

(November 29th, 1937)

The Work of Rehabilitation

BY A. B. PURVIS

MR. CHAIRMAN :—YOUR HONOR, gentlemen: The lieutenant-Governor of this province has always taken a very keen interest in the affairs of this Club, and we are always delighted to have him with us. We are singularly honored today, as his honor has informed me that this is his last official public appearance as the representative of His Majesty. Sir, on behalf of the Canadian Club, may I be permitted to offer you a very sincere and hearty welcome.

In the preamble to the National Employment Commission Act, it states that for several years unemployment has been Canada's most urgent national problem, and it was to help clean up this problem that Mr. A. B. Purvis, at great personal sacrifice, gave his services as chairman. He has already been introduced to this Club. He spoke in January last and told the club of the progress that had been made up to that time. Since then the Commission has given more study to the problem, and today we are to hear at first hand some of the things it has learned, and some of its plans and recommendations in respect of the work of rehabilitation. It is now my great pleasure, Mr. Purvis, to ask you to address this Club.

MR. PURVIS :—YOUR HONOR, Mr. Chairman and Gentlemen. May I first of all be permitted to express my thanks to the club for giving me once again an opportunity to bring to your notice the problem of unemployment.

After eighteen months work on problems connected with employment and relief, I have come to you today—

1. To tell you the status of the Commission's work.
2. To explain its attack on the problems as it sees them, and

3. To invite for the Commission and for the Government your support for the practical implementation of that attack.

After making reference to the non-political nature of the National Employment Commission and the necessity for Provincial support, the speaker intimated that his duties being advisory, he was hence unable to discuss its recommendations until the approval of Government had been obtained.

The situation which the N.E.C. found when it started work in June 1936 was as follows:

1. Increasing Canadian employment, soundly based on expanding exports at improved prices and on investment of private capital.
2. Certain spots in which recovery was lagging badly or was absent altogether, namely in agriculture by reason of the persistent drought, and in the construction industry where capital was particularly timid.
3. Agencies of re-employment, such as the Employment Services, unco-ordinated; dealing chiefly with relief labor, and ill-equipped to service to the general body of employers and employees.
4. A system of aid, to which the Dominion was contributing, which had developed without adequate regard for the causes, of distressed relieved, and with insufficient safeguards—a system which in consequence tended to discourage rather than to encourage re-employment.
5. A fluctuating and expensive policy of public works for providing employment.
6. A progressive deterioration in the employability of those in receipt of aid, and a growing concentration of unskilled workers and older age groups in the larger urban centres.
7. An emergency winter problem of single homeless adults for whom seasonal employment had not improved sufficiently and who tended to concentrate as a result in the urban areas.

To meet these conditions the Commission formulated its attack by recommending the following:

1. A comprehensive housing policy embracing the Home Improvement Plan and assisting for low-rental housing for those unable to afford to pay an economic rent, this as a means of stimulating employment in the construction industry in which there was the greatest lag.
2. A thorough modernization and extension of the Employment Services under unified Dominion administration as a means of increasing placements in industry; of developing co-operative local plans for rehabilitation purposes, and of handling problems in connection with Unemployment Aid.
3. A revision of the system of Dominion grants-in-aid with the object of ensuring that aid is not given haphazardly but is directed to remedying the effects arising from varying causes of distress, and as part of a co-operative Dominion-Provincial programme for moving people back to a self-supporting basis.
4. A national wide Dominion-Provincial programme, including a multiplicity of local attacks by public bodies working in co-operation with industry, having as its object an increase in the "employability" of necessitous workers of all ages.
5. A curtailment at this stage of the recovery of public works, where provided for the purpose of giving employment, this so as to relieve the public exchequer and relief funds for more effective and fundamental attacks on the problems of unemployment.
6. And finally, as a temporary expedient, a farm placement plan or supplementary plans operating in connection with the primary industries, as a means of relieving the emergency.

The Commission attack must be understood as an immediate attack designed to meet a practical situation. Its more fundamental conclusions affecting the problems involved in this field, will be dealt with in its long range report.

What is the status in regard to these Commission recommendations?

In recent months considerable progress has been made and, while the situation is not as far developed as we had hoped, the short parliamentary session having proved a bar to action, nevertheless the outlook for practical progress is distinctly encouraging.

By the middle of July, 1937, the Commission had received Governmental approval to the publishing of its Interim Report summarizing its recommendations to 30th June, 1937; had received governmental approval in principle of the bulk of these recommendations, and was free for the first time to discuss them across the country.

As soon as the report was out of the printer's hands, I went West, and after a month in that section of the country went down to the Maritimes.

In the last three months the Commission programme has been discussed with every Provincial Government; with many mayors; with business bodies; with newspaper men; and practically everywhere there has been evident a feeling that we are on the right track and that our programme suits the practical conditions facing the country.

Concurrently with this work in the field, and working in conjunction with the Minister of Labor, other negotiations have taken place with Provincial officials, looking toward the practical implementation of the Commission's policy.

As you may be aware, the work of the Commission has been in two main fields—the field of employment measures, and the field of "relief".

Let me first deal with questions affecting employment.

In a period of rapidly expanding employment in private industry, the Commission felt it to be its duty to do nothing that would tend to retard that most valuable of all recoveries—a natural recovery.

It was for that reason it set its face against—

- (a) Bonussing of private industry to take on more men, which experience in other countries had shown to bring more disadvantages than advantages;
- (b) Public works programmes when developed for the purpose of giving employment since experience had shown this—

(1) To be the most expensive method of putting men to work and liable to put more men out of private employment than the government employs, because of higher taxes it involves.

(2) To be likely at this stage of the recovery to duplicate the demand for skilled labor, of which a scarcity has become evident in many centres, at the very time that industry needs such skilled workers if it is to absorb the unskilled element still awaiting employment.

(3) To be likely to pass right over the heads of the unskilled worker, whom any such programme was supposed to help.

(4) To create a feeling of dependence upon Government for the supply of work opportunities.

This is not to say that public works programmes have not a proper place at other stages of depression recovery.

The Commission did, as you know, recommend a comprehensive housing programme.

Its Home Improvement Plan has in the first year of its working, resulted in guaranteed loans being made, some 30,000 in number and nearly \$12,000,000 in value. And with the stimulation provided to cash expenditures and loans made outside the government guarantee, the Commission's estimate of from \$60,000,000 to \$75,000,000, up to the end of the present fiscal year, will now certainly be fulfilled. This is equivalent probably to a year's work for say 60,000 men—by no means an inconsiderable item—and this in the building trades field, where re-employment was lagging behind other industries. Further, the Plan has cost the government practically nothing for, as you know, private industry has footed the promotion bill, while the repayments on loans are showing practically no delinquencies. This success is a great demonstration of what a non-political type of community effort will do. And much thanks are due from all of us to the nation-wide series of committees which have in large measure sold the plan to the public. Possibly it is the first time in an era of peace that such an effort has been made in Canada.

"Refer to Ryland New's work on Ontario."

"Cite figures of improvement in employment index in construction industry in last year."

Nov. 1, 1936.... 99.6

Nov. 1, 1937....131.7 (1926 equals 100)

Nov. 1, 1929....153.6 (Dom. Bureau of Statistics figures)

The Commission's recommendations in the field of low rental housing, or in other words the provision of rented premises for those whose earning capacity does not enable them to live under conditions conducive either to their own health or the health of the community—often associated with slum clearance—have not yet been accepted other than in principle.

I believe this is a very open question with you in Toronto at this time.

The Commission's view that the problem must be attacked is based on the fact that bad housing breeds unemployment and unemployables. And this means a drain on the finances of the community of a very permanent kind. This apart from the fact that Canadian governmental units spend approximately \$14,000,000 in 1936 in the housing of relief recipients—often under unhealthy and inadequate conditions.

For these reasons, the Commission hopes to see support made available, at an early date, for carefully developed plans, whether by cash subsidy or by means of loans at less than commercial rates of interest. From the long range view an acceleration of such programmes during the secondary recovery period after periods of economic stress, i.e. when an increase in public expenditures becomes helpful and the supply of skilled labor necessary is still available, would be a much more valuable community contribution than the kind of public works often indulged in. This is always provided schemes are well thought out in advance and are designed so as to reach those really in need of such help, a point to which the Commission plan gives due attention.

Mention was made of Farm Improvement and Employment Plan and supplementary plans. Some 55,000 placed last winter, of which an important proportion were kept on in private employment through the summer. "Touch on

further use this winter, but to lesser extent because of lesser need."

Position of the National Employment Commission on this employment phase of its work has been justified by events. It is not generally realized how great the improvement has been.

Dominion Bureau of Statistics Employment Index covering about one-half of all wage-earners, i.e., those in establishments of 15 or more employees, totalling today some 1,200,000 workers, gives the story very well:

Based on 1926 as 100, the all Canadian index figure at 125.2 on November 1, 1937, was above the level on the same date in 1929, i.e., 124.6.

This compares with 111 on the same date in 1936, and with 89. on November 1, 1932.

Improvement in Ontario relatively greater (130.4 Nov. 1, 1937, against 126.5, Nov. 1, 1929): in fact all parts of Canada up, with only the Prairie Province Improvement lagging a little.

All industries back to about 1929 level, except transportation and communications which are well below; and construction, the position which has already been cited.

And this brings me to the second phase of the Commission's work which I want particularly to emphasize today. And that is the phase of unemployment relief—so-called.

With such an outstanding improvement in employment, it might well be thought that unemployment relief would be a thing of the past.

Despite a considerable improvement in the last year, this is far from the case. Let us look at the facts.

In September 1936 there were 956,000 receiving so-called Unemployment Relief to which the Dominion contributed. Preliminary figures from the September re-registration the Commission has just concluded, give the total as 743,000. In the face of our great employment rise, this does not look too good.

But let us look again at this figure of 743,000 and see if they are all available for employment:

First we shall deduct the distress agriculturists, scattered all over, and therefore not

available for employment in any ordinary sense of the word, but awaiting the return of good crop conditions, of which 80% are in the drought areas, i.e., 55,000 more than in September 1936. The total of these is 303,000, which gives us therefore..... 440,00
 Then deduct the non-working dependents (mostly children under 16, and wives).... 285,000
 Then deduct the unemployables and partially employables 40,000
 Leaving, as fully employable..... 115,000

This figure of 115,000 compares with 206,000 in September 1936—a 45% reduction in the year. Comparing with August 1937, there is a 20% reduction.

Now while 115,000 is the maximum number of relief recipients who are available in the labor market as we all understand the term, we have also an unknown number of necessitous unemployed people who have managed to keep off unemployment relief. Generally speaking they represent the group which tends to be absorbed more quickly into jobs as conditions improve and no doubt the proportion they bear to these on relief is relatively much less than a year or two ago.

But what are we to do about the 115,000 still seeking jobs? It is the firm conviction of the Commission that they will not disappear automatically as times get better. The fact that such a number is still on relief when employment conditions have returned to the 1929 level is broad proof that this a correct view.

And that brings me to our specific programme for attacking this residual problem of the "dole". The programme embraces four main phases:

1. Abandonment of the method used for the greater part of the depression and recovery periods of treating "en masse" what is a complex problem, and substitution of methods which will break the problem down into the specific kinds of distress involved—both economic and social.

2. Abandonment of the system of large indiscriminate and wasteful grants-in-aid, and substitution therefor of specific grants for specific remedial purposes.

3. Institution of a nation-wide programme—Dominion-Provincial—embracing a multiplicity of local attacks on local employment and relief situations, having its foundation in an effort to increase the "employability" of those still on relief, or of their permanent care if no longer employable.

4. Prompt establishment of a modernized employment service as a focal point for such an attack and to give us in Canada a more efficient weapon to bring the job to the man and the man to the job.

Let me touch on these four points more specifically.

Take for instance the first point, namely the necessity of a further break-down of the problem. We have just said that of those on relief to which the Dominion contributed, the maximum number in the labor market is reported by the municipalities in September, 1937, as 115,000. If we look into this figure, we see a number of indications of differing needs even with the most preliminary break-down.

For instance 90,000 are males and 23,000 females, while one-quarter of the total of both sexes are working dependents.

Less than one-quarter of the males, or say 22,000 are between 16 and 25 years of age, against 60% of the females, or say 15,000.

Half the males are between 26 and 45, and only one-quarter of the females.

One-tenth of the males have never been gainfully occupied against one-half of the females.

Again in my trip across the country, I have been told by some mayors of big cities that at this stage they find 40% of their relief recipients will never work again; that 20% can be restored to partial employability, and 40% to a pretty full degree of employability, but only with appropriate training and re-conditioning.

Even in such a preliminary break-down as this, differing needs begin to show up. To get such results as are possible in re-establishing in private employment those remaining on the lists, the division must of course go much further and come down almost to individual cases.

And now to the second point in the programme: the abandonment of indiscriminate grants in favor of specific grants for specific remedial purposes. The system instituted in the stress of early depression days, when its length and severity were unknown, has created many problems in the field for provincial and municipal units of government. The large depression appropriations available are known of as soon as Parliament has passed them and are an invitation to come and get a share, which is bound to lead to local pressures difficult to withstand.

Further, there has been no adequate definition as to what these monies were really voted for, nor has there been an adequate system of current follow-through to see that the monies were used for unemployment relief. Confusion of purpose has very naturally resulted in, that social disability cases have been included in the lists of unemployment relief recipients. Unless we can learn to give things their right name, so leading up to a type of assistance which will be remedial in nature, this confusion and its consequent wastage will continue. Do not let anybody persuade you it is unimportant if the person in need is given aid under one head or another. It is all important, since only in that way are remedial measures likely to be formulated. It is equally unfair to the employable as to the unemployable if unemployment relief be accorded to both types. For the employable soon finds that employers look upon relief lists with suspicion, if cluttered up with unemployables or only partially employable persons, and once on relief he is at a grave disadvantage as a result in getting a job. While for the socially disadvantaged class, if the assistance to which they are entitled is given as unemployment aid, they run the risk of being stricken off the relief rolls entirely through discovery that they are being paid monies voted for another purpose. The very first element in any attack on this side of the problem is to call things by their proper names and deal with them accordingly.

This brings me to the most important of all of the four points in the Commission programme, namely the necessity for development locally, but on a nation-wide scale, of practical plans, suitable to employment opportunities likely to be available in each region, which will tend to increase

the "employability" of those still receiving aid. This by means of:

1. Plans to train those in the younger age group who in recent years have lacked experience in gainful working;
2. Plans to restore the skill, physique and morale of those in the middle age group; and
3. Works projects which will provide a measure of useful work for those, particularly in the older age groups, for whom plans under "a" and "b" would be unsuitable.

The vital point about such plans is that they should be practical in nature and tend to lead towards placement in the activities of private industry, preferably such as are likely to be available in the region in question. To this end the local co-operation of employers and labor must be obtained in the formative stage of such plans; otherwise the plans will tend to become theoretical and will fail to achieve the purpose in mind, namely to dissolve the remaining effects of the "dole" system. They can be made also to fulfill that vital function of separating out those who can't work from those who can, and those who won't work from those who will.

Touching upon the three types of projects in question, many of you will be aware that in line with the N.E.C. recommendations a small step was made towards handling the problem insofar as necessitous unemployed youth are concerned. A million dollars was voted by the Dominion Government last session, to be met by a similar contribution by the provinces, and though the machinery necessary to carry out this program in an effective manner was unfortunately largely missing, a test series of plans has been developed throughout the country. As a result, plans taking the following forms are in active course of development.

Training in forestry and conservation under the administration of the Forestry Services of the Provinces of B.C., Alberta, Manitoba, Ontario, Quebec, New Brunswick, and P.E.I.

Technical and practical training in placer and hard-rock mining in the Provinces of B.C., Ontario, Quebec, and Nova Scotia.

Industrial apprenticeship and training courses, coupled with the necessary amount of technical instruction, in the Provinces of Manitoba, Ontario, and New Brunswick.

Agricultural training and apprenticeship, in the agricultural schools and by placing selected young unemployed persons in farm homes, in the Provinces of Alberta, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, and P.E.I.

Women's training courses for domestic and household work, home-making management, handicrafts and specialized services in all Provinces except B.C.

Physical training and health education of varying character, suited to maintain the morale and improve the physical fitness of young people of the region or Province, in all Provinces.

Specialized services, in co-operation with the Employment Service of Canada, for the purpose of augmenting through proper placement, the various training plans for young women, and similar activities to assist in the placement of young men who have completed their course of training under other schemes.

No action has as yet been taken on the programme for the larger middle-aged group of necessitous unemployed who are unlikely to move back into employment except with a measure of rehabilitation through well-considered and practical local efforts to restore skill, physique and morale.

Again there will be a residue of older-age groups, and perhaps some in the first two groups, for whom such training and restoration plans are unsuitable. In this case work-projects of a nature which will have a social value to the local community in question but which will tend to avoid leaving a legacy of heavy interest charges on the community, must be locally developed.

With the greatly reduced financial burden following upon the large movement back into private industry in the last year, it will be possible to carry out such a programme as I have outlined, and with the knowledge that an investment

is being made that is bound to bring results, in that an increase in employability is bound to result, and a lesser feeling of dependence upon government for the supply of work created.

The remaining point in the Commission program is the provision for a re-organized and more efficient Employment Service, under national direction, as to its broad policies, unified in viewpoint, but with decentralized powers granted to regional officers so that full weight can be given to problems of a purely regional nature. Without machinery of this nature to help deal with employment problems, such a program as has been outlined is much more difficult to carry out efficiently. Nevertheless the fact remains that to my own knowledge there is a general recognition throughout the country that the Employment Service set-up as at present constituted, is quite inadequate to our needs, and this despite the fact that we are so far along the road of large grants for unemployment relief. Reorganization and modernization of this service will have to run concurrently with the handling of other sections of the program, and as in the case of the youth training plans, an effort will have to be made to supplement the existing administrative unit by means of local advisory efforts of community minded citizens. This as stated above, in order to ensure that the plans developed are practical and tend towards placing of the individual in private employment.

This work of rehabilitation still represents a great problem ahead of us. If we avoid the issue, we shall run right through the present good times with a hap-hazard handling, which does nothing towards remedying the real problems involved. If we do this, we are leading straight up to a national disaster in the next period of lesser economic prosperity, for instead of starting from scratch as we did the last time, we shall immediately be involved in the break-down of character we have already unconsciously created by the methods adopted in the relief of distress through the last few years. Surely Canada will face this problem—one of the most urgent still before her. And if you, who largely represent industrial life in Canada, are called upon to help in connection with such a nation-wide attack, as I have outlined, the Commission hopes you will do all in your power to help.