financial storm that surrounded the Panic of 1857.

Attention was directed at limiting the franchise and, in so doing, increasing the power and influence of the upper classes. It was hoped that this would encourage that group to engage more actively in city governance. For instance, it was suggested giving taxpayers votes in proportion to the amount of assessed property they owned.[49] Schemes were also afoot to lengthen the terms of city councilors, to decrease the number of elected officials and, especially, to do away with the direct election of mayors. This last reform would, it was believed, allow respectable men to run for alder-

[46] Taken from an examination of Toronto City Directories of the era. The occupations listed are as close to the date of council membership as possible.

[47] *Toronto Leader*, 23 August 1865.

[48] *Toronto Leader*, 1 July 1865, 23 August 1865, 22 December 1865.

[49] *Toronto Leader*, 26 June 1865, 1 July 1865.

man in their own ward, with the hope that the mayor's chair would fall to them without the necessity of a city-wide election campaign. Many of these types of ideas are usually associated more with the urban reform movements at the turn of the century, which would stress more efficiency and less democracy.[50] In Canada West such concepts had first surfaced much earlier—in the mid-1860s.

Finally, after a relatively short debate in the legislature, a new Municipal Act was passed for Canada West in 1866 and many of the democratic ideals of the previous Act were turned back.[51] The primary casualty was the popular election of mayors. Of the 429 clauses in the 1866 Act, the one that seemed to meet with the most public (or least press) support was this abolition of an elected mayoralty. Even many of those who did not approve of other parts of the Act agreed that this was the proper course to take. Once the new Act came into effect in 1867, the mayor of each of Canada West's cities would once more (as in the pre-1858 era) be selected by a majority within a council from their own members.[52] As the Toronto paper, *The Telegraph*, claimed, "the present experiment of entrusting the choice of the highest civic dignitary to the people, excellent as it may be in theory, had produced in practice little but general dissatisfaction and utterly incompetent Mayors."[53]

Another change involved an increase in the qualifications for voting. They rose from $500 to $600 freehold and from $30 to $35 leasehold. A seemingly small increase, yet, it would have a major impact on deciding who could and who could not vote. Also, citizens who had not paid their taxes were prohibited from voting. This clause was intended to aid both the quality of the electorate and the cities' treasuries.[54] The concept of plural voting was instituted, so that those men who had sufficient property to qualify in more than one ward could vote in each ward. Therefore, in Toronto, for instance, one man could, theoretically, vote seven times—once in each ward— providing that he had sufficient property in each ward.[55] Consequently, an estimated 300 residents of Toronto increased their voting power as a result of the Act.[56]

The most controversial part of the legislation was that which required higher qualifications for officeholding. For mayor and aldermen these were doubled.

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[50] *Toronto Globe*, 6 October 1864, 10 October 1864, 30 November 1864, 6 February 1865; *Toronto Leader*, 7 October 1864, 20 December 1864, 16 June 1865, 21 June 1865, 3 August 1865, 23 August 1865, 15 September 1865, 21 September 1865, 25 November 1865.

[51] *Debates*, 10 August 1866.

[52] *Statutes*, 1866, 178; *Toronto Globe*, 30 August 1866; *Toronto Telegraph*, 14 August 1866; *Toronto Leader*, 11 August 1866, 9 November 1866.

[53] *Toronto Telegraph*, 14 August 1866.

[54] *Statutes*, 1858, 358-359, 1866, 168-170; *Toronto Telegraph*, 14 August 1866; *Toronto Globe*, 30 August 1866; *Toronto Leader*, 8 November 1866.

[55] *Statutes*, 1866, 170; *Toronto Globe*, 30 August 1866.

[56] *Toronto Globe*, 16 November 1867.

The assessment needed increased from $2,000 to $4,000 freehold or a leasehold of $8,000 (same as in the 1858 Act).[57] It was originally believed that this increase in freehold requirement would have a dramatic effect on council membership. *The Telegraph* summed up this clause by musing that,

> It must be somewhat entertaining for the present members of our Toronto City Council to meditate over this portion of the bill, and reflect that if it were brought into immediate force, what a yawning chasm of vacancies this volcanic clause would produce.[58]

In addition to all of these changes, the number of council members would be decreased by one per ward, from four to three. For Toronto this meant a loss of seven representatives in all. Aldermen would no longer be faced with a yearly election, since under the Act they gained three-year terms, with one third being elected each year. The present council members would draw lots to determine who would receive a one-, two- or three-year term.[59] Once this was done all members would get a comfortably long tenure. As a result, aldermen would become less accessible to popular pressure and the judgment of voters on election days.

Despite all of these reforms, however, the Municipal Act of 1866 turned out to be a major disappointment once put into operation. It was soon discovered, for instance, that because of a careless and hasty drafting of the bill, clause 427 deferred implementation of the candidates' and voters' qualification requirements until after the 1867 city elections. This meant that many of the newly elected aldermen of 1867 would serve for two or three years, yet they had been elected under the old guidelines. Thus, thanks to clause 427, it would be three years before a full council would be made up of men with higher qualifications, elected by voters with more property.[60]

In Toronto, the problems of the 1866 Act quickly became apparent. In the 1867 city election only aldermen were running since mayors were no longer elected officials. However, many of them were also campaigning as likely mayoralty candidates, selected from among the elected aldermen. So, although no one was officially running for mayor, interest still centered on those aldermanic aspirants who had the best chance of becoming mayor in a council vote.[61] In addition, the election concluded in a very unsatisfacto-

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[57] *Statutes*, 1866, 167-168; *Debates*, 10 August 1866.

[58] *Statutes*, 1866, 166; *Toronto Telegraph*, 14 August 1866; *Toronto Globe*, 30 August 1866; *Toronto Leader*, 8 November 1866.

[59] *Statutes*, 1866, 288; *Toronto Globe*, 13 September 1866, 23 November 1866, 24 December 1866; *Toronto Leader*, 13 November 1866; *Toronto Telegraph*, 3 December 1866.

[60] *Statutes*, 1866, 176; *Toronto Globe*, 8 December 1866, 21 December 1866, 25 December 1866, 9 January 1867, 24 December 1867, 6 January 1868; 22 December 1868; *Toronto Leader*, 13 November 1866, 12 December 1866, 8 January 1867, 11 January 1867, 26 December 1867, 6 January 1868, 7 January 1868. *Toronto Telegraph*, 3 December 1866, 24 December 1867, 22 December 1868.

[61] *Minutes*, 21 January 1867, 1-5, 7; 1867, Appendix 11; 4 February 1867, 21, 11 February 1867,

ry manner for those who had supported the new Act. The council session that was held to select the new mayor lasted seven hours in front of a packed gallery, while wheeling and dealing went on behind closed doors. A mayor was finally selected after a long deadlock of tie votes and, depressingly soon after that, plum committee assignments rained down on those key members who had swung the election of the new mayor. Worse yet, there was an accusation of attempted bribery. One of the aldermen claimed that he had been offered $300 to cast his vote for the eventual winner. Sorting all this out took over two months and it created a distinctly negative first impression of the 1866 Act in Toronto.[62]

Subsequent elections in the city did not have such controversy, but neither did they particularly change the nature of Toronto civic politics. One of the reasons for reforming the old 1858 Act had been to transform the personnel of council through higher qualifications. But, because of clause 427, the old council guard continued on, with the same occupational backgrounds that had been deemed insufficient prior to 1866. For the period of 1867 to 1870 only five men out of a possible forty-two who were elected to council had not been there prior to 1867. The occupations of these five new members were contractor, barrister, hide dealer, dry goods merchant and retired dry goods merchant. None were from the elite of Toronto society because members of that group were still not running for city office. While this did not necessarily mean that those men who did run and get elected were incompetent or venal, it was true that the makeup of council did not significantly change either on an individual or occupational basis.[63]

So, it was not surprising that complaints about the 1866 Act, and the councils that it had created, began to be heard again from many of the same sources that had originally insisted on its passage.[64] The difference was that the anti-democratic mood of the early Panic plagued 1860s reversed itself. The demand this time was for a restoration of popular participation in city government, as the pendulum began to swing back when the financial health of the city began to markedly improve.

Once again criticism was aimed at the franchise. The number of eligible voters in Toronto had dropped by nearly 2,200

31; *Toronto Globe*, 27 November 1865, 8 December 1866, 21 December 1866, 2 January 1867, 5 January 1867, 19 January 1867, 22 January 1867, 25 January 1867, 5 February 1867, 8 February 1867, 12 February 1867, 19 February 1867, 20 February 1867; *Toronto Leader*, 22 January 1867, 5 February 1867, 19 February 1867.

[62] *Minutes*, 21 January 1867, 1-5, 7; 4 February 1867, 21; 11 February 1867, 31; Appendix 11; *Toronto Globe*, 5 January 1867, 22 January 1867, 25 January 1867, 5 February 1867, 6 February 1867, 8 February 1867, 12 February 1867, 19 February 1867, 20 February 1867; *Toronto Leader*, 22 January 1867, 5 February 1867, 6 February 1867, 19 February 1867.

[63] Council membership can be ascertained from J.R. Middleton, *The Municipality of Toronto* or from yearly City Council *Minutes*. Occupations come primarily from city directories of the era.

[64] For example: *Toronto Globe*, 26 November 1868; *Toronto Leader*, 6 January 1861.

between 1867 and 1868 (when the franchise portions of the Act had become operative). Some areas of the city had been totally wiped off of the voters' lists. It was estimated that nearly one third of all the voters in Canada West's cities had been disenfranchised by the 1866 Act. Taken within the new found confidence of a returning boom era, these facts caused some serious second thoughts.[65]

Because of this uneasiness and because of the number of inconsistencies embedded in the 1866 Act (enough, it was said, to "puzzle a Philadelphia lawyer")[66] the Ontario legislature, the new overseer of municipalities after Confederation in 1867, began to consider some amendments to the Act. For instance, in early 1868 the qualifications for city alderman were decreased from $4,000 to $3,000 freehold and from $8,000 to $6,000 leasehold.[67]

In late 1868 and early 1869 a petition circulated in Toronto demanding more liberalization of the law. What was advocated was a return to the direct popular election of mayors and the election of all aldermen annually.[68] These changes were put forward despite the fear that the city's citizens might be accused of instability. *The Leader* claimed that this could not be helped since they had "been experimenting" and had "not yet reached the best possible plan."[69] To indicate how far sentiment had evolved since 1866, *The Telegraph* critiqued Toronto's city council by observing "that some of the members of that body, who boast most loudly of their wealth, are the meanest, worst-bred, scurviest and most unscrupulous men in it."[70]

In 1869 the legislature again amended the 1866 Act by re-establishing the annual election of city aldermen.[71] And, finally, in 1873, after much lobbying, a revised comprehensive Municipal Act for Ontario was passed—the third in fifteen years (including, of course, those for the old Canada West). The 1873 Act finalized the reversal begun with the earlier amendments. It included the return of the one-year term for aldermen and another decrease in the qualifications for voting, back to the 1858 amounts. Also decreased were the qualifications for holding city office, form $3,000 to only $1,500 freehold and from $6,000 to $3,000 leasehold, figures that were less than that of the 1858 Act. In addition, and very symbolically, the 1873 Act restored the election of mayors back to the voters.[72]

With the Act of 1873, then, the

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[65] *Toronto Globe*, 16 November 1867.

[66] *Toronto Leader*, 26 December 1867, 6 January 1868.

[67] *Statutes*, 1867-1868, 177.

[68] *Toronto Globe*, 26 November 1868, 19 December 1868, 5 January 1869, 29 April 1869; *Toronto Leader*, 19 January 1869; *Toronto Telegraph*, 20 November 1869.

[69] *Toronto Leader*, 19 January 1869.

[70] *Toronto Telegraph*, 22 April 1869.

[71] *Statutes*, Province of Ontario, 1869, 63.

[72] *Statutes*, Ontario 1873, 211-215; Middleton, 303, *Minutes*, 31 October 1870, 147; *Toronto Globe*, 18 January 1873.

democratic trend that had been inaugurated by the 1858 Act (that had been created within the atmosphere of boom era) was resuscitated. The financial problems and economic gloom of the early Panic-impacted 1860s had been replaced by a prosperous period and Toronto, once again, became involved in costly capital ventures, such as a waterworks and railroad investments. The indebtedness crisis had eased, tax rates began to decline and city services were being restored.[73] Within this upbeat economic milieu came a lessening in the criticism of city council and a restoration in the faith of popular participation in city government.

It would appear that the changes in the province's municipal laws from 1858 to 1873 were closely linked to the state of the overall economy and, most especially, to the financial health and apparent soundness, of individual city governments. A correlation existed between the business cycle and the ever-evolving concepts and practices of city administrations during the mid-nineteenth century. There was an important connection between grass-roots urban political policy and fluctuations in the economy. The swings from boom to bust were matched with those of political liberalization and conservative reaction. A prosperous era encouraged and promoted increased democratic ideals, while an economic depression could force a retreat from those ideals.

Just to underline this pattern, it should be noted that it was not long after the passage of the liberalized 1873 Act that calls for a return to decreased popular participation began to be voiced once more. Again, as Toronto moved into the economic depression that followed the Panic of 1873, there were problems concerning debt loads, tax collection and level of city services. The responses were predictable: press criticism of city councils and petitions to the Ontario legislature for changes to municipal governance that included limiting voting rights, reducing the number of aldermen and removing the selection of mayor from popular elections.[74] The rationale often presented to support such changes resembled those of the earlier reforms—that is was of the "highest importance to raise the standard of civic legislation by offering the best inducements to those who are disposed to take part therein,"[75] which then would encourage a "better class" to run for office.[76] Therefore, the Panic of 1873 seems to have brought forth the same types of critiques and roughly the same potential solutions as those that had emerged after the Panic of 1857.

The Panic of 1893 was a more serious and complex example of this apparent pattern of cause and effect. This situation led to responses that included cutbacks

[73] D.C. Masters, *The Rise of Toronto* (Toronto: University of Toronto Press, 1947), chap. 4; *Toronto Telegraph*, 26 March 1868, 22 August 1868, 11 September 1869; *Toronto Globe*, 17 November 1868, 1 December 1868.

[74] For example: *Toronto Telegraph*, 1 December 1877, 18 December 1877, 31 December 1877; Masters, chap. 5.

[75] *Minutes*, 1876, Appendix, 427-28.

[76] *Minutes*, 1876, 427.

[77] The mayor was R.J. Fleming. *Minutes*, 1896, Appendix C(no.1), 11.

in either the number of civic employees or of their salaries.[77] There was also an attempt to freeze hiring for the police force and to abolish the Mounted Division altogether.[78] In addition, there occurred another heated debate about the number of tax exempt institutions that existed in the city, a phenomenon that had been a source of so much consternation during the depression following the Panic of 1873.[79] And, of course, as John Weaver has so successfully demonstrated, this was an era of reforms intended to lessen urban democracy in Canada.[80]

In most studies of the evolution of North American city government in the nineteenth century the economic Panics of the era play little, if any, role. In a similar manner, nearly all of the evidence surrounding these Panics and their subsequent depressions are analyzed primarily to determine their overall origins. The case studies used to examine them are focused on a national or (in the United States) on a state level. The impact of a Panic regarding urban politics or city services are barely mentioned. Rarely is the rhythm of North American urban development linked to the boom and bust cycle of the capitalist economy of the age.[81]

The patterns that such downturns seemed to create typically began with sharp criticisms of city councils because of their poor handling of a Panic, criticisms that usually centred around their non-elite social and class backgrounds. This led to calls for cutbacks in civic services in order to deal with high tax loads and dangerous levels of debt. From that came demands to reform city councils by making them less politically influenced and less democratized in order to get more respectable men to run for and to win council seats. Once a boom era returned however, much of this was reversed as city services and personnel levels were again upgraded so that more city staff and policemen could be hired and liberalization of city voting and council structure became vogue. All of this boom-inspired reform continued until another Panic came along when the cycle began all over again. Thus, it could be argued that urban governmental development in the nineteenth century moved forward in lurches and a crucial aspect of those lurches involved the economic panics and depressions of the century.

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[78] *Minutes*, 1894, Appendix 13 (By-Law 3218); Appendix 112. *Minutes* 1894, 24, 62-63; *Toronto Star*, 10 January 1894, 15 January 1894, 18 January 1894.

[79] *Minutes*, 1894, Appendix A, 49-50; *Toronto Star*, 15 January 1894.

[80] *Minutes*, 1894, 62; 1896, 332; John C. Weaver, "The Modern City Realized: Toronto Civic Affairs, 1880-1915", in Alan F.J. Artibase and Gilbert A. Stelter (eds), *The Useable Urban Past: Planning and Politics in the Modern Canadian City* (Toronto: Macmillan, 1979), 39-72; and Weaver, *Shaping the Canadian City: Essays on Urban Politics and Policy, 1890-1920*, Monographs on Canadian Urban government No.1 (Toronto: The Institute of Public Administration, 1977), see chap. 3, "The Meaning of Municipal Reform: Toronto, 1895" and chap. 4, "Municipal Reform: The Corporate Ideal and New Structures of Government".

[81] For a survey of such analyses see the citations noted in footnote 1, especially the works by Lepler, Steeples and Whitten, Roberts, Huston, McSeveney and Holt.