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The Attack on Unemployment

BY HON. N. McL. ROGERS, MINISTER OF LABOUR.

THE PRESIDENT, COLONEL JAMES MESS, CHAIRMAN:—
Guests and members of the Canadian Club: To most of us whose politics consist of the last-minute registering of a vote for our candidates at a general election and criticism from then on of those elected, it will be pleasing to listen to one, who, for some reason or another, has so far escaped our scathing tongues. Why, I do not know. It may be his ability to use his birthright of more than average brains; it may be that hard work, exceptionally hard work, has been responsible for his success; it may be that excelling in sports has given him a true definition of fair play; it may be that as a Tommy in the war he was early assured that he had no false ideas of his own importance; it may be that his training has resulted in what suggests a statesman rather than a politician; or it may be his underlying sincerity in all that he does, that is responsible. Anyway we shall have a hundred and one reasons to explain it when we have heard his address: "An Attack on Unemployment". Gentlemen I introduce our Federal Minister of Labour, The Hon. Norman McLeod Rogers.

MR. ROGERS:—In thanking you for your invitation, I would like to add, that I am very grateful for this opportunity to discuss in your presence a subject in which you, as citizens, and I, as Minister of Labour in your Federal Government, have a common interest and concern.

My subject is "A National Attack on Unemployment". After reading some of the more extravagant business forecasts at the New Year, I confess I had some doubts about the reception you might give to this subject. It may be there are some sincere optimists in this room who feel that we can now speak of the unemployment problem in the

past tense, and who would question the accuracy of describing it as our most urgent National problem. I wish I could honestly support such a belief at this time. I assure you that no member of a government can welcome the growing evidence of business recovery with more intense satisfaction than the Minister of Labour. At the same time I would be doing less than my duty if I failed to remind you, that a supreme effort is still necessary before we can remove unemployment and relief from the agenda of unfinished public business.

There is nothing more remarkable in political and business life than the swift changes in sentiment which sweep over an entire country. "The wind bloweth where it listeth, and none knoweth whence it cometh or whither it goeth."* These alternate phases of extreme depression and extreme optimism have to be reckoned with in government, but just as the mariner must make his calculations on the basis of the prevailing winds instead of sudden gales, so governments are obliged to frame their policies in accordance with established trends rather than on the sudden and unpredictable variations of activity that have their origin in business sentiment.

During the past six months particularly we have experienced in Canada a remarkable return of confidence which has had its reflection in a substantial increase of industry and trade. On the whole we are justified in believing that this upward trend will be continued throughout the year. But the exciting glamour of returning prosperity must not blind us to the stern realities of unemployment and relief, or lessen our measure of the task that is still before us in dealing with the problem. Extravagant optimism is as dangerous and unreliable as was the extreme despondency and depression of three years ago.

At the risk of repeating what is obvious, I want to emphasize the fact that unemployment is a many-sided problem. In one aspect it is a problem of public finance—it raises in a new and complicated form the old issue of divided financial responsibility for social services under the federal constitution. In another aspect it is a problem of social welfare. It compels us to examine the obligation of

*John iii, 8.

the state to those of its citizens who, through no fault of their own, are unable to provide themselves and their dependents with the means of subsistence. In still another aspect it is an economic problem. It compels us to consider the principles which underlie our financial and trade policies in order to determine what policies are most likely to produce a maximum amount of employment for our people. It is not too much to say that every activity of government is affected directly or indirectly by unemployment on a national scale. By its magnitude, its persistence and its complexity this problem of unemployment and relief is a challenge to our form of democratic government and our time-honoured methods of industrial and commercial organization.

I don't think in such a gathering as the Canadian Club that I need emphasize that questions of national importance should receive the widest public discussion in order that governments may be sensitive at all times to the promptings of an enlightened public opinion. There are some, I know, who doubt the existence of an enlightened public opinion. There are some who admit its existence, but who doubt its effect on a government between elections. To my mind both views are in error. Certainly they are not consistent with any acceptable theory of self-government. A government which severs itself from its source of power is deprived of the strength to serve you as it ought. If we as a government ask you to trust us, you are also entitled to ask us to trust you.

We shall only continue to deserve your confidence as we are able to justify our acts by an appeal to your intelligence and sympathy. This means that we must at all times be prepared to give reasons for our policies. The reasons may be good or bad in your estimation, in the final analysis you must be the judges of that, and there is no appeal beyond your decision. The important thing is, that a government should have reasons for what it does and be ready to give those reasons to the country, when a particular course of action is taken. In this way, and not otherwise, can democracy prevail over other political systems which are challenging its existence today.

Holding this faith in an informed public opinion as an

aid to government, I want to place before you an interim report, as it were, on the progress we have made in dealing with unemployment relief in the past year. I am not going to suggest that the policies of the government have been above criticism. In the nature of things these policies must be judged by results rather than by the motives which prompted them. I can tell you, however, that in approaching the problem of unemployment and relief, we have sought to realize the full measure of our responsibility to deal fairly and constructively with a situation which had reached a critical point a year ago, because of the cumulative effects of prolonged idleness on individuals, and the mounting burden of relief costs on the provinces and municipalities, as well as the Dominion, throughout the period of the depression.

It so happened that the first issue we had to face, in dealing with the relief problem, was the adjustment of the financial burden of relief costs, and I am particularly anxious to avoid any misunderstanding on this delicate phase of the matter. A Dominion-Provincial conference was held in Ottawa a year ago last December. At the same time the Mayors' conference sent a delegation to interview the government. Both conferences presented resolutions in support of an increase of grants in aid for relief to the provinces. From the Mayors' conference came a resolution requesting—I am bound to say in somewhat peremptory terms—that the Dominion government assume the entire financial responsibility for direct relief. Quite naturally this request was supported by most of the provinces.

As a result of these representations, supplemented by our own investigations, we made an interim increase of 75% in the grants in aid for the winter months. In reaching this decision we were influenced by several considerations. We rejected the proposal for exclusive Dominion responsibility for direct relief, on the long-established principle, that the provision of relief is primarily a municipal and provincial responsibility, and only becomes a Dominion responsibility to the extent that the provinces and municipalities are unable to cope with it. We also believed that the assumption of exclusive responsibility would create more abuses than it was designed to correct.

One of two evils would follow inevitably. Under a national system of relief the Dominion government would be obliged to place salaried relief officials and inspectors in every municipality, granting relief across Canada, thus creating a cumbersome and expensive administration which would tend to fasten itself upon the country permanently. If, on the other hand, the administration of relief were left with the provinces and municipalities, with the Dominion paying the bill, you would have an even more impossible situation. Under this system, the municipalities would be given power to spend more money which they did not have to raise by taxation. All the usual checks against waste and extravagance would be removed and you would have a complete departure from the salutary principle of public finance that, so far as possible, those who spend public money should be directly responsible to those from whom the money is taken by taxation.

For these reasons we rejected the proposal that the Dominion government should assume the entire cost of administration of relief. At the same time we recognized the force of the argument that the cumulative burden of relief costs was forcing many municipalities to the brink of bankruptcy, especially when tax collections were heavily in arrears and when provincial governments alleged they were unable to offer further help without serious impairment of their financial positions.

As I have said, we made a substantial increase in the grants to the provinces a year ago. We did this primarily to relieve the immediate pressure on municipalities and to relieve a critical situation. The increased grants were made for the winter months. In April we made a reduction of 15% in the grants to the provinces, followed by a further reduction of 10% in July. The grants will be maintained at their present scale during the months of January, February and March. During this year there will be a substantial reduction in the grants in aid to the provinces. I believe these reductions will be fully justified by the extension of business recovery, by the marked improvement in municipal tax collections, and by the improved financial position of most of the provinces. All the governments, Dominion, provincial and municipal, must accept their full responsi-

bility to reduce relief costs during the present year. I am not going to suggest for one moment that we put compassion to one side, as though compassion had no influence on the government policy. I am not suggesting that real cases of distress should not be regarded as an obligation of the state, but I am suggesting that, if we are to make any progress in reducing relief costs, we must make a beginning in the present year. It is not going to be an easy task but it must be faced with courage, fairness and a just appreciation of what is involved in the long view of social welfare. Indiscriminate charity is a short view of public welfare. Undoubtedly there have been serious abuses in the administration of relief. These abuses tend to become firmly established by any laxity of administration. They cannot be defended by any considerations of humanity or justice. We must do our utmost to remove them.

Our next problem was presented by the relief camps. They had been established in 1934 to provide for single homeless men. At their maximum strength they afforded shelter for 21,000. In the last year of their operation they cost the government in the neighbourhood of \$9,000,000. They were even more costly in terms of dissatisfaction, bitterness and human frustration. They were designed to meet an emergency, but the "on-to-Ottawa" trek and the Regina riots showed the danger of maintaining them on their existing basis.

They were not work-camps in any proper sense of the term, nor were they training-camps in the proper sense of that term. For the single unemployed they were a blind alley—a dead-end street. For the government they were an expensive luxury, and for the agitators they were a ready-made forum for the propagation of subversive doctrines, where teachers and pupils were given shelter, food and clothing at the expense of the government. After a careful investigation we decided to close the relief camps. It was said in some quarters that they could not be closed without riots or serious disturbances. There were no riots and there were no disturbances.

In closing the camps we did not neglect the welfare of the men who were in them. From March 1st to July 1st the wage allowance was increased from twenty cents a day

to \$15 a month, in addition to food, shelter and clothing. Half of this allowance was held back as deferred pay to be given to each man, on his discharge, in equal instalments. In addition to this provision for the transition period, opportunity was given to all men in the camps to accept employment on deferred maintenance work on the railways at current wages, under a cooperative plan, arranged between the government and the companies. Many thousands of single men obtained work and wages for the first time in several years. Of equal importance, they were assisted in the restoration of their morale by a return to private employment. And I am able to say, upon the testimony of foremen and superintendents of both companies, that the men who went to this work gave a minimum amount of trouble and gave efficient service. I want to say that, because not so long ago there was a tendency to believe that the camps were full of slackers. That was not so. There were some, of course, who did not propose to work, but they were in the minority. The vast majority welcomed this opportunity to work. I have had testimony as to how they carried out that work, and from the men themselves as to how glad they were to be able to do it.

The third issue we were obliged to face was the utility of public works as a means of providing employment for those on relief. On this question we reached the conclusion, that public works themselves and an increase in the payrolls, did not offer an effective remedy for unemployment. We recognized at the same time that, in a period of great depression governments were justified in expanding the normal program of public works, and were under an obligation to adapt such a program to the needs of the various sections of the country. Therefore in drawing up our estimates last year, we proceeded on the principle that, in formulating a public works program for relief purposes, we should select such undertakings as had an intrinsic economic value to the nation, and which would lead to an ultimate expansion of private employment, through the development of natural resources and the tourist trade.

During the past year the Dominion government, apart from its own expenditure on Federal public works, entered into agreements with the provinces for joint works pro-

grams amounting to an expenditure of over \$30,000,000. A substantial part of this total was expended on tourist roads, and a special appropriation of the department of mines was used to stimulate mining development, through the building of roads into new mining districts, which were not served by the railways. I think this part of our policy has been fully justified by the results achieved. At its peak the joint works program provided work for over 40,000 men across the Dominion. Moreover in all our agreements with the provinces we stipulated that at least 50% of these employed should be taken from the unemployed on relief. We did that for this reason. There had been in previous years a class of contractors who had given way to the temptation to bring in their own men on this work, and this was a bad thing, because it did not have the effect it should have had in the reduction of relief rolls. In many cases it was only a relief for contractors instead of being, as it was intended, a source of employment for those on relief. This was the first year in which the agreements with the provinces contained this specific provision. In its actual operation it produced a marked reduction in relief rolls in all provinces during the summer and autumn months.

I come now to the establishment of the National Employment Commission. I am going to assume that you are familiar with the reasons. Whether you find them valid or not is another matter. At all events we did feel it was necessary to have some continuing form of organization representative of different sections of the country to give direction to the scattered efforts toward economic recovery. The National Employment Commission has been functioning a little more than seven months, and I think we are justified in saying that there was a need for such an organization, and that the Commission has still a great service to render to the country in dealing with some of the residual problems of the depression which are still concealed in the relief figures that are given out from time to time.

Of its efforts I wish to speak particularly of the Home Improvement Plan. Through cooperation by the Dominion government with banks and other lenders a sum of \$50,000,000 has been made available for Home improvement loans at a low discount rate and generous terms of repay-

ment. If the American experience under a similar plan is duplicated in Canada this may mean an additional \$150,000,000 spent in home improvements through the force of example and imitation. The plan has been well received, and as its momentum grows, I do not doubt that it will bring about a considerable revival in the construction industry.

Next came the Farm Employment Plan. Under this plan, sponsored by the Commission, some 40,000 unemployed single men and women have been placed on farms for the winter months under Dominion-provincial agreements. It is a development of the farm placement plan, and is the answer to the problem of the gap caused by the closing of the relief camps. From the standpoint of its wholesomeness and training advantages and its economy, it is infinitely better than the system of relief camps.

In all that we have done and sought to do in relieving unemployment we have kept before us the fundamental fact that the real answer to unemployment is more private employment, and that the best way to stimulate private employment in an exporting country is to stimulate foreign trade.

The reciprocity agreement with the United States has exceeded our highest expectations. The settlement of our trade differences with Japan has resulted in an increase of about 40% in our exports to that country in the first eight months of 1936 as compared with the same period in 1935. During the first eight months of 1936 our foreign trade passed the billion dollar mark, and exports are increasing at the rate of over \$200,000,000 over the last fiscal year, and all this has resulted in a greater industrial activity, an expanding volume of railway traffic and, naturally, pronounced improvement in railway employment.

The mining industry has received great stimulus from the income tax exemptions. These were granted to new mines coming into production before 1940. The exemption continues for three years and has done much to increase new mining development.

Perhaps you will ask me if I am satisfied with what we have done. My answer is "No". I am encouraged and confident, but not satisfied. When Governments begin to get satisfied with what they have achieved, they begin at that moment to die. Freedom, united with ordered social

progress, must be our watchword. We must have freedom for self-government and the development of individual responsibility. We must build ramparts of social security against the arch-enemy of human personality, fear.

We cannot ignore the quickening of social consciousness in other countries. Land and water are no barriers to the advancement of social ideals. It has always been the duty of the government to administer impartial justice. Let us not forget that in this day and generation justice has acquired a new and broader meaning than it once possessed.

As Lowell truly said:

The world advances and outgrows
The laws that in our fathers' time seemed best;
And doubtless after us some purer scheme will be
worked out by wiser men than we,
Made wiser by the steady growth of truth.

Within the limits of our opportunities to serve the state we must seek to create conditions and enact laws within which our people may obtain an ever-expanding measure of welfare and happiness.