THE UNEMPLOYMENT ASSISTANCE ACT (1956)

Its Implications for Social Security and Public Welfare Administration in Canada.

by

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The passage of the Unemployment Assistance Act in July, 1956 represented a significant break with the traditional approach to public assistance in Canada for it brought Dominion government participation into a field always regarded as the exclusive responsibility of the provinces. This study has been undertaken to consider its implications for Social Security in Canada, including the effects of the Act on existing provincial programs.

The method of study has been both historical and analytical. In order to identify the political and social factors which lead to this radical change in attitude on the part of the Dominion, Parliamentary debates have been reviewed and the proceedings of Dominion-Provincial conferences studied. In addition, such reports as that of the Royal Commission on Dominion-Provincial Relations, the National Employment Commission and the various publications of the Canadian Welfare Council were useful sources of information. A study of the legislation itself was essential to analyze its effects on provincial programs and this was done in conjunction with a review of provincial legislation pertinent to the subject.

A definitive evaluation of the legislation is limited by the fact that it is of such recent origin that there has been little time to study its total effect. Furthermore, an amendment to the Act which took effect on January 1, 1958 broadened the terms of the legislation to extend the degree of participation by the Dominion. Significant points which do emerge however, are: (a) Those provinces which have developed high standards in their public assistance programs are the principal beneficiaries under the legislation, (b) Those provinces which have relied heavily on Mothers' Allowances to meet the needs of a large segment of dependent persons are at a serious financial disadvantage, (c) The application of the Act is uneven among the provinces because of the wide variations in services offered. An important element in the legislation is the abolition of residence regulations between the participating provinces, a step which may bring an end to one of the most vexing problems in public welfare administration.
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THE UNEMPLOYMENT ASSISTANCE ACT (1956)
CHAPTER I
THE BACKGROUND OF UNEMPLOYMENT ASSISTANCE.
1921-1945.

On July 1, 1955, the latest addition to Canada's social security program came into effect with an announcement of the Federal government. The proposal was simple, but epoch making - that the Dominion would share with the provinces and municipalities the cost of unemployment relief. This was a radical departure from policy regarded as established for two decades; under Canada's constitution, relief costs, except in times of national emergency, had been considered to be a responsibility of the provinces and local governments. What was a "national emergency" was the subject of active debate in the early thirties; and there are other important elements in the background which it is the purpose of this thesis to review. Perhaps the most remarkable feature of the new legislation was the fact that it did not differentiate between the unemployed employable and the so-called unemployed unemployable; both groups were now considered simply as unemployed persons and as such are covered under the provisions of the legislation.

The new program was announced in the House of Commons on June 21, 1955. The Prime Minister, the Rt. Hon. Louis St. Laurent, stated that the Dominion would share with the provinces half of the cost of the unemployment relief benefits when the number of persons in the population of the province in receipt of such benefits exceeded
0.45 per cent of the population. At the 1956 session of Parliament, Hon. Paul Martin, Minister of National Health and Welfare, introduced the Unemployment Assistance Act,\(^1\) which was designed to validate agreements reached with six provinces following the announcement of the Dominion's new policy, and to provide for the remaining four provinces to enter the plan if they so desired.

While this is apparently not yet a complete program, and there has been one amendment of importance since the act first came into effect, the implications of this change in attitude on the part of the Federal government are so far-reaching that the present thesis has been undertaken to present the main facts and to consider the consequences for future social security policy in Canada.

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The economic and social changes which have marked Canadian life in the twentieth century were never anticipated by the group of men who drafted the British North America Act\(^2\) in 1867. When the division of powers between the Dominion and the provinces was set out in this statute there was no expectation of the problems which would beset governments at all levels, particularly those resulting from unemployment, modern industry and business depressions. "The fathers of Confederation clearly thought they were assigning the provinces the unimportant and inexpensive functions of government, among which education, hospitals, charities, and municipal institutions were then

\(^1\) Canada. 4 - 5 Elizabeth II, c.26.
\(^2\) Great Britain. 30 Victoria, c. 3.
reasonably numbered. At the time of Confederation Canada was a frontier society and unemployment was virtually unknown. The community took care of its sick and aged and the able-bodied unemployed men moved, usually Westward, where there were new opportunities and plenty of work. This vast hinterland could easily absorb those who could not make their way in the towns and villages.

As the frontier disappeared cities grew and industries massed around the great transportation centres. There was unemployment and signs of economic dislocation in 1913 but history has passed this over. The economic pressure of World War I stepped up the nation's industrial output, and Canada amassed a huge labour force in munitions in addition to thousands serving in the armed forces. In 1919 the economy was not geared to continue war-workers in their jobs nor to absorb the thousands of men discharged from the armed forces. A recession after World War I created large scale industrial unemployment and this was the first instance of unemployment discussed as an issue in government policy.

THE FIRST RECESSION (1921)

Because many of the unemployed in 1921 were former members of the armed forces, the Federal government accepted a moral responsibility for aid. In addition to extended Service Men's provisions, the Dominion instituted a policy of grants-in-aid to the provinces and the municipalities to assist them in meeting the problem. In making these grants the government was careful to state that:

"Unemployment relief has always been, and must necessarily continue to be, primarily a municipal responsibility, and in the second instance the responsibility of the province." These words were destined to be frequently quoted within the succeeding thirties.

The Dominion government based its position on Section 92 of the British North America Act, where the responsibilities of the provinces are enumerated in terms which were also frequently quoted at the time of the Rowell-Sirois Commission. "In each province the Legislature may make laws in relation to ... The Establishment, Maintenance, and Management of Hospitals, Asylums, Charities, and Eleemosynary Institutions in and for the Province."

This appeared to relegate the provision of unemployment relief to provincial authorities although this is not specifically stated. The Dominion took the position that in granting assistance it was performing a function which was the exclusive responsibility of the provinces. The provinces, in turn, had in many cases passed the responsibility on to the municipalities in keeping with the ancient British tradition of local responsibility for the care of the poor and indigent, established by the Elizabethan Poor Law, and still prevalent in Britain in 1867. It is often forgotten that when the British North America Act was drawn up Britain had made very little progress in reconstructing its antique form of municipal government.

4 Grauer, A.E., Public Assistance and Social Insurance, a study prepared for the Royal Commission on Dominion-Provincial Relations. Ottawa, King's Printer, 1939, p. 17.

5 Great Britain. 30 Victoria, c. 3, Section 92.

6 Great Britain. 43 Elizabeth I, c. 2.
The "first" crisis in 1921 was met by the appropriation of $2,000,000 to provide grants-in-aid to the provinces and to the municipalities. Economic conditions improved enough for no further claims to be made and the concept of "emergency only" remained undisturbed for a decade. It was not until the mass unemployment of the 1930's that provincial and local governments again approached the Dominion for aid and the issue became a major national one.

CRISIS OF THE WINTER OF 1929 - 1930

In October 1929 the era of prosperity that had featured the late 1920's ended abruptly. The first signs of what proved to be the worst economic depression in North American history were indicated by a dramatic drop in values of stocks on the New York Stock Exchange. These declines were quickly reflected in Canada and the economic recession which followed the break was also felt in this country. At this time there was little recognition of the fact that the recession would be of such far reaching proportions.

Canada's prosperity had been built upon heavy import-export business and it was particularly vulnerable to the dislocation of international trade. The Canadian West, with its rich wheat yield of the prairie provinces and the primary industries of British Columbia, was immediately affected. Early in 1930 a meeting of Provincial and Municipal officials from the provinces of Manitoba, Saskatchewan, Alberta and British Columbia was held in Winnipeg. A delegation was appointed to interview Federal authorities and to present a series of resolutions which had been passed. The resolutions called for

7 Grauer, Public Assistance and Social Insurance, p. 17.
financial assistance to deal with unemployment; curtailment of the
government's colonization program; assumption by the Dominion for
financial assistance to veterans; appointment of an economic
commission to deal with the financial problems of the nation; and a
scheme of unemployment insurance.  

The reception the delegates received from the senior
government was somewhat less than cordial. Prime Minister MacKenzie
King spoke on behalf of the government. Addressing the meeting on
February 26, 1930, he said that it was important to have a true
perspective in the discussion of such serious matters rather than be
influenced by one particular set of conditions. He said that a heavy
winter load of unemployment was normal in many parts of the country.
In Mr. King's opinion the delegates, instead of seeking help for the
unemployed, were seeking help for provincial and municipal governments.
He suggested that the municipalities, who were affected by the high
rate of unemployment, should seek aid from the provincial government
and if the latter encountered financial problems they could in turn
seek aid from the Federal government. He considered it extraordinary
that municipalities should first come to the Federal government.
Summed up, the answer was a firm refusal to assist.

A CHANGE OF GOVERNMENT

Unemployment continued to be a problem during 1930. An
election in the summer of that year unseated Mr. King and his

8 Labour Gazette, vol. 30, no. 3, (March 1930), Ottawa, King's
Printer, p. 283.

9 Ibid.
government and on August 7, 1930 a Conservative government headed by
the Rt. Hon. R.B. Bennett assumed office. The election had been fought
on the issue of the deteriorating economic conditions and the new
Prime Minister implemented his election promises by calling a special
session of Parliament on September 8, 1930. The Speech from the Throne
read on this date stated:

"The necessity for dealing with exceptional economic
conditions with the resultant unemployment has induced me
to summon you at an earlier date than would otherwise be
necessary."  

At this Session of Parliament the Relief Act was passed but
it was made very clear that the Dominion was not permanently assuming
what, in its opinion, was not its affair. The preamble to the Act
stated:

"Whereas unemployment, which is primarily a municipal and
provincial responsibility has become so general throughout
Canada as to constitute a matter of national concern ..."  

and the Prime Minister in the debate recalled the precedent established
in 1921 when Federal aid had been granted. He said that:

"It is not proposed that this Dominion Government would in
any sense deal with these problems directly. These are
primarily problems of provinces and municipalities and
apart from national undertakings. But a problem local and
provincial in its nature may become a national one. That
is the position ......

NEW PROGRAMS ON UNEMPLOYMENT: EMERGENCY POWERS; PUBLIC WORKS.

The 1930 Act provided $20,000,000 to be devoted mostly to
public works. The Federal Government would pay twenty-five per cent

10 Canada, Parliament, House of Commons, Official Report of Debates,
8 September, 1930, p. 4.

11 Canada, 20 George V, c. 1.

of the cost of these works, an additional twenty-five per cent would be paid by the Provincial governments and the balance of fifty per cent by the local area in which the works were performed. Provision was also made for the use of some of the money for direct relief, the cost of which was to be shared equally by the three levels of government. In unorganized territories of the provinces where no local government existed the cost would be divided evenly between the Dominion and the province concerned.

When Parliament reassembled in the early part of 1931 the subject of unemployment was still high on its list of unsolved problems. The situation was acute and became worse daily. The government presented for consideration of Parliament the Unemployment and Farm Relief Act and sought authority from Parliament to

"...supplement the relief measures of the provinces and other bodies in such ways as the Governor in Council may deem expedient, and for that purpose should vest in the Governor in Council the powers necessary to ensure the speedy and unhampered prosecution of all relief measures and the maintenance of peace, order and good government in Canada ....".

Provision was made in the legislation for payment out of the Consolidated Revenue Fund "such money as the Governor in Council in his discretion may deem expedient to expend for relieving distress, providing employment and maintaining within the competence of Parliament peace, order and good government throughout Canada."

The unemployment crisis was now being handled as a national

13 Canada. 21 George V, c. 58.
14 Ibid.
emergency with the government invoking the general powers granted it in Section 91 of the British North America Act to legislate for the "peace, order and good government of Canada." The Unemployment and Farm Relief Act vested with the Governor in Council authority to spend money without reference to Parliament.

The passage of this Act was sturdily debated in Commons. Mr. King, Leader of the Opposition, was critical of the government for the wide powers which it was seeking and likened them to those granted in 1914 after the outbreak of World War I. He said that the existing laws on the statute books would appear to be sufficient to ensure preservation of "peace, order and good government", but if the government sought further authority it should be the subject of separate legislation and separated from its request for emergency powers to deal with the financial aspects of unemployment relief.

The Conservative government pressed the Act, however, and it was the fore-runner of a series of similar pieces of legislation which provided assistance to lower levels of government to meet their financial responsibilities. The Federal government still adhered to the principle that unemployment relief was a responsibility of the provinces and Prime Minister Bennett, speaking in Winnipeg in October 1933, said that it was constitutionally impossible for the Dominion government to set up a national relief organization. He said that the jurisdiction rested with the provinces and it was for that reason the policy of assisting with money grants had been adopted.

15 Great Britain, 30 Victoria, c. 3.
As the unemployment crisis continued the program of assisting with public works broke down in many areas due to the inability of local governments to maintain their share of the costs. This resulted in more and more of the money being diverted to direct relief. The expenditures by all governments on direct relief to unemployables rose from $10,461,000 in 1930 to $110,777,000 in 1936. The corresponding expenditure for relief works rose from $3,605,000 in 1930 to $12,252,000 in 1936.¹⁸

The question as to where ultimate responsibility for the care of the unemployed rested was of little importance to the victim of the depression. It did, however, pose a problem for unofficial interpreters of the Constitution. One constitutional expert and well known political scientist F.R. Scott, in a discussion of the matter wrote:

"Consider the present unemployment situation .... Unemployment is national in scope; it has produced a situation so serious that Mr. Bennett considers it worthy of a new adjective "emergent". Yet both political parties agree that labour questions are purely a provincial matter and must be left to the provinces to handle. All that Ottawa does is to vote money for the provinces to spend; the unemployed have to wait until the same matter that was thrashed out in Ottawa gets thrashed out anew in the provincial legislature and put into the form of provincial statute.

The present division of powers in regard to labour and social problems is particularly silly since tariffs, trade treaties, immigration, labour problems, unemployment and trade and commerce are so intimately connected that they can not be divided up among the legislatures without the certainty of delay, mismanagement and confusion.

Interpretations of the Judicial Committee of the Privy Council have relegated the residuary powers of the ....

¹⁸ Report of the Royal Commission on Dominion-Provincial Relations, Book III, Ottawa, King's Printer, 1940, p. 89 - Table 31.
The writer took the stand that the division of powers set out in the British North America Act, particularly those relating to public welfare, were obsolete and ill-equipped to meet the current crisis. He was critical of the Privy Council in its narrow interpretation of the Act and of the unmistakeable trend of increasing provincial powers at the expense of the Dominion.

THE BENNETT "NEW DEAL"

This problem of narrowing Federal jurisdiction was encountered by Mr. Bennett in his "New Deal" legislation which he announced in a radio address in January 1935. His announcement which indicated that he intended to embark on a policy of intervention and control in the business of the country, took not only Party members, but also his Parliamentary associates, by surprise. For Mr. Bennett the surprise announcement was in character if its contents were not. Mr. Bennett was not a "team man" and his relationships with his Cabinet members were frequently strained because of his tendency to announce government policy without previous consultation. The measures introduced by the Prime Minister to the House of Commons on January 29, 1935 included the Employment and Social Insurance Act, the Minimum Wage Act, Weekly Day of Rest in Industrial Undertakings Act, and the Limitations of Hours of Work Act. Constitutional experts, both inside and outside the House, attacked the constitutionality of the legislation. Of the latter three Acts it

was argued that the principle of provincial control of labour matters had been settled by the Privy Council in a decision in 1925. \(^{20}\)

Mr. Bennett, however, argued that this legislation was enacted pursuant to obligations assumed by the Dominion under the conventions of the International Labour Organization and were thus in substance fulfillments of treaty obligations of Canada. Of the Employment and Social Insurance Act Mr. Bennett argued that the unemployment crisis justified national action under the "peace, order and good government" clause of Section 91 of the British North America Act.

The new policies announced by Mr. Bennett were in anticipation of an election which was called in June 1935. His "New Deal" legislation, which had been passed earlier in the year, had not been implemented and the Canadian people, weary with five years of unemployment and hardship, turned back to the Liberals and the Rt. Hon. W.L. MacKenzie King and his government again assumed office.

On November 5, 1935 the "New Deal" legislation was referred by Order-in-Council to the Supreme Court of Canada for a decision. The legislation had been opposed in the House of Commons by the Liberals who questioned its constitutional validity. The Supreme Court of Canada was divided equally on the decision and a referral, therefore, was made to the Judicial Committee of the Privy Council.

The Judicial Committee of the Privy Council held this legislation to be unconstitutional. It did not agree with Mr. Bennett's contention that the Dominion could use its treaty making powers to impose responsibilities or to remove jurisdiction on any matters.

\(^{20}\) Toronto Electric Commissioners v. Snider (1925) A.C. 396.
specifically laid down in Section 92 of the British North America Act which contains the specific areas of provincial jurisdiction. 21

Of the Employment and Social Insurance Act, the Judicial Committee held that, as it affected property and civil rights and dealt with a contract of employment and insurance, it was a matter for provincial concern. It further limited the interpretation of the "peace, order and good government" clause by holding that such clause conferred on the Dominion only an emergency power. The Judicial Committee pointed out that the legislation could not be considered emergency legislation since it was intended to be permanent. 22

Unemployment Insurance, however, continued to be an active issue in Canadian public affairs with both the Dominion and the provinces frustrated by the decision of the Judicial Committee. The solution to the problem was found in an amendment to the British North America Act, which was sought by joint address to the British House of Commons, and the Act was amended with effect July 10, 1940. The Amendment added the words "unemployment insurance" to that clause of Section 91 which gives the Dominion jurisdiction over "the regulation of trade and commerce." 23

23. Great Britain. 3 - 4 George VI, c. 36.
THE DOMINION-PROVINCIAL CONFERENCE OF 1935

Mr. MacKenzie King previous to the election had promised further co-operation with the provinces in meeting their problems and in keeping with this a Dominion-Provincial Conference was summoned in December 1935. Mr. King's attitude was quite different from that revealed at the meeting with Western leaders in 1930 and when he spoke it was in a more conciliatory tone. He said that the conference was assembling at a critical time in the history of the country with serious problems of unemployment, taxation, social services, constitutional issues and other matters. Pointing out that there was no clear cut line of jurisdiction over many of the matters to be discussed, Mr. King said that if the citizens were to be adequately served by the government which they had elected a formula for co-operation between the provinces and the Dominion would have to be worked out. He hoped that machinery would be set up to study problems, solutions for which could not be reached at the present time. 24

The conference was organized into committees to consider the various matters before it with instructions to report back to a general session which would end the meeting. The committee on unemployment returned with a series of recommendations which can be summarized as follows:

1. The Dominion government should limit its assistance to the Provinces and municipalities to the unemployed employables and to the aged through the Old Age Pension. Other persons, usually unemployables, in need of financial assistance should be the responsibility of the provinces and the municipalities.

2. A Dominion Commission of Unemployment should be created and a nation wide registration of unemployed should be conducted. This registration would provide the commission with useful information and permit long term planning.

3. The co-operation of industry should be sought to initiate a program of youth training and an apprenticeship system.

4. Commerce and industry should be asked to assist in devising plans to make year round provision for their essential quota of employees.

The Hon. C.A. Dunning, Chairman of the Sub-Conference Committee on Finance, reported to the Conference that the financial position of each province had been studied along with the problem of decline in revenues and increased relief costs. Suggestions advanced by the Provinces were:

1. The transfer to the Provinces of certain sources of revenue belonging to or being used by the Federal Government.

2. The assumption of the larger portion of the cost of relief by the Federal Government.

3. Reduction in interest charges by refunding outstanding provincial and municipal debt.

In the discussion of the Report on Unemployment the Hon. A.W. Roebuck, speaking on behalf of the Ontario government, complained that there was nothing in it referring to the provision of employment. He recalled that in the election campaign of the previous summer the Prime Minister had said that unemployment and its cure was the supreme issue in Canada today. Other provincial premiers echoed his concern about

26 Ibid., p. 44.
the situation but at this point nothing more positive was forthcoming from the Dominion level. The problem was still being dealt with in terms of a satisfactory formula of financing between the various levels of government.

NATIONAL EMPLOYMENT COMMISSION

As a result of the recommendation of the committee on unemployment at the Conference a National Employment Commission, under the chairmanship of Mr. Arthur B. Purvis, was appointed on May 13, 1936. The Commission's first act was to institute a scheme of national registration and classification of all persons on relief to whom the Dominion contributed. This was the first national survey of this type which had been attempted and it was designed to provide the Commission with an adequate statistical background before proceeding with its work. The Commission had been instructed to carry out this survey in order to determine the nature and extent of the problem and also to formulate recommendations regarding practical measures to increase employment, to ensure efficiency and economy in the administration of financial aid, to set up administrative machinery, to carry out policies approved by the government, and to propose long range plans of national development to ameliorate the effects of future depressions.

The final report of the Commission recommended a comprehensive housing policy, which would include a home improvement plan and assistance to low rental housing; modernization and extension of the


National Employment Service to increase placements in industry; and a revision of the policy on grants-in-aid for relief designed to ensure that the money was not being spent haphazardly but directed to remediying the effects arising from varying degrees of distress. In addition the Commission recommended a nation-wide Dominion-Provincial training program for persons in the younger age group who had not had work experience and for persons in the middle-age group to restore their skill, physique and morale.\(^29\)

The Commission noted that, at the time of its Report (1937) there was an improvement in the employment situation and it also recommended that expenditures on public works initiated to provide employment should be curtailed and the funds diverted to more effective and fundamental attacks on unemployment.\(^30\) Of these recommendations the government had already embarked on a home improvement plan and on a Dominion-Provincial program of training youths and other workers affected by prolonged unemployment. Improvements were also made in the National Employment Service, which was later to become a basic part of the unemployment insurance organization.

THE ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

Financial relationships between the Dominion and the provinces were becoming increasingly involved because of the heavy expenditures on unemployment relief and the various programs of relief work. To find some solution to the problem the Royal Commission on


\(^{30}\) Ibid.
Dominion-Provincial Relations, (frequently referred to as the Rowell-Sirois Commission), was established on August 14, 1937. In the terms of reference setting out the tasks of the Commission it was asked to do a complete survey of all responsibilities to be assumed by various levels of government.

The Commission was asked to review Dominion-Provincial financial relationships, allocation of tax sources, public expenditures and public debt, and the system of cash subsidies to the provinces. It was also asked to make recommendations regarding these matters and to express an opinion, subject to the distribution of legislative powers essential to the proper carrying out of the federal system, how to best effect a balanced relationship between the financial powers and the obligations of each governing body.

The Commission's report was completed in 1940 after the outbreak of World War II. It had carried out its instructions to the letter and despite problems due to changes in personnel because of death or illness, produced a document which is a milestone in Canadian government history. Its recommendations covered various aspects of inter-governmental relationships in Canada but here we are concerned primarily with those related to unemployment relief.

The Commission pointed out that mass unemployment in Canada is largely the result of economic changes abroad which affect Canada because of this country's dependence on foreign trade. The inter-relation of the factors in the Canadian economy take the problem of

unemployment out of the local area and place responsibility at the national level.

"The Dominion is the only government which can meet, in an equitable and efficient manner, the large fluctuating expenditures due to unemployment. Its unlimited powers of taxation give it access to all the incomes which are produced on a national basis, regardless of where they may happen to appear, and it can obtain the needed revenues therefrom in a manner which is the least harmful to welfare and productive enterprises." 32

The Commission was also concerned with the economic waste of manpower and resources in a depression and, while it acknowledged that the Dominion lacked any control of the external forces involved in a depression, it felt that the effects could be minimized by the planning of public works and developmental expenditures, and an intelligent and co-ordinated use of credit. It pointed out that foreign exchange, trade, transportation and taxation policies are powerful instruments to combat unemployment and reduce fluctuations in income and that the Dominion is the only government which can use these effectively. 32

One of the more important recommendations of the Commission suggested a complete break from the tradition of cash subsidies to the provinces to be replaced by the payment of national adjustment grants. Having drawn attention to the discrepancies in social services in the various provinces the Commission pointed out that the grants would

"...make it possible for every province to provide for its people services of average Canadian standards and they will thus alleviate distress and shameful conditions which now weaken national unity and handicap many Canadians. They are the concrete expression of the Commission's conception ...

33 Ibid.
of a federal system which will both preserve a healthy local autonomy and build a stronger and more united nation."

Establishment of these grants would, however, be contingent upon the provinces withdrawing entirely from various fields of taxation, and the cancellation of existing subsidies. The Dominion would also assume certain debt obligations of the provinces.  

The Commission made it clear that any plans for social insurance, particularly unemployment insurance and relief for the able-bodied unemployed, should be a total Dominion responsibility but all other social services should remain the exclusive responsibility of the provinces. Summarizing the unemployment situation the Commission stated:

"The experience of the past decade is conclusive evidence that unemployment relief should be a Dominion function. By unemployment relief we mean relief or aid for unemployed employables as distinct from unemployables. Provincial responsibility for other welfare services should continue, and the provinces should be enabled financially to perform these services adequately. Provincial responsibility for social welfare should be deemed basic and general; Dominion responsibility, on the other hand, should be deemed an exception to the general rule, and as such should be strictly defined. But the Dominion should be given adequate jurisdiction to perform efficiently whatever responsibilities are entrusted to it."

Prior to the publication of the Report, Parliament, with the approval of all the provinces, requested an amendment to the British

35 Ibid., p. 83.
36 Ibid., p. 25.
37 Ibid., p. 24.
North America Act which would permit the Dominion to embark on a national plan of unemployment insurance. The British Government consented to the amendment and the Unemployment Insurance Act was passed on August 7, 1940. It came into effect on July 1, 1941.

DOMINION-PROVINCIAL CONFERENCE - 1941.

In November the Prime Minister, Mr. King, called a conference of provincial premiers to be held in January 1941. In his letter of invitation Mr. King stated in part

"...the Rowell-Sirois Commission...was appointed because of the general dissatisfaction in respect of Dominion-Provincial relations and arrangements - a dissatisfaction which reached a critical stage during the depression. The inability of local and provincial governments to deal with mass unemployment and agricultural distress and the resulting financial difficulties and controversy in regard to policy and administrative responsibility constituted admitted evils and a serious strain on national unity.

The necessity, under existing constitutional authority, of maintaining local responsibility for relief precluded the development of policies on a national scale, and produced a situation which seriously affected the morale of the unemployed and destroyed the financial independence of many local governments. In the emergency the Dominion made large contributions for relief purposes but could not assume full or permanent responsibility for unemployment, nor can it do so unless measures such as those contemplated by the Commission are agreed upon.

It is the view of the government that adoption of the Commission's recommendations is necessary."

The provincial premiers met with the Dominion government on January 14, 1941. As noted in Mr. King's letter to them the Dominion recommended that the Report of the Royal Commission be implemented. The recommendations regarding unemployment relief, however, were contingent on other adjustments in the financial relationships between

38 Dominion Provincial Conference, 1941. Record of Proceedings, p.3.
two levels of government and these were not acceptable to the provinces of Ontario, Alberta and British Columbia. It was argued that permanent changes should not be made in the existing financial structure when the country was engaged in a full scale war. It soon became apparent that there was little possibility for any agreement and the Conference terminated on the second day without any action being taken on the Report or the Dominion's recommendations regarding it.  

Anticipating the problems which would inevitably arise in the post-war era the Prime Minister in January 1943 appointed an Advisory Committee on Reconstruction, headed by Dr. F. Cyril James, President of McGill University. One of the products of the work of this Committee was the Report on Social Security for Canada prepared by Dr. Leonard C. Marsh, Research Advisor to the Committee. Dr. Marsh's recommendations involved protection against unemployment, sickness, disability, old age and retirement, death of bread-winner, family needs, and expenses involved with birth and death. He recommended that these contingencies be met by:

1. extension of Canada's present system of unemployment insurance; an unemployment assistance program for those not covered
2. a national system of health insurance to provide medical - dental - hospital care - sickness insurance or a separate plan.
3. disability benefits
4. revision of Old Age Pensions by retirement contributory pension
5. provision for widows and orphans

32 Dominion-Provincial Conference. 1941. Record of Proceedings.
DOMINION-PROVINCIAL CONFERENCE - 1945

During the war years unemployment relief ceased to be an issue and the problem lay dormant until 1945 when Mr. King again summoned the provincial premiers to a Dominion-Provincial Conference on Reconstruction. On August 6, 1945 when the Conference assembled at Ottawa the war with Japan had not been concluded but the Federal government, apparently fearing an economic recession such as that which occurred after World War I, sought discussions with the provinces regarding the future. The whole tone of the meeting was concern that unemployment would again become a national problem. The Prime Minister in his opening address to the Conference said that fear of unemployment is next to the fear of war in men's hearts.

"There are men and women who almost dread the coming of victory because they fear that depression and unemployment might come in victory's train."

The Dominion offered the provinces a system of unemployment assistance under which it would pay benefits equal to eighty-five per cent of Unemployment Insurance benefits which had been established in 1941. These benefits would be payable to unemployed persons able and willing to work who were not entitled to or had ceased to be entitled to Unemployment Insurance benefits. This policy, however, was never

42 Ibid., p. 387.
implemented as again it was part of a larger plan to alter existing financial arrangements on which there was no unanimous agreement.

SUMMARY

As the expected depression did not materialize and the Unemployment Insurance program was now available to meet the needs of many unemployed, the problem of financial assistance to those who were not covered by insurance or who were not insurable was less pressing. Certain gains had been achieved from the hard and laborious years of the thirties. As a result of the depression experience and the involvement of the Federal government in dealing with mass unemployment precedents of far-reaching implication had been established. Unemployment insurance as an exclusively Federal measure was in effect as a result of an amendment to the British North America Act and a National Employment Service had been established. By implication, therefore, the Dominion had the major share of responsibility in the event of mass unemployment.

Despite the disagreements in Dominion-Provincial Conferences over division of tax resources the provinces had always maintained that the unemployment problem rested with the Dominion in making provision for employable persons not covered by Unemployment Insurance. At these conferences it was apparent that the picture of public finance in Canada had been altered by the heavy obligations assumed by the Dominion during the Depression and later during World War II. It was well summed up by McGregor Dawson and many others would have agreed, that:

"The new factor in the situation which the depression and the war experience had brought into prominence was the ..."
enormous significance of national finance and allied policies as the instruments of economic and social welfare."

A different Canada was to emerge at the end of this war period. The nation was becoming more industrialized: its population was growing and its cities were expanding; and with this growth came inevitably economic and social problems.

CHAPTER II

A NEW DOMINION POLICY ON UNEMPLOYMENT ASSISTANCE

1945-1956

The emerging pattern of Dominion responsibility for the welfare of unemployed persons has now become clear. The passage in 1940 of the Unemployment Insurance Act was recognition of the national scope of the problem. The final step in the Dominion's acknowledgement of responsibility for those who fell outside the provisions of the Unemployment Insurance Act was the offer to the provinces at the Dominion-Provincial Conference on Reconstruction in 1945.

Actually Canada's somewhat unforeseen post-war boom diverted attention from the subject, for unemployment stayed at a low point and unemployment insurance, which came into effect in 1941, took up the slack in transition periods. Those persons not covered by unemployment insurance were largely the unemployable persons whose needs were met by the provinces and the local governments in accordance with their statutory responsibilities.

This picture of unparalleled progress in Canadian employment levels was offset somewhat by seasonal unemployment which is always present in the Canadian economy. According to National Employment Service statistics employment hits its lowest level on March 1st each year, and then climbs gradually through the summer to September when it reaches its maximum peak. Seasonal unemployment is particularly indigenous to Canada because the nation is a producer of primary
products with heavy emphasis on agriculture, lumbering, mining and fishing. By the very nature of these industries they can not be operated on a twelve-month basis and in some months they either curtail their activities or shut them down altogether.

In any case the pattern of unemployment which emerged after 1945 indicated low levels until the winter of 1949-1950. There was an improvement in 1951; but, following this, the National Employment Service indicates a problem of increasing severity until the winter of 1954-1955, when the total climbed to 401,000 persons without jobs and seeking work on March 1, 1955. These figures include only persons known to the National Employment Service and make no reference to any other persons seeking work. In the years of fluctuating unemployment, the provinces made representations to Ottawa asking that the Federal government implement its offer of 1945 to assume responsibility for unemployed persons, who were not eligible for unemployment insurance for a variety of reasons. These representations were without effect, however, and the Dominion government presumably remained committed to the view that the seasonal nature of the situation was such that it could be handled by the provinces. Furthermore there had been no uniform agreements reached between the Dominion and the provinces on financial arrangements; and the Dominion held to the stand that agreement on these other matters was an essential part of the settlement of future responsibility for unemployment relief.

1 Statistical sources unless otherwise stated, are all Canada Year Book, of appropriate date.
The crisis of the winter of 1954-1955 made it necessary for the Dominion to take a new approach to the problem. In only a handful of the provinces was any provision made for the able-bodied unemployed in need of financial assistance. There are no accurate statistics on the extent of the problem but in many parts of the country public welfare administrators, both provincial and municipal, were compelled to retreat from their traditional attitude of refusing help to the unemployed employable. This type of assistance was normally limited to the barest minimum: sometimes the allowance was even less than that paid to unemployable persons on the general assistance rolls. The 1954-1955 crisis had repercussions in Parliament, with the Opposition urging some type of government action to meet the problem.

A Dominion-Provincial Conference was held at Ottawa in April 1955, at which time the Dominion made an offer to the provinces to assist them and the municipalities in meeting the current unemployment problem. The meetings were held in private but certain proposals were made, which were referred for study to a Committee of officials attending the meeting. The official approach to policy was expressed in the House of Commons on April 29th by the Prime Minister when he stated:

"The Dominion's attitude is that it would like to see a system established and administered by local authorities which would avoid the situation which has existed of saying this is one's responsibility and that is another's responsibility; to try to remove the inconvenience to the ...

2 Labour Gazette, vol. 55, no. 5, (May 1955), Ottawa, Queen's Printer, p. 505.
...individual resulting from diverging views about the question of responsibility and have a concrete formula that when there was a real need help would be extended, and that it would not be the concern of the applicant as to who was going to provide ultimately what was paid to help him or in what proportion."

The Conference resumed its session in June 1955, following which the Prime Minister reported to the House of Commons on the solution which had been reached. Mr. St. Laurent said:

"The provincial representatives have decided to consider with their governments the modified proposal made to them that the federal government accept one-half of the cost of relief for the number of those in need in each province in excess of 0.45 per cent of the population of the province. This 0.45 per cent of the population proposed as the starting point for federal sharing is taken as a measure of the basic load of those in need because they are unemployable, and would make it unnecessary for the federal government to make any distinction between payments to persons who are employable and those who are not employable. Special consideration will be given to the problem arising in any province where the load of unemployable persons receiving assistance has normally been below this level of 0.45 per cent."

The Prime Minister's statement, which indicated that the Federal government, in making its contribution to the cost of unemployment relief, did not distinguish between employables and unemployables, was history-making in its implications. During the depression years as the previous chapter documented, there was continued insistence that the whole problem rested with the lower levels of government under the terms of the British North America Act. The responsibility of the provinces and the municipalities for the care of unemployables had never been disputed by the provinces; and in this regard each province had some type of plan to provide for this group.


It is to be noted, however, that there was no indication given by the Prime Minister of the effect the new plan would have on the various provinces.

Six provinces, (British Columbia, Saskatchewan, Manitoba, New Brunswick, Prince Edward Island and Newfoundland), entered into agreements with the Dominion to take advantage of the Federal government's offer, and the plan went into effect on July 1, 1955. On June 27, 1956 the Hon. Paul Martin, Minister of National Health and Welfare, introduced a bill "...to provide for contributions by Canada to be paid out of the Consolidated Revenue Fund in respect of unemployment assistance costs to the provinces". He said that since the Prime Minister had made his announcement in the House the previous summer, details had been worked out at a number of conferences with the provinces. The bill which he proposed would validate existing agreements with the six provinces already named and would make provision for the other provinces to come into the plan at a later date. The only difference between the bill suggested by Mr. Martin and the plan announced in July 1955 by the Prime Minister was one applicable to the province of Nova Scotia. It was decided that the figure used for determining the starting point for federal sharing was to be set at 0.30 per cent because of the depressed economic conditions faced by this province.

Mr. Martin told the House that the provisions of the bill would be found to go much further than the recommendations of the Rowell-Sirois Commission and further than the proposals made at the

1945-1946 Dominion-Provincial Conference. He said that these proposals had not included the unemployables, as did the current legislation; nor did they cover special cases and local situations as was contemplated in this bill. He added that:

"Under the arrangement which this resolution and the bill to be based upon it envisage .... I think I can say we will be able to write "finis" to the deadlock which has existed in this country for a decade or more on the subject of the responsibility of the several government jurisdictions for what we call residual assistance, and that henceforth there will be an assurance of organized assistance to persons in need in any part of Canada who can not qualify for help under any of the existing social welfare measures such as unemployment insurance and supplementary benefits, Disabled Person's Allowances and so on."

Mrs. Ellen Fairclough (Hamilton West) was critical of the Act, pointing out that only six of the ten provinces had entered into the scheme and those still outside of it were the two largest, Quebec and Ontario. She questioned whether it could be regarded as a national program in this situation; and also argued that the proposals of the Rowell-Sirois Report, in which a clear line would be drawn between the employable and the unemployable with the Dominion taking total responsibility for employable persons in need, should be followed. She pointed out that in the provinces where agreements had not been signed, municipalities were forced to carry a heavy part of the load. Mrs. Fairclough, accordingly, maintained that in its present form the legislation did not assure equality of treatment for persons across Canada.


7 Ibid., pp. 5448-5449.
The financial problems of the Maritimes were referred to by Clare Gillis (Cape Breton South), who pointed out that it was difficult to maintain present social services without increasing the load. Higher provincial expenditures would be required if Nova Scotia implemented the government's program, particularly since at that date no provincial program for either employables or unemployables existed. Mr. Gillis was also concerned about the fact that the legislation was administered by the Department of National Health and Welfare and said that there could be "...the danger in this legislation that those who administer the Unemployment Insurance Act will tighten up their administration so much that they will drop a load of unemployed into the hands of the Minister of National Health and Welfare."^2

An over-all social security plan on a national level was urged as still necessary by Harold Winch (Vancouver East). He said: "The bill is a great advance by this Federal government compared with the Federal Liberal government's attitude back in the hungry thirties. Despite all the sincerity and integrity of the Minister and despite the bill which he is now introducing .... I am convinced that he is not going to be able to solve this problem of assistance to the unemployed who are not covered by any other Acts unless there is an over-all security plan on a Federal basis."^10

^9 Ibid., p. 5459.
^10 Ibid., p. 5463.
In the discussion on the bill Mr. Martin replied to questions regarding the figure of 0.45 per cent in the formula for Federal participation. He said that:

"...the figure of 0.45 was arrived at because it represented the figure at which it would be possible to provide for federal participation in all the provinces but one. At first we had in mind and had discussed with the provinces the figure of one per cent. My Honourable friend will recall that the Premier of British Columbia, who was among those who proposed some measure of federal assistance in the past year, along with others, had suggested that he was prepared to accept this as a possible basis. When we came to examine the figure of one per cent as the starting point for federal participation it became clear that the provinces of Nova Scotia and Ontario would not benefit in any substantial way. As a result of discussion with the provinces it was agreed that we would for nine of them arrive at the figure of 0.45 per cent which enabled us to cover Ontario. Nova Scotia was recognized by all of the provinces as having a special situation."

Regarding the participation of the four provinces which had not signed the bill he said that the Province of Alberta had objected to the lack of residence qualifications: Ontario would likely come into the program in the near future: the attitudes of Nova Scotia and Quebec were not known. The bill passed and was assented to on July 11, 1956. Until December 13, 1957 it operated on the basis of the 0.45 per cent formula. Ontario did not come into the plan as anticipated by the Minister and the other three provinces also remained aloof.

A Federal election in June 1957 resulted in the defeat of the Liberal regime and it was replaced by a Conservative government headed by John Diefenbaker. An important issue in the campaign had

12 Ibid., p. 5481.
13 Canada. 4 - 5 Elizabeth II, c. 26.
been the problem of Dominion-Provincial fiscal relationships, always a contentious issue in Canadian politics. The successful leader promised that he would call a Dominion-Provincial conference to discuss the financial relationships between the two levels of government, and this meeting was held in Ottawa on November 25th and 26th, 1957.

A NEW PROPOSAL

At the outset the Prime Minister made an announcement to the gathering which represented a remarkable change in policy. One of the concessions the Dominion would make, he proposed, was the removal altogether of the 0.45 per cent "threshold clause" in the agreement under the Unemployment Assistance Act. Its removal, he declared,

"....would have the result that the Dominion treasury would share the costs of all eligible cases upon the relief rolls - whether employable or unemployable - and not just the numbers in excess of .45 per cent of the provincial population. We should then be avoiding entirely this invidious distinction between employable and unemployable persons and sharing the costs of providing aid to all those in need, apart from the normal statutory responsibilities of the provinces in respect of Mothers' Allowances.

I am told that a change of this nature would make it much easier for some suitable arrangements to be made to assist their municipalities which have been carrying most of this burden of assistance to those in need, apart of course from the bulk of the cost being carried by unemployment insurance. The benefits of removing this "threshold" would be fairly equitably divided among all the provinces that would be participating in agreements under this act, and we see no serious obstacle to meeting your wishes in this regard."

It would be interesting to know more of the reactions of the

premiers to the new proposals of the Prime Minister, but this is not readily available as these discussions on specific matters were held "in camera" and only a brief communique on the day's proceedings was issued. The communique stated that, during its session, the Committee discussed:

"...matters concerning the financing of hospital insurance, the sharing of costs of assistance to persons in need, special fiscal assistance to the governments of the Atlantic Provinces and fiscal matters. Many delegates declared it would be desirable to remove the "threshold clause" in the Unemployment Assistance Act in order that the Federal government would assist provinces in meeting the costs to persons in need whether they were employable or unemployable."

The opening declaration by the Prime Minister perhaps took some of the delegates by surprise, for in the opening sessions of the meeting the Hon. Douglas Campbell, Premier of Manitoba, and the Hon. Leslie Frost, Premier of Ontario, read previously prepared statements, which contained the attitude of their respective governments to the Act as it was in its original form.

In the opinion of the Premier of Manitoba, the agreement under the Act was unnecessarily complicated and expensive to administer. In his province the working out of the formula and the preparation of reimbursement claims produced administrative problems of the most difficult order. Maintaining that "the recommendations of the Rowell-Sirois Report should have been carried out", he conceded that the government in the Unemployment Assistance Act had acknowledged its responsibility to a limited extent. He objected to this 0.45 per cent formula; and as a substitute submitted the proposal from

Manitoba that the Federal government should immediately abolish all exclusions in the present unemployment assistance agreement (other than those cases in which the Federal government is already sharing in costs under other agreements) and contribute towards the costs when the case-load exceeds one per cent of the population, an amount approaching one hundred per cent of those costs. Premier Campbell pointed out that, by excluding Mothers' Allowance payments from the provisions of the Act, Manitoba was at a disadvantage compared to other provinces. He said that some cases may be included in the claims of some provinces as relief responsibilities and be eligible under the Unemployment Assistance Act. In other provinces, including his own, they may be assisted under a Mothers' Allowance program for which there is no Federal reimbursement. 16

The Manitoba Premier appealed for two objectives in the field of public welfare programs under joint Federal and provincial auspices. These were:

a) a greater integration and simplification of welfare services, and

b) a recognition of the differences in the fiscal abilities and needs of the provinces. 17

Premier Frost stated that his government refused to enter into the agreements because it believed that a precedent had been established by the Dominion for the acceptance of responsibility for the unemployed employable, by its action in assisting the provinces in the 1930's and by seeking a constitutional amendment to enable it

16 Record of Proceedings, p. 52.

17 Ibid.
to inaugurate unemployment insurance. He harked back to the 1955 conference and said:

"It was with dismay that we were presented with the take-it-or-leave-it proposal of 1955, that the provinces should continue to care for their own burden and assume half of the Federal government's, namely the care of the unemployed employables after the expiry of unemployment insurance benefits. We did not consider it fair and equitable at the time, nor do we now."

The suggestion that the Federal government should extend the Unemployment Assistance agreements to include sharing by Canada of supplementary payments to aged and handicapped persons was put forward by Premier W.A.C. Bennett of British Columbia. He made no comment on the present operation of the Act.

THE "THRESHOLD" CLAUSE REMOVED

Implementing the Prime Minister's promise to the Conference the Hon. J.W. Monteith, the new Minister of National Health and Welfare, introduced an amendment to the Unemployment Assistance Act on December 18, 1957 which would delete the so-called "threshold clause". In the ensuing debate both Liberal and C.C.F. members approved generally the broadening of the measure proposed by the Conservatives. Some of the Liberal members, however, held that the Conservatives were moving into a field of provincial jurisdiction by sharing with the provinces the cost of all relief rather than a percentage of the case-load. Some of the members stated that they were not aware of any great pressure on the part of the provinces - either those in the scheme or those outside of

18 Record of Proceedings., p. 19.
19 Ibid., p. 66.
it - for this amendment. Members of the C.C.P. party welcomed the extension of the program but took the view that it did not go far enough and maintained that the Federal government should commit itself to a national social security program to benefit all Canadians in time of need.

The sponsor of the original Act, the Hon. Paul Martin, opened the debate on the amendment and reviewed the moves made by the Liberals in the past to meet distress caused by unemployment. He stressed the burden on the municipalities of relief costs and went on to point out the philosophy of his government in framing the legislation. Mr. Martin said that many of the provinces had taken an arbitrary stand in connection with the provision of assistance to able-bodied unemployed, refusing to help the municipalities, who were attempting to meet the need; and rejecting the offer of the Federal government by refusing to become party to agreements under the Act. He was critical of the government, pointing out that when he had first introduced the measure, while the Conservatives were in opposition, he had been criticized for proposing a public assistance measure rather than a plan to solve the problem of unemployment. He then referred to the growing problem of unemployment and hoped that the government would produce a program which would provide jobs rather than an expansion of public assistance.

Mr. Colin Cameron (Nanaimo) urged the government to implement the recommendations of the Rowell-Sirois Report and assume the total cost of assistance to the unemployed employable. Mr. 20

Cameron was pessimistic about the economic outlook and argued that the government should make immediate plans to follow his proposal. He underlined the point that one of the primary recommendations of the Rowell-Sirois Commission in regard to social services was that the Dominion should assume the total cost of relief to the able-bodied unemployed and leave with the provinces their constitutional responsibilities for unemployables.  

Support for the amendment was expressed by Mr. Stanley Knowles (Winnipeg North Centre) because it would provide help for the provinces in meeting the costs of unemployment relief. He urged that the government give consideration to assisting the provinces in the costs of administration of public assistance as well as medical and hospital care.

THE QUEBEC VIEWPOINT

A different view of the principles involved in the removal of the "threshold" clause was voiced by the Hon. Lionel Chevrier, who regarded it as an intrusion of provincial rights. His objection was based on the premise that, as the provinces and the municipalities were the levels of government best equipped to deal with the unemployed employable, this responsibility should be left with them and that it was for this reason the provincial governments had settled on the 0.45 per cent formula. Mr. Chevrier said that in proposing to drop the "threshold" clause the present Federal

government was asserting that it had a responsibility equal to that of the provinces in the field of assistance to the unemployed unemployables, or more precisely in the field of general public assistance, which has always been considered to belong exclusively to the provinces and the municipalities. He expressed amazement at the attitude of the Premier of Quebec who was reported as saying that the legislation did not go far enough since he regarded the whole matter of assistance to able-bodied unemployed as a responsibility of the Dominion. Mr. Chevrier added that this was an unusual attitude to be expressed by Mr. Duplessis, who defended provincial rights even when such a defence involved financial disadvantage to his province.  

The Hon. J.W. Pickersgill (Bonavista-Twillingate) prefaced his criticism of the bill with the statement:

"...speaking as a representative of a province which very badly needs this money,....I have no choice but to support the measure. But I would point out....that I am supporting it without enthusiasm, because it is such an inadequate substitute for what the members of this House and the people of Canada generally were led to expect they would get from this government in its relations with the provincial governments before June 10, and even after."

Mr. Pickersgill went on to say that, despite the statement of the Prime Minister to the Dominion-Provincial Conference, the "threshold clause" was being removed at the request of some provinces, he was unable to find any records or statements from provincial governments

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24 Ibid., 19 December, 1957, p. 2593.
to indicate that they were seriously concerned about the .45 per cent clause. He supported Mr. Chevrier's contention that the amendment represented an invasion of provincial rights and a step towards centralization of government control "against which the Conservatives have preached".

The statement of the Opposition that the Bill represented an intrusion of provincial rights was denied by Mr. Monteith. The only effect of the proposal in his view was to deal more generously with the provinces. He remarked that the bill had been introduced under the auspices of the previous Liberal administration and said that there was little doubt that the intention was to assist the provinces and municipalities in meeting relief costs for both employables and unemployables. He added that the amendment under discussion was acceptable to the provinces, and compared it with the Disabled Persons Act under which the Dominion and the provinces share in the cost of a program for a specific group.

Mr. Monteith said it was quite clear that ever since its passage the Unemployment Assistance Act intended to provide for "needy employables and needy unemployables" with no distinction being made between these two groups. In this situation, therefore, the Minister considered that there was no more intrusion on provincial rights as the result of this amendment than there had been in the

26 Ibid., p. 2594.
27 Ibid., p. 2603.
original legislation.

SUMMARY

During the decade, 1945 - 1955, there was a complete reversal of attitude on the part of the Dominion in regard to the problem of the unemployed. The senior government had turned its back on the old principle that this was an exclusive responsibility of the provinces and moved towards a more realistic appraisal of the situation. The new program, introduced by the Liberals and extended by the Conservatives, had the support of all parties in Parliament. If there was any disagreement with the legislation, it was to the effect that the Federal government had not gone far enough in this aid to the provinces in the matter of unemployment relief.

CHAPTER III
THE APPLICATION AND ADMINISTRATION OF THE ACT

The primary purpose of the Unemployment Assistance Act is to ensure that all unemployed persons in Canada are provided for in time of need. The Act provides financial help to the provinces to implement this purpose: it does not establish a new national program. Unlike the legislation passed during the depression era, which emphasized provincial and local responsibility in the area of financial assistance to needy persons, and which indicated that Dominion action was being taken because of the emergency nature of the situation, this Act contains no such reference. When the Hon. Paul Martin, Minister of National Health and Welfare, spoke on the Unemployment Assistance Act on June 27, 1956, he said that the legislation would be an assurance of organized assistance to persons in need, in any part of Canada, who could not qualify for financial help under existing social welfare measures.

Under the terms of the legislation, however, the realization of these hopes rests with the provinces and the manner in which they utilize the assistance provided. There is nothing in the Act which states specifically the type of program which must be provided, the conditions of eligibility, or the scale of benefits. The provinces retain complete control over the administration of their respective

programs, and the Dominion's jurisdiction is limited, as further examination of the terms of the legislation will indicate.

The responsibilities imposed on the provinces under the agreement which they sign are general in their nature. With the exception of the section on residence, the provinces are not required to fulfill any responsibilities which they were not discharging before entering the agreement. As set out in the agreement, the province is required to "make all the necessary arrangements for the receipt, by itself or by the municipalities, of applications for assistance from unemployed persons in the province" and to verify the correctness of such information. In addition the province must provide the Dominion with a statement of conditions under which assistance is granted and the rates of assistance payable. Another section of the Schedule states that the province shall deliver to the Minister of National Health and Welfare a monthly statement, known as a reimbursement claim, which indicates:

"(a) the total number of persons who are unemployed and in need in the province, including their dependents, who have received assistance during the month to which the reimbursement claim relates, and

(b) the total amounts paid to or on behalf of such persons during the month to which the reimbursement claim relates."

2 Canada, 4-5 Elizabeth II, c. 26 (amended), Schedule, Section 2 (a & b).

3 Ibid., Schedule, Section 3 (a & b).

4 Ibid., Schedule, Section 5 (a & b).
PROVINCIAL RESIDENCE IMPLICATIONS

The part of the legislation which has the most significant implication for the future of public assistance in Canada is that relating to residence. This is the only part of the legislation in which the Dominion makes any attempt to influence standards. The act states that length of residence shall not be a condition for receipt of assistance if:

"(a) the applicant has come from a province whose government has entered into an agreement similar to this respecting unemployment assistance, and

(b) such agreement includes a like clause as herein contained in respect of length of residence not being a condition for receipt of assistance."

This forecasts a welcome change in philosophy in public assistance policy by movement away from restrictive residence and settlement laws. The problem of residence laws between the provinces is one which could only be solved by Federal action but, in order that such action be taken at this level of government, it would have to be involved in the financial aspects of the program. Canada's rapid economic expansion and the resultant mobility of population has created social problems, many of them involving financial need. E.S.L. Govan in her study of Canadian residence laws points out that:

"The laws assume that people have permanent roots in one community, while our industrial system demands mobility in the labour force. This is particularly true in regard to seasonal work, but it is also true because of the geographic distribution of industry."

5 4 - 5 Elizabeth II, c. 26 (amended), Schedule, Section 4 (a & b).
Dr. Govan points out that with the increased use of machinery operated by semi-skilled workers and with changing technology in many industries the selection of jobs is broadened. When one industry is slack workers may move to another, which may be in a different part of the country. Workers normally move around the country to obtain employment and do not anticipate the need for public assistance in any form.\(^7\)

Taking cognizance of the fact that a section of the Canadian population is a mobile one, and that persons away from their permanent homes may frequently encounter financial adversities beyond their control, the Dominion has, in addition to abolishing residence regulations, agreed to share in the expense of returning such persons and their dependents to their normal place of residence. Before such steps can be taken, however, it is required that approval of the municipality or government of the province, where the recipient normally resides, be obtained.\(^8\) In addition the Dominion will share in the cost of transporting a recipient, or dependent members of his family, to obtain assured employment on the production of a certificate from the National Employment Service.\(^9\) Transportation costs are also shared when a recipient or dependent member of his family must travel to obtain needed medical, hospital or nursing home care which can not be provided at his usual abode.\(^10\)

\(^7\) Govan, *Residence and responsibility*, p. 3.

\(^8\) 4-5 Elizabeth II, c. 26 (amended), Schedule, Section 9(c)(i).


\(^10\) *Ibid.*, Schedule, Section 9(c)(iii).
The Dominion has no power, however, to require a province to grant assistance to a person whose legal residence is within one of the two non-participating provinces. At the time of the introduction of the Act, the Minister, Mr. Martin, made this clear in reply to a question in the House of Commons, when he said that the Dominion could not impose on the province the requirement that all persons applying for assistance, regardless of residence, should be granted help.

EXCLUDED AND INCLUDED CATEGORIES

Under the terms of the agreement, the provinces submit a monthly claim for reimbursement for monies paid for unemployment assistance. It is here that the groups, to whom Unemployment Assistance Act payments are not applicable, are set out specifically. They are as follows:

(1) The Unemployment Insurance Act,
(2) Old Age Security Act,
(3) Old Age Assistance Act,
(4) Blind Persons Act,
(5) Disabled Persons Act,
(6) A supplemental allowance or "cost of living bonus" provided under the law of the province to recipients of benefits under any of the aforementioned acts.

On the other hand it is recognized that payments made under the afore-mentioned programs may be insufficient to meet the recipient's needs or responsibilities. Payments under the programs, to which we

12 4 - 5 Elizabeth II, c. 26, (amended), Schedule, Section 5.
13 Ibid., Schedule, Section 7 (b).
have referred, are set by statute and take no account of individual need. The Unemployment Insurance Act allows up to $23.00 per week for a single person with no dependents and up to $30.00 per week for a person with dependents, regardless of the number in the family. The range is from $6.00 to $23.00 for a single person without a dependent; and $8.00 to $30.00 for a person with a dependent. The amount of the benefit is determined by the insured person's average weekly contribution. The other programs make no provision for any dependents which the recipient may have nor do they make any provision for the payment of special care which may be required. The latter is often an important consideration with these groups. For the above reasons the Act makes provision for inclusion in the reimbursement claim extra payments made to persons in these categories when the need for such payments has been established.

Another group specifically excluded are recipients of Mothers' Allowance and special precautions are provided in the Act to prevent provinces from transferring such cases to the unemployment assistance category. The provinces are required to report to the Dominion the average number of Mothers' Allowance cases in the province for each month in a ten year period prior to the date of their participation in the program. If there appears to be a disproportionate reduction in the number of Mothers' Allowance cases in recent years an adjustment is required to be made. This adjustment would result in a reduction of the amount of the reimbursement.

14 4 - 5 Elizabeth II, c. 26, (amended), Schedule, Section 8.
15 Ibid., Schedule, Section 7 (c).
claim proportional to the reduction in the percentage of the Mothers' Allowance cases to the general population of the province. 16

A descriptive table which indicates the manner in which this formula affects British Columbia appears in the Appendix. It is noted that the number of Mothers' Allowance cases in British Columbia has declined rapidly in recent years from a total of 3,032 persons receiving benefits in the year ending June 30, 1946 to 973 in the year ending June 30, 1947. This was due to the fact that many persons in this province who would normally receive Mothers' Allowance are given assistance under the Social Assistance Act.

An important feature of the legislation is the agreement of the Dominion to participate in part of the cost of persons who are maintained in "homes for special care". These are defined as "nursing homes, hostels for indigent transients, homes for the aged, poor houses, almshouses, and hostel facilities provided for the aged within housing projects constructed under the National Housing Act."

Specifically excluded from the claims are payments made to, or on behalf of, inmates of general, acute, chronic or convalescent hospitals, tuberculosis sanatoria, mental institutions, institutions for incurables, orphanages or child welfare institutions. 19

No provision is made for any type of medical care, optical care or dental work, drugs or funeral expenses. Costs of these

16 4 - 5 Elizabeth II, c. 26, (amended), Schedule, Section 12.
17 Ibid., Schedule, Section 7 (a).
18 Ibid., Schedule, Section 1 (e).
19 Ibid., Schedule, Section 7 (a)(iv).
services remain the exclusive responsibility of the provinces or of
the municipalities. In addition the full cost of administration of
the programs within the provinces is borne by the provinces and the
municipalities.

The calculation of the reimbursement claim has been greatly
simplified by the amendment to the Act which wiped out the "threshold
clause". It has been noted that certain precautions are taken to
ensure that recipients of Mothers' Allowance are not transferred to
the category of unemployment assistance. Apart from the reservation
in this regard the total reimbursement claim is submitted to Ottawa
and the province is repaid one half of this amount.

Agreements between the Dominion and the provinces run for
five years but may be cancelled during this interval on one year's
notice by either side. New agreements with provinces presently
outside the scheme may be retroactive for one year from date of
signature.

20 4 - 5 Elizabeth II, c. 26, (amended), Schedule, Section 9 (a & b).
21 Ibid., Schedule, Section 9 (d).
22 See p. 48 of this thesis.
23 4 - 5 Elizabeth II, c. 26, (amended), Schedule, Sections 10, 11 & 12.
24 Ibid., Schedule, Section 14.
25 Ibid., Schedule, Section 4.
26 Ibid., Schedule, Section 16.
27 Ibid., Schedule, Section 5.
To evaluate the expressed purpose of the Act as a means of meeting the needs of unemployed persons in Canada it is imperative to examine the current programs within the provinces. This is beset with a number of difficulties, however, for two basic reasons. First, these programs vary greatly in many essential details including eligibility requirements and scales of benefits so that a standard comparison, province by province, is virtually impossible. Secondly, comparative statistics are unavailable. The problem of the lack of uniform statistics was high-lighted at a three-day conference on Social Security, in Ottawa in January 1958. The meeting, which was held under the auspices of the Canadian Welfare Council, was attended by public welfare officials from all levels of government and a number of interested lay persons. It was designed to consider future planning for public welfare services in Canada. One of the problems of the conference was this lack of uniform information to assist in its deliberations. On this subject Miss Marjorie King stated that:

"We obviously need more research in social welfare, and in many areas much better statistics. It is impossible, for instance, to compare figures on certain provincial services, because reports by one agency or department of government may not cover the same kinds of facts as reports from another. It was a frequently expressed opinion at the Conference that much more attention should be given by both government and voluntary organizations to the collection and collation of facts about social needs and social welfare."

The attempt, therefore, to make a comparison must be limited by these

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28 Statistics are received annually on Mothers' Allowances, but this is the only program which is reported in the Canada Year Book.

considerations. The discussion of program within the provinces in the present text is limited, perforce, to broad outlines.

ASSISTANCE PROGRAMS WITHIN THE PROVINCES

The provincial programs of aid to the unemployed show a wide variation. In some provinces all responsibility is delegated to local governments, with the province taking no active part. The type of service provided varies from narrow programs, which exclude unemployed employable persons, to broader ones which encompass all persons in need. Most provinces pay assistance in cash to all categories while a few offer institutional care only to certain categories. The following brief review indicates the principal elements of the programs in the ten provinces.

Newfoundland. This province has a new Social Assistance Act which came into effect on April 1, 1955. It was designed to replace both the Dependent's Allowance Act, the Mothers' Allowance Act and to include all provincial financial assistance programs under a single piece of legislation. The program is designed to provide for all needy persons not covered under other social security programs and, on April 1, 1956, its coverage was broadened to include all unemployed employable persons. This province has been a participant in the benefits of the Unemployment Assistance Act since July 1, 1955, when these first became available.

The information on provincial programs contained in this summary was obtained from the Canada Year Book and the latest available annual reports pertaining to the public assistance programs of the provinces.
Prince Edward Island. In this, Canada's smallest province, half the cost of financial assistance is shared by the province with local governments but the government pays the total cost where persons live in unorganized territory. Provision is made for all persons in need, either employable or unemployable.

Nova Scotia. This province has a new Social Assistance Act, which came into effect on April 1, 1956. It is contemplating changes in its Poor Relief Act which will permit the province to participate in the cost of local relief. This it has not done since the depression years. The province signed an agreement under the Unemployment Assistance Act with the Federal government on January 1, 1958 to take advantage of grants-in-aid to assist in these new programs.

The new Social Assistance Act appears to be somewhat narrow in its terms since it provides only for a fringe group not eligible under Mothers' Allowance legislation. Just 317 cases were handled in the first year of the Act's operation and these were confined to deserted wives, wives of persons serving prison terms, common law widows, and abandoned children.

New Brunswick. In this province poor relief is entirely a local responsibility and it is frequently provided through institutional care. While New Brunswick was one of the first six provinces to take advantage of the terms of the Unemployment Assistance Act it has not instituted a provincial program but has submitted accounts for benefits under the act on behalf of local governments, who have disbursed assistance.
Quebec. Public assistance in Quebec is disbursed through
private voluntary agencies, which are subsidized by the province.
This arrangement the government finds preferable to the establishment
of public agencies. This province has shown no interest in availing
itself of the benefits of the Unemployment Assistance Act.

Ontario. The Unemployment Relief Act, a provincial statute,
provides for a sharing of costs of relief between the province and the
local governments, with the province accepting total responsibility in
unorganized territory. The costs of the program were shared on an
equal basis until the province signed an agreement under the
Unemployment Assistance Act. Since then the ratio of sharing has been
on an eighty-twenty basis, with the province taking responsibility for
eighty per cent of the share. Ontario has usually provided a winter
time program for the unemployed employable, also on a share basis with
local government agencies.

Manitoba. In this province financial assistance to the
needy is administered in organized areas by local governments, and in
unorganized territory by the province. In the past local governments
have been subsidized by a refund of a portion of the assistance
granted from a fund established by the provincial legislature. This
fund is a fixed sum annually and is distributed on a pro rata basis.
The province is contemplating more generous grants to the local
governments since these have been made possible through the
Unemployment Assistance Act.

Saskatchewan. This province has had for a number of years
a program of social aid for all persons in need. It has shared on a
fifty-fifty basis costs of benefits with local governments and pays the total cost of assistance in unorganized territory. With the signing of the agreement under the Unemployment Assistance Act, it has increased its contributions to local governments towards the cost of assistance which they issue. This province has always included unemployed employables, who have no other means, in the benefits of social aid.

**Alberta.** This province, like Quebec, has not signed an agreement under the Unemployment Assistance Act. Provision is made for all needy persons, including unemployed employables under the Public Welfare Assistance Act, and, in addition, Alberta has a program not to be found in any other Canadian province, the Widows Pension Act. This latter provides a pension on a means test basis for widows between the ages of sixty and sixty-five. Upon attaining sixty-five years of age they are eligible for Old Age Assistance. Costs of social assistance are shared between the province and the local governments except in unorganized territory. Here the total cost is borne by the province.

**British Columbia.** The Social Assistance Act, which has been in effect in this province since 1942, provides assistance for all persons in need. While the unemployed employables are not specifically excluded from benefits under the act, they have only been granted help when acute distress was apparent. Since the province signed the Unemployment Assistance Act agreements in 1955, provision has been made for this group on the same basis as other cases, except that grants have been limited to periods of seasonal unemployment,
usually the winter months. Costs of assistance are shared, as of April 1, 1958, on an eighty-five—fifteen per cent ratio, with the province paying the largest share. The province also meets the cost of assistance to transients and to residents of unorganized territory.

THE ISSUE OF MOTHERS' ALLOWANCE

In addition to the foregoing, all provinces, except Newfoundland, have a Mothers' Allowance Act which provides for one category of persons in need. Mothers' Allowances, as originally conceived, envisaged a program which would provide aid to widows and their children so that the mother could remain in her home and give adequate supervision to her young family. The philosophy was based on the statement of the first White House Conference on care of dependent children where the principle was enunciated that children should not be removed from their homes, or family relationships destroyed, because of economic need alone. Women's organizations and other groups made representations to Provincial legislatures and, in 1916, Manitoba passed Canada's first Mothers' Allowance Act. Between 1917 - 1920 Mothers' Allowance legislation was passed in Saskatchewan, Alberta, British Columbia and Ontario. In 1930 Nova Scotia passed a similar statute, followed in 1938 by Quebec, in 1943 by New Brunswick and in 1949 by Prince Edward Island and Newfoundland.

Since its inception Mothers' Allowance legislation has been broadened to a considerable degree by including in its benefits, in addition to widows, a wide variety of dependent mothers deprived of a bread-winner. Various provinces have extended their legislation to include wives who are divorced, deserted or separated, or whose husbands are disabled because of mental or physical illness, or who are serving
prison terms. To illustrate the current variety of eligibility requirements five provinces make an allowance to divorced women; three to those separated from their husbands; and nine to deserted wives. Within these groups there are variations as to the length of time elapsing between the date of the divorce, separation or desertion, varying from one to four years. Four provinces provide for payment to unmarried mothers and three to a father if the mother is dead or disabled. Nine provinces require evidence of good character and six require that the applicant be a British subject. Residence qualifications vary from one to five years. The upper age limit at which children will be entitled to an allowance varies from fifteen to eighteen years with provision in some provinces for extensions while the child is attending school or college. In all jurisdictions, however, payment ceases on the child's twenty-first birthday.

The category of Mothers' Allowances has always enjoyed a preferred status in the field of public assistance. This was particularly marked in the Depression era when unemployment relief as it is understood today had its beginnings, when in many of the provinces Mothers' Allowances was a more generous grant and was regarded as a special type of public assistance, as indeed it was.

When the Dominion government stopped its grants to assist the provinces in their unemployment relief programs on March 31, 1941 some of the provinces allowed their social welfare programs to revert to the pre-Depression status. Others sought to build upon the Depression experience to provide for the residual group which this era left in its wake. These provinces, in co-operation with
their municipalities, developed effective programs within their
boundaries and a new series of social assistance programs emerged.
Many of these were regarded as comparable in quality to Mothers' 
Allowance. This was the case particularly in British Columbia where
social allowance rates and medical benefits were the same for both
programs. There is also a changing attitude in some provinces
towards Mothers' Allowances and a tendency to include this group in
the general assistance category which is usually provided for in
some type of social assistance legislation. This is particularly
true in Newfoundland where the Mothers' Allowance program had
virtually disappeared and in British Columbia where the total is
steadily declining, while social assistance is on the increase.

The line of demarcation between Mothers' Allowance and
social assistance or other forms of financial help to persons in
need is becoming increasingly blurred in many provinces. For this
reason, the exclusion of Mothers' Allowance payments from the
reimbursement claim has become a controversial issue.

The percentage of Mothers' Allowance cases to the general
population in Canada in 1955 ranged from .030 in British Columbia
to .443 in the province of Quebec, indicating the wide range in the
use of this program across Canada. This indicates the differences
between the provinces in the use of this program to meet the needs
of a particular category of persons. It also points up the fact
that a case classified in one province as a Mothers' Allowance may
be classified in another province as general assistance or social
assistance, both of which are shareable under the Unemployment
Assistance Act regulations. While the Dominion has devised a formula
which would discourage provinces from transferring cases from Mothers' Allowance to general assistance this does not entirely eradicate the disadvantage to those provinces which, over the years, have maintained their Mothers' Allowance programs.

The uneven application of the Unemployment Assistance Act is graphically displayed in the following table which indicates payments to the provinces between July 1, 1955 and March 31, 1957. These payments were made to the six provinces which participated in the original plan when the Dominion paid only half of the cost of assistance in excess of 0.45 per cent of the population.

Table I
Payments to Provinces under the Unemployment Assistance Act, 1955—1957.

<table>
<thead>
<tr>
<th>Province</th>
<th>1955-6 (a)</th>
<th>1956-7 (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Columbia</td>
<td>$1,721,339.28</td>
<td>$2,299,894.48</td>
</tr>
<tr>
<td>Newfoundland</td>
<td>1,174,734.83</td>
<td>1,562,058.32</td>
</tr>
<tr>
<td>Manitoba</td>
<td>484,130.67</td>
<td>650,000.00</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>369,519.12</td>
<td>512,678.33</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>55,033.37</td>
<td>54,035.89</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>18,854.00</td>
<td>32,886.96</td>
</tr>
</tbody>
</table>

* Estimated. (a) July 1st to March 31st; (b) April 1st to March 31st.


This table indicates that the provinces, which have received the greatest benefit under the new legislation, are British Columbia and Newfoundland. It is notable that, in the case of these two provinces, one has eliminated the Mothers' Allowance program and the other has had a consistently declining number of cases in this category over a period of years. These findings would lend authority to Premier Campbell's contention that the Unemployment Assistance Act is discriminatory in relation to those provinces which have maintained
a strong Mothers' Allowance program. It would appear, therefore, that the application of the new act would be more equitable towards all provinces if Mothers' Allowance payments were subject to reimbursement.

One important aspect of the problem, which would appear to demand the attention of the Dominion, is that of the wide discrepancy in rates of assistance provided by programs within the provinces. The following table indicates the level of payments made in the six provinces, which first entered into an agreement with the Dominion. These figures represent the average payment per individual.

Table II

<p>| | | | | | | |</p>
<table>
<thead>
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</thead>
<tbody>
<tr>
<td>N.B.</td>
<td>$8.00</td>
<td>9.00-13.00</td>
<td>11.00-16.00</td>
<td>15.00-23.00</td>
<td>19.00-24.00</td>
<td>30.00-32.00</td>
</tr>
<tr>
<td>NFLD.</td>
<td>9.00-13.00</td>
<td>11.00-16.00</td>
<td>15.00-23.00</td>
<td>19.00-24.00</td>
<td>30.00-32.00</td>
<td></td>
</tr>
<tr>
<td>P.E.I.</td>
<td>11.00-16.00</td>
<td>15.00-23.00</td>
<td>19.00-24.00</td>
<td>30.00-32.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SASK.</td>
<td>15.00-23.00</td>
<td>19.00-24.00</td>
<td>30.00-32.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MAN.</td>
<td>19.00-24.00</td>
<td>30.00-32.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.C.</td>
<td>30.00-32.00</td>
<td></td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>


While it is expected that there would be some variation in the amounts paid, one would question whether this wide range is consistent with the economic and social unity of the country.

The three Atlantic provinces have the lowest range of payments and this situation can be attributed to their poorer economic situation. The financial plight of these is recognized in other areas of Dominion-Provincial relations and, if the nation is to enjoy an adequate level of public welfare service, consideration will have to be given to this particular part of the problem.
SUMMARY

If the Unemployment Assistance Act is to fulfill its avowed purpose of providing for all persons in need in Canada, there must be a high degree of co-operation at all levels of government, for all are involved in the administration of this vital legislation. In the review of provincial programs, the widespread variations among the provinces are apparent. This results in unequal application of the Act with great differences in payments to the provinces as indicated in Table I. Those provinces with the most advanced programs receive the greater share of federal funds which are available under the Act. This indicates the need to devise a means of assisting the poorer provinces, particularly the Maritimes, in order that they may bring public welfare services up to a parity with the remainder of the country. Because the new legislation is an integral part of the total public assistance program in all the provinces, which have subscribed to it, it will be necessary to scrutinize thoroughly other types of services available in order to assess its true relationship to them.
CHAPTER IV
THE UNEMPLOYMENT ASSISTANCE ACT:
PROVISIONAL ASSESSMENT

The Unemployment Assistance Act (1955) represents a new approach in the provision of financial aid for the residual group in the public assistance caseload, namely, unemployed persons not eligible for aid under any of the categorical programs. It has taken many years to achieve this new philosophy, which is the culmination of the efforts of such organizations as the Canadian Welfare Council, the Canadian Association of Social Workers, innumerable private and public welfare agencies and forward looking public welfare administrators.

Canadian communities have, by and large, seriously neglected this segment of dependent persons and provision for them has varied greatly across the nation. Their plight, far from arousing any display of public sympathy, has met, for the most part, with apathy and even hostility. This has been particularly marked in the case of the able-bodied unemployed, for the reality of modern economic and social conditions has been slow to replace the "pioneer" attitude which characterizes the Canadian culture. It is of interest, therefore, that the introduction of the government's policy of aid to unemployed persons in 1955, and its subsequent validation in July 1956, have met with no dissent. Indeed the most frequent objections were that the Dominion had not gone far enough in its aid to the provinces; and it is noteworthy
that when the Government removed the "threshold clause" in January 1958, two more provinces, Nova Scotia and Ontario, came into the program.

The Unemployment Assistance Act fills a broad gap in the nation's social security program since its terms make financial assistance available to all persons in need in Canada. While the Act was originally designed to provide for the residual group, close examination of its terms indicates that it goes much farther than this for it lends its support to many provincial programs of social assistance which were in existence when it came into effect. Since its benefits are available to many persons whose financial problem is not necessarily the result of unemployment, this might be more properly described as "social assistance" legislation instead of unemployment assistance legislation. The broad coverage provided by the Act is its most significant feature for it enables the provinces to give financial help to any persons in need within their boundaries. This legislation is a movement away from the categorical forms of public assistance because it considers the fact of need rather than the kinds of persons who fit into certain categories.

Unemployability is a difficult term to define and the Act does not attempt to do this. In addition to providing broad coverage the Act avoids the invidious distinction between employable and unemployable persons. While the Dominion was encouraged in the Rowell-Sirois Report to maintain the line of distinction between the employable and unemployable groups, with the Dominion taking total responsibility for the former, the Canadian Welfare Council has consistently opposed this division. In its report on Dominion-
Provincial Relations and Social Security published in 1946 it summarizes its objections as follows:

"It involves the segregation, for administrative purposes of "employable" and unemployable" persons. Such distinction is a matter of degree rather than of kind, for scarcely anybody is totally "unemployable" at all times; while in periods of acute depression large numbers of healthy and reasonably competent persons are not "employable" enough to be chosen for the few job vacancies available. The administrative problems implicit in the attempt at segregation are serious." 1

The broad scope of the Act is due to the flexibility of the legislation, and, in its present form, it is limited only by the concept of responsibility held by the provincial governments for those in need. The implications of this legislation for Canadians are far-reaching and in this concluding chapter the issues involved will be discussed.

MAJOR FEATURES OF THE LEGISLATION

In the absence of any provisions for a means test the new legislation reveals its flexible nature. While it is implied that the benefits of the legislation are available to persons in financial need, the provinces have total discretion in setting their own interpretation of need. Advances have been made in relaxing the formerly strict definition of need which was adhered to so rigidly in the unemployment crisis of the 1930's. In this respect the province of British Columbia has been one of the more progressive provinces for it states in its Social Assistance Act that the possession of personal property, (cash, stocks, bonds, insurance, etc.), not in excess of $250.00 for single persons and $500.00 for

1 Dominion-Provincial Relations and Social Security. 1946, Ottawa, Canadian Welfare Council, p. 6.
a person with dependents, shall not be a bar to any one receiving benefits.  

The means test has always been a controversial issue in the field of public assistance but it will probably remain an element of these programs. It is usually regarded by those subjected to it as a humiliating experience and an intrusion on their privacy. There are elements of this in its application but its effects will be modified if the regulations surrounding its use are framed less rigidly. Modification of its effect will also occur when the means test is administered by professionally trained persons, who bring good social work principles to the situation. Elimination of the means test can be looked for only if there is an expansion of programs of social insurance and social endowment.

Another part of the program in which a wide degree of latitude is left to the provinces concerns the amount of assistance paid to a recipient in which the Dominion shares. In the categorical programs of Old Age Assistance, Blind Persons Allowance and Disabled Persons Allowance, the maximum amounts which the Dominion will share are stated specifically in the legislation and the provinces are free to supplement this payment if they wish. No such restriction of shareable maximums appears in this Act. The provinces are free to set their own standards of assistance and the Dominion will share equally the cost of these benefits.

The absence of a maximum standard of assistance provides administrators of the program with an opportunity to bring to their

administration creative effort, which could result in a more effective use of the benefits of the legislation. As one example this could be implemented by a more realistic method of calculating grants on the basis of individual need instead of the flat rate basis now in use in many public welfare agencies.

With the requirement that legal residence shall not be a condition for the granting of assistance within the provinces, the new legislation takes a realistic view of a situation which has always plagued the administration of public welfare. The existence of residence regulations in public assistance programs is an anachronism in a rapidly expanding economy so dependent on a mobile labour force. This mobility of population has historically been an important element in a country where the frontier has been both a challenge and a resource. The frontier has disappeared but the mobile labour force continues to be an essential component of the Canadian economy which is marked by an annual harvest, seasonal industry, and large scale construction projects. All these require a labour force free to move when work is available but they offer no assurance to the worker of long term employment.

In such a mobile labour force will be found a number of social problems, many involving financial need, and public welfare administrators have often been hampered by restrictive residence regulations which bar transients from the benefits of public assistance programs despite their need. This situation may result in acute distress to individuals and families.

The residence problem has continued to be an important issue in public assistance in both Canada and the United States. It is
discussed in considerable detail by Lloyd Graham in an article in Canadian Welfare. Mr. Graham emphasizes the important contribution of the migrant worker and states that public welfare agencies in Canada have limited resources to meet their needs. He draws attention to three groups which constitute the migrant population in Canada and elsewhere: the employable, willing-to-work migrant; the unemployable migrant (the sick and the handicapped); and the employable but work-shy migrant. For the first two groups Mr. Graham recommends services, including financial aid, on the same basis as any other person in the community. For the third group he asks for deeper understanding and recognition of vagrancy as a form of human behaviour. He points to the work being done in Britain under the National Assistance Act designed to help the "work-shy" and "alcoholic" migrant.

The often expressed view that people move about the country in search of higher social welfare benefits is not borne out in actual practise. New York State was one of the first in the United States to abolish residence requirements within its boundaries; according to Peter Kasius, Deputy Commissioner for New York City Affairs in the (N.Y.) State Department of Social Welfare, the experience is that this action has simplified administration and improved service for persons in need. Little evidence has been adduced that persons moved within the state or into the state because social welfare benefits were higher than in other areas. It was the opinion of Mr. Kasius that residence restrictions interfere with the

free flow of labour; deny the right of freedom of movement; and work unnecessary and often cruel hardships on people, whose only fault is a willingness to take a chance to improve their economic well-being in terms of employment.  

Mr. Kasius was speaking at a symposium, held under the auspices of the National Travelers Aid Association in 1956 in New York City, to discuss the problems created for the migrant worker by residence laws. The seven participants all argued that the migrant worker was an integral part of modern economic life, and that his needs in time of distress should be met on the same basis as those of anyone else in the community.

These considerations regarding residence have now been acknowledged in the Dominion by the inclusion in the Unemployment Assistance Act of the requirement that the provinces shall not make residence within their boundaries a condition of receiving assistance. Whether this beginning will eventually result in a total elimination of residence requirements can not be foretold at this time. A great deal will depend on the interpretation of the regulation by individual provinces, and particularly on that section of the Act which provides reimbursement for the cost of repatriation to a recipient's place of legal residence. This type of regulation can be interpreted in many ways and at this time there is no information available regarding its manner of interpretation. But the way is clear for the provinces, at least those which have entered into


5 Residence Laws: Road Block to Human Welfare, a symposium.
Unemployment Assistance Act agreements, to rid themselves of these restrictive regulations.

It is of interest that, prior to the passage of the Unemployment Assistance Act and its abolition of residence qualifications within the participating provinces, there was some movement towards modification of existing regulations inasmuch as the provinces of British Columbia and Saskatchewan have had a reciprocal agreement by which they provided for each other's applicants on the same basis as they would their own. Since the Unemployment Assistance Act has been passed the British Columbia government is studying the possibility of eliminating residence requirements within the province.

This new approach to the residence problem represents an important advance in social thinking for it removes the vexing and binding restrictions of outmoded regulations. It recognizes the right of any Canadian in any part of Canada to receive financial help in accordance with his needs.

LIMITATIONS OF THE LEGISLATION

To ensure a fair share of the benefits of the Act to all Canadians in need there should be a recognition of the dilemma of the poorer provinces, who may encounter financial problems in providing the type of program envisaged by the sponsors of the Unemployment Assistance Act. The failure of the Dominion to provide a financial formula of dealing with these poorer provinces and its failure to set any minimum standard of assistance are two of the serious limitations of this legislation.
Encountered here is the traditional unwillingness of the Dominion to define standards, develop equalization formulas in public assistance and share in administrative costs. On these three areas the Canadian assumption is one of respect for provincial autonomy.

The Rowell-Sirois Report has drawn attention to the threat to national unity which can ensue from wide variations in social services among the provinces. This concern for a national minimum standard has also been expressed by the Canadian Welfare Council. In its recommendations in 1953 the Canadian Welfare Council urged that standards should be set by the Dominion to help the provinces perform their work satisfactorily. 6

The major limitation of the legislation is the failure to share in many provincial programs of public assistance, notably Mothers' Allowance and, in certain provinces, supplementary payments to beneficiaries under the Dominion-Provincial programs of Old Age Assistance, Disabled Persons Allowances and Blind Persons Allowances. Programs for Mothers' Allowances have always been exclusively a provincial responsibility, and this principle is maintained by the present legislation. These programs, however, provide for a large number of persons in financial need and as such would appear to have a claim for recognition in the legislation under review. There would seem to be as good an argument for Dominion participation in Mothers' Allowances programs as there is in the sharing of Old Age Assistance.

Mr. F.R. MacKinnon, Director of Child Welfare in Nova Scotia, points out that: "In terms of national welfare children are equally as

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important as older people and yet Mothers' Allowances have always been a provincial responsibility. 7

Supplementary benefits payable to recipients of Old Age Assistance, Blind Persons Allowance and Disabled Persons Allowance, are available in the provinces of British Columbia, Alberta, Saskatchewan, Ontario, and Yukon Territory. These payments are excluded from the reimbursement claim although relief payments made in addition to these in special cases may be included. This failure results in further discrepancies in the levels of assistance between the provinces for persons eligible for these categories.

Other suggestions which have been made to the Federal government regarding the extent of their participation in a national program of general assistance include provision for health services and an expansion of current programs for rehabilitation. This latter point is stressed by the Canadian Welfare Council in its statement of 1953. 8

In summary it would appear necessary that the operation of the Unemployment Assistance Act should be kept under constant review by both Federal and provincial authorities to determine the success of its operation and to eliminate the inevitable difficulties which will arise in its administration. From these observations will come the essential information upon which both modifications and extensions of the Act can be developed.

Canadian Welfare Council, 1958, Ottawa, Section 17, p. 2.

8 Public Assistance and the Unemployed, p. 13.
THE FUTURE ROLE OF FEDERAL AID IN SOCIAL WELFARE

Whether Canada moves towards an extension of social insurance or improved public assistance to meet its social security needs, the Unemployment Assistance Act will play an important role. Even in countries like Britain, equipped now with a wide range of social insurances, a National Assistance Act has been a necessary and important element in order to provide for a residual group, who, for a variety of reasons are not covered by existing programs. Furthermore, insurance programs do not individualize need, but usually pay benefits related to contributions. These benefits may not always be sufficient in some cases and means must be found to supplement such payments. It is here that legislation similar to the Unemployment Assistance Act fills the gap.

One of the notable omissions in Canada’s social security program has been the absence of sickness insurance. A national health insurance plan will soon be available for Canadians but there is still no provision for loss of income because of illness or other types of temporary disability. Until such time as this type of benefit becomes available in insurance form, the Unemployment Assistance Act could provide for this group on the basis of need.

In the passage of the Unemployment Assistance Act a new principle is established for future developments in social welfare in Canada. The break with tradition, whereby the Dominion has entered a field formerly regarded as the exclusive jurisdiction of the provinces could be the commencement of a new trend which would take the Dominion into other areas of social welfare. Two of these areas of expansion could be in the field of child welfare and corrections.
Canada lacks any national standards for child care although these should be part of the social welfare program of a national government. If children are to be regarded as national assets they should receive the same consideration extended to other groups in the population.

In the field of corrections divided jurisdiction in many areas is a recurrent problem. The authors of the Fauteux Report advocate a high degree of integration between all parts of the correctional system, of every level of government, to ensure that persons in any part of Canada receive fair and equal treatment. The role of the Federal government in this field is one of leadership for it has the greater authority to implement the many recommendations included in this report.

SUMMATION

Canada is a nation in its own right and while it may build on the experiences of others it must evolve a program of its own best suited to its needs. Wilbur J. Cohen, Professor of Public Welfare Administration, School of Social Work, University of Michigan, and formerly Director of the Division of Research and Statistics, United States Social Security Administration, in giving his impressions at the Canadian Welfare Council Conference in January 1958, said:

"The most important thing in a social security system is not whether we all follow the same pattern, nor whether we all do the same thing, but whether we build into that program a preservation of the creative genius of our people.

So I would say to you in Canada, build your own genius into the system. Don't try to make it so rational that the genius is left out. Don't try to make it so arbitrary, so consistent, that something you treasure of an elusive psychological value is omitted. It is just as important in a system of social security ... to build in values that you cannot always define, that you cannot always make objective, as it is to have a neat system that isn't a patchwork." 10

The next few years should see interesting developments in Canada's social security program. The nation is in the throes of economic, social and political change and in the Federal election of March 1958 the Conservative government was returned to office with an overwhelming majority. Social welfare issues loomed large in the campaign and it was apparent that the Canadian people are vitally concerned with them. This interest of the Canadian people in public welfare will determine its future direction.

APPENDICES
APPENDIX A.

A table indicating the operation of the financial formula used by the Government of Canada to determine deductions from the reimbursement claims submitted by the Province of British Columbia, because of reduction over a period of years in the Mothers' Allowance caseload.

<table>
<thead>
<tr>
<th>Year ending</th>
<th>Average monthly number of persons receiving M.A. benefits</th>
<th>Population</th>
<th>Percentage on M.A.</th>
<th>Difference from highest percentage</th>
<th>Percentage allowed by Fed. Govt.</th>
<th>Percentage used in compiling deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 1946</td>
<td>3,032</td>
<td>1,003,000</td>
<td>.30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 30, 1947</td>
<td>2,902</td>
<td>1,044,000</td>
<td>.28</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 30, 1948</td>
<td>2,584</td>
<td>1,082,000</td>
<td>.24</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 30, 1949</td>
<td>2,260</td>
<td>1,113,000</td>
<td>.20</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>June 30, 1950</td>
<td>2,139</td>
<td>1,137,000</td>
<td>.19</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>June 30, 1951</td>
<td>1,902</td>
<td>1,165,210</td>
<td>.16</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>June 30, 1952</td>
<td>1,671</td>
<td>1,198,000</td>
<td>.14</td>
<td></td>
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<tr>
<td>June 30, 1953</td>
<td>1,574</td>
<td>1,230,000</td>
<td>.13</td>
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<td>June 30, 1954</td>
<td>1,462</td>
<td>1,266,000</td>
<td>.12</td>
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<tr>
<td>June 30, 1955</td>
<td>1,335</td>
<td>1,305,000</td>
<td>.10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 30, 1956</td>
<td>1,222</td>
<td>1,353,000</td>
<td>.08</td>
<td>.20</td>
<td>.10</td>
<td>.10</td>
</tr>
<tr>
<td>June 30, 1957</td>
<td>973</td>
<td>1,487,000</td>
<td>.07</td>
<td>.23</td>
<td>.10</td>
<td>.13</td>
</tr>
</tbody>
</table>


The percentage figure in this column is multiplied by the population of the province and the figure derived is then multiplied by the average cost of assistance per person in the particular month, to determine the deduction from the reimbursement claim.
APPENDIX B.

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APPENDIX B. (Continued)


PERSONAL COMMUNICATIONS
