

## **From Rights to Needs**



**From Rights to Needs**  
**A History of Family Allowances in Canada,**  
**1929-92**

*Raymond B. Blake*



**UBC**Press · Vancouver · Toronto

© UBC Press 2009

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, without prior written permission of the publisher, or, in Canada, in the case of photocopying or other reprographic copying, a licence from Access Copyright (Canadian Copyright Licensing Agency), [www.accesscopyright.ca](http://www.accesscopyright.ca).

16 15 14 13 12 11 10 09      5 4 3 2 1

Printed in Canada with vegetable-based inks on FSC-certified ancient-forest-free paper (100% post-consumer recycled) that is processed chlorine- and acid-free.

### Library and Archives Canada Cataloguing in Publication

---

Blake, Raymond B. (Raymond Benjamin)

From rights to needs : a history of family allowances in Canada, 1929-92 /  
by Raymond Blake.

Includes bibliographical references and index.

ISBN 978-0-7748-1572-7

1. Family allowances – Canada – History – 20th century. I. Title.

HD4925.5.C3B58 2008

362.82'820971

C2008-903381-7

---

### Canada

UBC Press gratefully acknowledges the financial support for our publishing program of the Government of Canada through the Book Publishing Industry Development Program (BPIDP), and of the Canada Council for the Arts, and the British Columbia Arts Council.

This book has been published with the help of a grant from the Canadian Federation for the Humanities and Social Sciences, through the Aid to Scholarly Publications Programme, using funds provided by the Social Sciences and Humanities Research Council of Canada.

UBC Press

The University of British Columbia

2029 West Mall

Vancouver, BC V6T 1Z2

604-822-5959 / Fax: 604-822-6083

[www.ubcpress.ca](http://www.ubcpress.ca)

*For Mary and Raymond Francis  
who never forget the importance of family*



# Contents

List of Illustrations / viii

Acknowledgments / ix

Introduction / 1

- 1 The Dawning of a New Era in Social Security, 1929-43 / 23
- 2 Family Allowance Comes to Canada, 1943-45 / 47
- 3 The 1944 Family Allowance Debate and the Politics of It All / 89
- 4 Sharing the Wealth: The Registration for Family Allowances Begins, 1945 / 125
- 5 The Impact of Family Allowances up to the 1960s / 153
- 6 Poverty, Politics, and Family Allowances, 1960-70 / 174
- 7 Family Allowances and Constitutional Change, 1968-72 / 198
- 8 Wrestling with Universality, 1972-83 / 230
- 9 The Demise of Family Allowances, 1984-99 / 254

Conclusion / 277

Notes / 286

Bibliography / 335

Index / 346

# Illustrations

## Tables

- 1 Family allowances and child benefits: payments, families, and children, 1946-2002 / 21
- 2 Redistributive nature of family allowances / 133
- 3 Family allowances and income tax deductions / 136
- 4 Growth in public favour of family allowances / 159
- 5 Total federal tax collections and family allowance payments, 1953-54 / 163
- 6 Monthly family allowance rate for Quebec, 1974 / 243
- 7 Net annual child benefits for one-earner families with two children aged 18 or younger residing in Ontario, 1985-89 / 263
- 8 Rates of change in program spending, 1980-2003 / 272

## Figures

- 1 Charlotte Whitton / 26
- 2 William Lyon Mackenzie King / 32
- 3 Brooke Claxton / 77
- 4 Mackenzie King Cabinet / 85
- 5 Family allowances as a Liberal election tactic / 101
- 6 John Diefenbaker / 105
- 7 Muriel McQueen Fergusson / 129
- 8 Family Allowance office, Charlottetown / 132
- 9 RCMP constable registering child for family allowance / 141
- 10 Issuing powdered milk / 142
- 11 Judy LaMarsh, with Lester B. Pearson / 176
- 12 The wisdom of Solomon? / 177
- 13 Pierre Elliott Trudeau / 184
- 14 Trudeau as a hero for targetting spending to the poor / 187
- 15 Pierre Trudeau and Robert Bourassa / 202
- 16 Slow pace of social policy reform under Mulroney / 265
- 17 Federal child benefits for low-income families / 274
- 18 Federal social spending in context / 283



## Acknowledgments

THIS BOOK EXAMINES the history of family allowances in Canada from the time the subject was first raised in the House of Commons in the late 1920s to the demise of the program in 1992, when the government of Prime Minister Brian Mulroney decided that the funds committed to all Canadian families with children could be more effectively targeted to low-income Canadian families. The book argues that we can see the interplay of politics and policy through the prism of the family allowance program. It shows that social policy in Canada is not simply about creating a kinder, gentler, and more compassionate nation. Rather, public policy decisions in the field of social policy have been influenced by many considerations – economic conditions, politics, federal-provincial relations, constitutional negotiations, and international trends in public policy – as well as a desire to make good social policy.

I began research on this project more than a decade ago, and clearly this book has been too long in the making. Administrative tasks and other books and projects have pushed this work aside at various times, but my interest in the subject remained strong. I have benefited from the advice and support of friends and colleagues since I began work on this project. At St. Thomas University, there was great support and friendship, particularly from Juergen Doerr, who passed away in 2002, and Dan Gleason. The Centre for Canadian Studies at Mount Allison was a busy place and a great environment in which to write about Canada. Both colleagues and students there were great to work with; I wish to especially thank Stephanie Shattilla for research assistance and Eugene Goodrich for his support and encouragement. I first learned about public policy at the Saskatchewan Institute of Public Policy, and I believe this book is better as a result of having worked with people such as John Allan, John Whyte, and others who not only studied public policy but helped make it as well. Also at SIPP and the University of Regina, Erna Pearson was always a joy to work with, and I must acknowledge Marilyn Bickford for her assistance with copying and getting the manuscript ready for publication. Along the way, Jack Granatstein, Robert Wardhaugh, and Ken Leyton-Brown read all or parts of this book and offered valuable advice. Mark Anderson took more time and offered more sage advice on the manuscript than I had any reason to suspect he might or should. Various archivists at Library and Archives Canada provided useful advice with

sources; Jill Delaney helped with arranging photographs that are included in the book. Melissa Pitts at UBC Press encouraged this project along and offered invaluable guidance when I needed it most. Stephanie VanderMeulen has made many editorial suggestions and has greatly improved the book in the process and Ann Macklem has demonstrated great patience and professionalism in shepherding this book through the publication process. This book is also much improved because of advice I received from anonymous reviewers. Last, but not least, I wish to acknowledge the financial support of the Social Science and Humanities Research Council for a Standard Research Grant, the Canadian Studies Directorate at Canadian Heritage for their generous support, and the Humanities Research Institute at the University of Regina.

I owe my greatest gratitude and thanks to my family. When I began this project, I had not realized the importance family allowances held for my own mother. Only as I talked with her about her monthly cheques did I appreciate how important a source of income they were to her. Without such payments, which did not begin in Newfoundland until 1949, her life would have been that much more difficult. Family allowance benefits made an important difference for her and for my family, but unfortunately she did not live to see the final product of my research. Wanda and our two boys, Robert and Ben, have always been a source of love and inspiration; without them this book could never have been done.

## **From Rights to Needs**



## Introduction

THE WELFARE STATE could be considered one of the greatest achievements of the 20th century. Especially in the generation during the Second World War, there emerged a collective commitment to improving the lives of all citizens. Nation-states everywhere, including Canada, accepted the notion of state responsibility for the social well-being of its citizens. Many of Canada's modern social welfare initiatives had their genesis as part of the comprehensive planning that began during that period. It would take several decades for federal and provincial governments to implement many of the social security measures discussed at that time. In the generation that followed, social expenditure consumed a large portion of government revenues. Although Canada failed to provide sufficient social protection for all of its citizens, the social security policies enacted by federal, provincial, and later First Nations governments became a hallmark of Canadian society. In the final decades of the last century, however, the welfare state in Canada, and in most other Western democracies, came under intense scrutiny as politicians, public commentators, and citizens alike raised serious questions about the nature and purpose of the welfare state. Many Canadians questioned the efficacy of the existing programs and demanded major reforms to make social spending more effective. Others called for major retrenchment, and still others for a more generous and expansive welfare state. Out of this dialogue that began in the 1970s, Canada's welfare state embarked on a long period of reform and reorientation, but it was not dismantled. Government expenditure on social programs remained relatively stable for decades, and though the welfare state was considerably transformed, Canada remains one of a few nations in the world where its citizens consider their social security programs a defining national characteristic.

Family allowances began as a universal social program under Prime Minister William Lyon Mackenzie King in 1945. One can only wonder if he realized the long-term impact of his initiative. However, we are able to glimpse in his diary some of his thoughts on the topic. One such moment comes from an entry on 17 July 1945 as he travelled to the constituency of Glengarry, a safe Liberal seat in southeastern Ontario that he hoped would return him to the House of Commons. He had lost his Saskatchewan riding in the general election earlier that

June along with fifty-five other incumbent Liberals, although his government had managed to hang on with a slim majority of just five members. The election had been bittersweet for him; after leading Canada successfully through the war, he and his government had promised Canadians a new social order and a better peace-time society. The new Family Allowances Act fulfilled one of his promises, but clearly voters were not terribly impressed with either him or his government. If he was disappointed that more Canadians had not voted Liberal or if he harboured any doubts about the family allowance program, he did not show it as his train pulled into the quaint Ontario town of Alexandria. Quite the contrary. After passing the home of a young mother who had three or four young children playing in her yard, he wrote in his diary that he “thought of the family allowances and all of the comfort and joy it would bring to that little home and what it would mean to them for the future of their lives – and not to them only but to the children of all Canada.” He noted, “It is a great reform.”<sup>1</sup>

King would retire three years after the introduction of family allowances, but he was clearly in control of the government when the program was established. Although he was Canada’s longest serving prime minister, his was the politics of compromise, delay, and obfuscation, and perhaps for that reason he remains very much an enigma in Canadian history. It might also explain why he has not received the recognition he deserves for many of the public policy accomplishments during his twenty-two years as prime minister. This is certainly the case with the family allowance program. It has rarely been regarded as a major policy innovation; rather, scholars have long argued that King used family allowances to stymie the surging socialist movement in the Co-operative Commonwealth Federation (CCF) in 1943; to maintain the government’s strict wage control system that was put in place in 1941 to control wartime inflation; to maintain consumer demand and avoid a postwar depression; to forestall the full development of a social security state in Canada; and to encourage women to return home after the Second World War. Granted, family allowances, like so many other effective and popular public policy initiatives, served a variety of interests, but no one can deny that it was also one of Canada’s most innovative public policies in the postwar period. It was widely supported both inside and outside the government.

This book offers an examination of the family allowance program, one of the country’s most important social security programs and its first universal one. From 1945 to 1992, the family allowance program paid benefits to all families with children. By tracing how one instrument of social security policy was introduced in Canada, how it evolved after 1945 onward, and how, too, a series of events led to its demise in 1992, this history will help us better understand in

general the development of the welfare state in Canada. The broader aim of this study, then, is to examine the forces that lay behind the evolution of the family allowance policy at the national level and to do so in the context of the wider social, economic, ideological, and political changes occurring at the same time in Canada. As such, this book offers a national perspective on the history of social security policy in Canada. The focus on the national level is not to argue that the provinces did not play an important role in the evolution of family allowances. They did, particularly when Premier George Drew of Ontario opposed the introduction of a federal (rather than provincial) program in 1945, and when Quebec Premier Robert Bourassa linked the family allowance program to constitutional reform in the early 1970s. However, the focus here remains on the national decision-making process. It will be left to others to tell the corresponding story from the provincial perspective, as Dominique Marshall has done so well for Quebec.<sup>2</sup>

This is the first full book-length treatment of the history of family allowances in Canada, and it is my hope that it provides a nuanced and complete explanation for the origins and development of the program. This is possible because the study attempts to examine the whole panoply of primary sources available to help us understand the complex world in which family allowances originated and evolved; government records, the personal papers of most of the major participants and political parties, records of labour and social organizations, parliamentary debates, and newspapers and magazine articles were consulted. Using this extensive research as the basis for my history of family allowances, I address and engage many of the arguments made by other scholars who have discussed the subject. It is my hope this work will contribute to the wider discussion on the intriguing question of the origins and the subsequent development of the welfare state in Canada and, more broadly, to the wider discourse on the creation of Canadian public policy.

The literature on this subject is enormous, and much of it has focused on the period since the Great Depression of the 1930s and especially since the end of the Second World War. As I began work on this book, I was immediately struck by the insistence among many historians and other social scientists of a single explanation for the emergence of the welfare state in Canada. This study shows above all else that rarely can historical developments like the origins of a welfare state – and the origins and demise of the family allowance program – be explained by a single factor however hard we might try to prove that is the case. Few public policy decisions are ever the result of a single interest group and hardly ever the result of a single factor; social policy making in Canada is complex and it emanates from a variety of forces. A particular social policy usually becomes law when it serves a conjunction of interests.

Take the widely accepted argument, for example, that family allowances were introduced to maintain the government's strict wage control system that was put in place at the beginning of the war to control inflation. Building on the work of other scholars like Brigitte Kitchen, Jane Ursel argues in *Private Lives, Public Policy: 100 Years of State Intervention in the Family* that the King government introduced family allowances to maintain industrial harmony in Canada.<sup>3</sup> Ursel contends that by offering a dissatisfied and increasingly radicalized labour movement a program of family allowances in 1943, the government and its business allies were able to buy peace with labour for the duration of the war. Extending this argument, she describes the Family Allowances Act as "a Wage Subsidy Program." However, she asserts that when King announced his new labour policy in December 1943 to address growing worker unrest across Canada, he did not mention family allowances because to do so would forever link family allowances to wage rates; the government clearly did not wish to do that. Brigitte Kitchen makes a similar argument.<sup>4</sup>

There is a very good reason why Mackenzie King did not link family allowances to the government's labour policy that he announced on 4 December 1943: he and his Cabinet had not fully considered family allowances at that point, and would not do so until mid-January 1944. There had been no decision by the King government on whether or not there would be a family allowance program. There had been little discussion on what a family allowance program might pay to parents, and certainly no indication of when such a program would begin even if the government decided to launch such an initiative. And, of course, a family allowance program would not benefit single workers or workers without dependent children. It should also be pointed out that an angry labour movement – and workers themselves – would not likely be appeased by a promise of some indefinite and vague future payment for the children of workers, from a government that it had come to distrust by 1943. After all, there had been more labour disputes in that year than at any other time in Canadian history. It was also a period of remarkable and rapid growth in union membership, and labour had become increasingly dissatisfied with the Liberal government during the war. King reached an arrangement with labour in 1943 when his government amended its wage control policy and implemented a new code of labour relations in P.C. 1003, which established, for the first time in Canada, the right of workers to collective bargaining and required employers to negotiate with labour.<sup>5</sup> King did not buy labour peace in 1943 by offering a radicalized and angry labour movement a promise of family allowance two years down the road as Kitchen and Ursel have argued.

While I contend that the role of family allowances in King's 1943 labour policy has been exaggerated, there had indeed been some discussion in Canada about



family allowances and meeting the demands of labour. The National War Labour Board (NWLB), appointed to investigate wartime labour issues, had noted in its report completed in August 1943 that a program of family allowances might meet the needs of workers demanding higher wages. However, simply because the NWLB made the suggestion does not mean the government accepted it. Kitchen assumes that it did, but she does not provide any evidence from government records to support that assumption. Ursel also discusses the NWLB report written by C.P. McTague, noting, "While it is not indicated in the memos [she found in the archives], it is likely they [Norman] Robertson and [W.C.] Clark [two high-ranking government officials] ... probably" told McTague that family allowances would be a way to solve the labour problem.<sup>6</sup> Yet there is no hard evidence to support this claim. Ursel describes the history of family allowances as a "research puzzle," noting that when she visited Library and Archives Canada to begin research on the origins of family allowance, she discovered there was no archival evidence concerning the beginnings of the program in the Department of National Health and Welfare, the department that was ultimately responsible for administering the program. This is not surprising since the department had not been created when the discussion of a family allowance program began; it was created, in part, to implement the family allowance program. Ursel highlights the fact that the records for the origins of family allowances were found in the NWLB and the Department of Finance. She writes, "The more sensitive the material the more likely its history is sealed in confidential government documents. The history of the Family Allowances Act is an excellent case in point." However, I contend that since the family allowance program was a new initiative, the paper trail for the origins of the program are perforce scattered through the government records for the period and in the papers of bureaucrats, politicians, social organizations, and numerous other collections in Library and Archives Canada. It would be most unusual, given the large financial cost of family allowances, if the Department of Finance had *not* played a key role in the discussions surrounding the introduction of the program. The fuller the breadth of research, the more apparent it becomes that many forces and rationales led to the creation of the family allowance program and that the one-theory approach is limited by one-theory research.<sup>7</sup>

Too often, I believe, Canadian scholars also limit explanations for government public policies, like family allowances, to single *Canadian* events. One example of this is the argument that the King government embraced family allowances solely to stifle the growing political threat to the Liberals from the CCF on the left.<sup>8</sup> As I suggest in Chapter 2, Canadian scholars might have exaggerated the political strength of the CCF in the mid-1940s. True, the CCF squeaked ahead of the Liberals in a 1943 public opinion poll, and Tommy Douglas led his CCF

Party to victory in Saskatchewan, but it was the Progressive Conservatives that unseated the provincial Liberals in vote-rich Ontario in 1943 and won a majority there in 1945. There was no subsequent breakthrough nationally for the CCF in the 1945 federal election; it captured only twenty-eight seats, eighteen of which came from Tommy Douglas' Saskatchewan. Still, many scholars remain steadfast in insisting that the CCF can take the credit for forcing the government to implement the family allowance program even though the Conservatives also supported family allowances and other social legislation and were the major political threat to the Liberal government in the mid-1940s.<sup>9</sup> Of course, in an electoral democracy, as James Rice and Michael Prince have pointed out, many social policy issues came about as a way of solving an immediate political problem. This is particularly true of the introduction of the old age program in 1927, but it might be more true of family allowances during the minority government of Pierre Trudeau from 1972 to 1974 than in the government of Mackenzie King in the 1940s.<sup>10</sup>

Canadian circumstances are important but it is imperative that we, as historians, be aware of international trends or international history even as we invariably find explanatory factors within our own borders to understand Canadian developments. As we consider the origins and evolution of family allowances, we cannot ignore the simple fact that many nations around the world embraced social security measures – and even family allowances – at the same time Canada did. Family allowances were introduced after the Second World War in several industrialized countries, and by 1950, they had become commonplace in seventeen countries. When Canada reformed its social welfare policies after the 1970s, other nations were doing precisely the same thing. As this book demonstrates, political expediency or electioneering was not the motivating factor leading to family allowances in Canada, although Mackenzie King and his political advisers certainly realized there was political advantage in any program that delivered monthly support cheques to virtually every family with children. That this particular social security measure and a wider discussion of a new welfare state came at the end of the Second World War seems to suggest – as Karl Polanyi said of an earlier period and social policy in general – that communities come together in times of change and uncertainty to produce policies that offer their citizens a measure of protection from that uncertainty and fear.<sup>11</sup>

The origins of the welfare state in Canada and elsewhere pre-date the 1930s, but many scholars have focused their attention on the postwar period and have offered a wide range of voices and interpretations. Canadian scholars have contributed to the discourse primarily by examining the Canadian experiment through the theoretical perspectives developed elsewhere. Some of the earlier

interpretations saw the development of particular welfare policies as an act of enlightened government and societies, and as a logical and inevitable response to the forces of industrialization. This Fabian approach to the study of the welfare state saw the state progressively and gradually adopt policies to ensure greater equity among citizens to improve the lives of ordinary people. Much of this research has been associated with the work of such scholars as Harold L. Wilensky and Richard Titmuss. Wilensky argues that the welfare state emerged as a function of the modern industrial society.<sup>12</sup> During the process of industrialization and urbanization that was marked by the emergence of the wage earner without the traditional supports associated with rural and agrarian economies, the rise of modern and complex bureaucracies within the state eventually provided a range of basic social security measures. These were particularly in response to pressure for protective welfare policies to avoid the degradation of workers and citizens the poor laws entailed. As societies became more industrial, the extent of state support for citizens also improved.

Richard Titmuss of the London School of Economics adopted a similar approach when he attempted to explain the interest from both the state and its citizenry in a variety of new social policy initiatives that began in the latter stages of the Second World War. He finds the explanation for the development of the welfare state in national wartime management.<sup>13</sup> He argues that social policy had emerged as an important imperative in the immediate postwar period because nations had fought the Second World War on the concept of “total war.” From 1939 to 1945, nations such as the United Kingdom and Canada had sought the involvement of the whole society and even looked to marginalized groups such as labour and women to participate in the national effort to defeat totalitarianism. The promise of a new social order after the war became part of the strategy of winning the war and ensuring lasting peace. Once victory was certain, the enlightened state finally moved to implement a variety of social welfare measures as it assumed greater responsibility for the health and well-being of all its citizens.

However, these interpretations could not explain the timing of the development of the welfare state throughout the industrial nations, as the level and extent of the welfare state varied enormously from one country to another. Some industrial societies developed comprehensive social security programs, while others provided only minimal social support for its citizens. Scholars such as Louis Hartz and Roy Lubove explained the timing of the origins and development of social welfare by exploring the values and beliefs of individual nation-states.<sup>14</sup> Those states that espoused the sanctity of individual rights saw little value in collective social programs, but those that placed greater emphasis on shared responsibility and the importance of communities were much more

likely to develop comprehensive programs to protect the less fortunate citizens stricken with illness, unemployment, and other challenges of living. Yet this approach does not explain why in Britain, for instance, the government introduced a series of social welfare measures between 1906 and 1911 and none before that period and few again until the 1940s. Similarly, the United States saw a number of initiatives in the 1930s, but virtually none before that time, and very few after. Most provinces in Canada had some programs, such as workers' compensation and mother's allowance, before 1920 but virtually no programs at the national level until after the Second World War.

Whiggish interpretations of the welfare state – those that saw the state responding progressively to the social ills in a changing society as an outcome of an enlightened state – have been replaced by what social scientists now term as either state-centred or society-centred approaches to the origins and development of social welfare policy. The question for these social scientists revolves around whether the impetus for the creation of and subsequent reforms to social programs emanated from inside the state itself or because of the influence of various actors outside the state. I realize, however, that such categorizing does not adequately reflect the nuances and complexities of the scholarship I consider in the following paragraphs. It should be noted, too, that these various interpretations have given a “voice” in the scholarly debate to several traditionally marginalized groups.

There are several interpretations of the welfare state that might be grouped within the society-centred model. One of the most persuasive is the Marxist and neo-Marxist approach. It takes as its starting point the conflict between capital and labour in the economic system, and sees the welfare state as essentially an instrument of the state to ensure social control and buy peace with labour. This approach maintains that political and economic pressure from labour and their working-class supporters has, through the state and welfare legislation, forced elites to make concessions. However, these legislative initiatives have been achieved in a way that involves the minimum redistribution of wealth and political power. Proponents of the Marxist analysis maintain that social programs have provided social stability and at the same time served to legitimize the capitalist social structure. The Marxist interpretation also insists that the state adopt policies with the full support of business interests at times when labour needs to be pacified and the working class has become rife with discontent.<sup>15</sup>

This is the approach embraced by Dominique Marshall, who has written about family allowances and Quebec. Marshall claims that the family allowance program “begins with the workers’ movement, which, in exceptional circumstances due to the war, was given unparalleled power of negotiation.” She

contends that King's close ties with the economic elite gave him the opportunity to solicit the support of employers who have always been willing to provide "minimal policies towards workers in order to conserve the legitimacy of their power."<sup>16</sup> Yet, as James Struthers has argued, "interpretations of the welfare state which concentrate exclusively on the degree of labour's industrial and political mobilization present an overly simplified framework for understanding why and how social policy gets made."<sup>17</sup> Some recent gendered analysis of the origins of the welfare state has argued that rather than creating a more pliant women's movement, women used the support offered through the welfare state to become more independent. It might be reasonable, then, to assume that state expenditures for social welfare initiatives would have encouraged further discontent among labour and created a demand for further expansion of the welfare state rather than silencing labour. As Joel F. Handler and Yeheskel Hasenfeld have pointed out for the American experience, welfare policy has not been a very effective mechanism of social control; it has tended to fail quite often in regulating the poor.<sup>18</sup>

Much of the society-centred approach seems to focus on the legislative programs designed for a particular group. Cynthia R. Comacchio, author of *Nations Are Built of Babies*: *Saving Ontario's Mothers and Children, 1900-1940*, uses a Marxist-feminist model that argues that a national campaign led by Ontario physicians to reduce infant and maternal mortality was part of a "conscious plan to modernize Canada to meet the ideological imperatives of industrial capitalism."<sup>19</sup> Carl Cuneo and Alvin Finkel have made similar arguments about unemployment insurance. However, this approach that seeks to explain social welfare outcomes as a struggle between capitalists and workers ignores other socioeconomic forces such as women, agricultural interests, constitutional imperatives, the role of the state, and political parties. In a debate over changes to Canada's unemployment insurance schemes in the 1970s, for instance, Leslie Pal rejected the Marxist analysis as an explanatory tool. He argued that the growing concern over the effective management of labour and fiscal constraint determined the course of reforms to the unemployment insurance program. Pal contends that fiscal constraint is "a factor internal to political logic and not one that is immediately governed by social forces." Pal has suggested that different forces have driven reforms at different times. The generous 1971 reforms to unemployment insurance did not emerge out of social tensions, but were the "result of a long bureaucratic gestation over the 1960s" and came at a time when the social service state was in full bloom and governments were not hampered by any notion of fiscal constraints. That came later. The 1978 changes to unemployment insurance that made the program much less generous emanated almost entirely within or between governments, and there was

little consultation with the private sector or with labour. The pressures on government in that period of fiscal constraint, Pal argues, were “specific to the political level, they [did] not simply reflect external social forces.”<sup>20</sup> This book argues that the fiscal strength of the state is an important explanatory factor in the origins and evolution of the welfare state in Canada. There have rarely been strong policy differences between the two leading national parties in federal politics.

Still, institutions are never neutral, a point forcefully and effectively made by feminist and gender analysis, another important society-centred approach that emerged in the 1980s. This approach radically changed the way scholars have viewed the origins and development of social welfare. Feminist and gender analysis embraces some of the concerns of Marxists, but it has looked primarily at sexual inequalities and the role of the state to explain why women have been systematically disadvantaged in society. Some scholars, such as Mimi Abramovitz and Jane Ursel, argue that social policy was designed to force women and children to remain dependent on the primary male breadwinner and to perpetuate the traditional role of women as mothers and caregivers.<sup>21</sup> They argue that many of the social welfare benefits were given to women not as citizens but as mothers. Scholars who have adopted this model of analysis see the welfare state as the successful effort of a patriarchal state to devalue and control women and ensure the maintenance of a patriarchal society. Abramovitz posits that the state used social policy to marginalize women’s issues. Such policy initiatives even concealed the gender issue by attaching gender neutral terms like “family” to some social programs. For these scholars, the Keynesian welfare consensus that made state-sponsored social programs possible emerged from a male-dominated society and a state premised on the notion of a male breadwinner model that saw the husband in the paid labour force and the mother at home caring for the family. Ursel, who examines the Canadian experiment, argues that the postwar developments in social policy moved Canadian society from “familial patriarchal” to “social patriarchal” as the welfare state extended its control over women and children.

Gender analysis has become the major interpretation for sociologists and other social scientists who study social welfare policy, as illustrated by Maureen Baker and David Tippen’s recent book, *Poverty, Social Assistance and the Employability of Mothers: Restructuring Welfare States*. They maintain that family allowances acknowledged the importance of marriage and reproduction. They also argue that since the Second World War, government policies have encouraged heterosexual marriage and stable nuclear families, and have attempted to promote reproduction and childbearing. The state has encouraged parents to

contribute to the continuity of a nation by bearing and raising children, reproducing a future population – labour, taxpayers, and consumers – necessary for continuance of the capitalist society. Moreover, mothers typically provide most of the physical and emotional care, and parents offer the discipline needed to enable family members to contribute to society and remain independent of state support.<sup>22</sup> Similar arguments have been made by Wendy McKeen. She suggests that Canadian social policy “has established women’s access to social benefits on the basis of their status as wives and mothers, not individuals in their own right.”<sup>23</sup>

Historians have also contributed to this paradigm shift in the analysis. Nancy Christie offers one of the best examples in her recent writings.<sup>24</sup> She downplays the importance of class in her analysis, and argues that Canadian governments “framed social welfare legislation in ways that would enforce the norm of nuclear families dependent for sustenance on a male breadwinner whose income came almost exclusively from employment earnings.” Following the lead of many British and American scholars, Christie found that the family allowance legislation was insensitive to the economic independence of women, to the well-being of children, and to allowing the working class to rise out of poverty. Christie asserts that family allowances were supported by the government because it facilitated the employment of men by removing women from the workplace after the end of the Second World War. Government spending in the form of monthly payments for children would assist the economic transition from war to peacetime production. Moreover, Christie saw such measures as family allowances not as the beginning of a modern social security system but as an ideological link to an earlier era. She refutes the notion that the Canadian welfare state emerged as a response to political pressure from either the left through the power of organized labour or the right through the power of big business. She correctly surmises that the King government was extremely worried about the possibility of family breakdown during the Second World War and wanted – as did society generally – to strengthen the traditional family in the postwar period.

This book attempts to build on Christie’s argument. It also contends that security and stability emerged as important issues during the Second World War and in the postwar period, and that policy makers saw families as one of the most important stabilizing institutions in society. As governments and political parties engaged in postwar planning, they realized that the state would have to play a major role to ensure security and stability, and to that end eventually undertook a number of initiatives. The state immediately recognized the importance of cultivating and encouraging strong families, and saw an important

role for mothers in that process. Rather than being insensitive to the plight of women as Christie suggests, the government saw an important role for women, but it was undoubtedly one in keeping with the cultural-historical moment of the period. Ruth Roach Pierson has argued, however, that silence on women's issues simply meant priority was given to those of men.<sup>25</sup> Perhaps. As this study reveals, women across Canada welcomed the government's new public policy initiatives, particularly family allowances. For many parents, especially mothers, the family allowance program was seen as the state's recognition – finally – of its commitment and responsibility to the family. As Christie and others have argued, such policies created a particular role for women, but the primary concern of policy makers in the postwar reconstruction planning period was to bolster the overall role of Canadian families in creating a new social order, one that inculcated a measure of security and improved well-being for all Canadian citizens. Yet this was designed, as Jane Lewis argues, to conform to the male breadwinner model that was, by the middle of the 19th century, “built into the fabric of society.”<sup>26</sup>

The origins of family allowances in the mid-1940s were not primarily about gender and neither were the major reforms to family allowances in the period after the 1960s. While gendered analysis has had an important impact on the study of social programs, the historical perspective of the approach needs to be strengthened. Nancy Christie supports her analysis primarily with the records of the Dependents' Allowances Board in Library and Archives Canada and the Cyril James and Harry Cassidy Papers. She asserts that the family allowance program was the “offspring of Principal F. Cyril James, who headed the Committee on Reconstruction, his research director Leonard Marsh, and experts within the powerful Economic Advisory Committee.” None of the principals she identifies were responding to the pressure for economic emancipation of women, though they all might have wanted to provide a measure of support to the family in which a male breadwinner was the norm. Closely related to this argument is the notion presented by many scholars that family allowances was an incentive provided to women to return home after being in the paid workforce during the war. One political scientist has called family allowances an “indirect salary” for women to accept motherhood as a career. However, Jeffrey A. Keshen has recently argued that it would be a gross misrepresentation to imply that all working women who returned to domesticity were forced back home.<sup>27</sup>

The role of the state itself has been important in understanding the origins and development of social security policy. Explanations that place emphasis on the role of the state as an independent actor (the new institutionalism) have been explored by Theda Skocpol. She argues for a state-centred rather than



society-centred approach to social policy development. She contends that “politicians and administrators must be taken seriously. Not merely as agents of other interests, they are actors in their own right, enabled and constrained by the political organizations within which they operate.”<sup>28</sup> This study shows that many bureaucrats within the state played a major role in both the origins and subsequent development of public policy on family issues. This is true of the early history of family allowances, but it is also true in the reforms that came in the 1970s. Officials with the Department of National Health and Welfare, the government department responsible for administering family allowances, realized by the late 1960s that the program, as it then existed, was not particularly effective in helping low-income families raise their children. It is well known within the policy community that policy debates are informed by ideas on how to make existing programs more effective and how to correct the imperfections of earlier choices. Although the officials in Ottawa advocated for major revisions to the universal program in the 1960s and 1970s to get greater resources into the hands of families most in need, the reforms to family allowances came only very slowly. In this case, the officials were the ones advocating reform, but they discovered early on that their political masters were quite reluctant to make changes to a program that had become an important part of the Canadian identity. The social security bureaucracy played a significant role in shaping welfare policy, and in the 1960s the major push for reform came from liberal-minded professionals within the federal government.<sup>29</sup>

In a diverse and increasingly multinational state like Canada, where the lines of cleavage have always been particularly strong, the social security system has been seen as one way of maintaining national cohesion. This interpretation builds on the 1950 scholarship of T.H. Marshall and others who argued that the expansion of social rights became an important aspect of 20th-century citizenship.<sup>30</sup> Keith Banting and Janine Brodie have argued, for example, that for a multinational and multicultural society like Canada, where powerful and cohesive national symbols have been lacking, social programs have become instruments of statecraft to maintain national unity. Banting contends that the postwar blueprint for Canada was premised on the assumptions that citizens faced a common set of social needs, and “that a common set of programs could respond equitably for populations as a whole,” providing health care and a range of other social benefits.<sup>31</sup> Social rights shared by and available to all citizens would enhance a wider sense of community and social cohesion. Because of the redistributive nature inherent in some of these social programs, they would strengthen the level of attachment to the nation and encourage citizens to see themselves as members of a single community, enjoying a common set of rights and sharing a common set of obligations. Hence, in Canada and other Western

states, the development and expansion of social programs in the postwar period encouraged a sense of social citizenship. In Gosta Esping-Andersen's view, social citizenship constitutes the core of any welfare state. This study confirms that the family allowance program was seen by the federal government as one instrument of nation building in the postwar period.

Brodie is more direct in her analysis.<sup>32</sup> She argues that during the postwar period the federal government responded to the tensions within the country by "deliberately and strategically offer[ing] the promise of a pan-Canadian social citizenship as a remedy" for the challenges to national unity caused by First Nations and Quebec. She also believes that *social Canada* was accomplished through the language of universality rather than selectivity and the targeting of social welfare to those deemed to be in greatest need. Given the changes that have occurred in family allowances and other social welfare programs in the latter decades of the 20th century, Brodie wonders what the long-term implications are for Canada of the unravelling of the postwar social fabric. She maintains that the 1990s, in particular, witnessed the de-legitimization of social programs as the right of all Canadian citizens, as the nation witnessed a shift from *social* to *economic Canada* and the invention of new Canadian values.

However, Janet Siltanen points out that the "golden age" of Keynesian welfare state has been exaggerated. She contends that those who have associated social programs with social citizenship have ignored how little equality the various programs brought to those Canadians who were outside the hegemonic ideal of male, white, and middle class. Moreover, Siltanen refuses to describe recent reforms to social welfare as a move away from social citizenship to neo-liberalism; she notes that the notion that the "market" is opposed to a wide range of equality-seeking strategies is based on pure ideology conjecture.<sup>33</sup> Social Canada might best be achieved within the market itself; it was not achieved within Keynesian welfare state. It might be interesting to point out that in the 1980s, when the Mulroney government reformed some of Canada's social welfare programs, including family allowances, incomes became more equally distributed and poverty actually declined.<sup>34</sup>

In a federal system like Canada, scholars have also asked what role federalism plays in the origins and development of social programs. There are different views on this question. It has been suggested that federalism has had a negative impact on the development of the welfare state as it represents a form of institutional fragmentation; a federalism system has meant limited and even weak government.<sup>35</sup> Anthony Birch has argued that in countries that have federal systems of government, the development of social legislation has been inhibited,<sup>36</sup> while Pierre Trudeau has argued that federalism actually encouraged the growth of the state. In Trudeau's view, innovative policies were usually more acceptable

in some parts of the country than in others, and innovative policies, once introduced in one region, would soon become popular in others.<sup>37</sup> Keith Banting has argued that the fragmentation inherent in a federal system like Canada's constrains the pace of change, specifically in the case of the development of Canadian pensions. He sees federalism as a conservative force in tempering the reformist tendencies of governments.<sup>38</sup>

This study also considers how the federal system impacted the development of family allowances and finds that conflict between the central government and the provinces was important in bringing about major changes to the family allowance programs. Quebec was instrumental in forcing Ottawa to introduce reforms to family allowances that would satisfy the province's constitutional objectives and the province's demands for greater autonomy within the Canadian federation.<sup>39</sup>

In addition, this book suggests that we need to reconsider some of the ideas Canadian scholars hold about the welfare state in the 1980s and 1990s. It is widely argued that the Brian Mulroney government dismantled the welfare state. Perhaps James P. Mulvale captures this sentiment best: he argues that the welfare state project emanated from "the values and activism of social democrats and organized labour" in the postwar period, but the global power of transnational corporations and global capital brought an end to the social democratic welfare state project in Canada. He begins his study of Canadian social welfare with the assertion that "the social welfare state that once prevailed in Canada is no more."<sup>40</sup> In *The Quick and the Dead: Brian Mulroney, Big Business and the Seduction of Canada*, Linda McQuaig attempts to show that Prime Minister Mulroney followed in the footsteps of Reagan and Thatcher and introduced a pro-business conservatism in Canada, but did so in an underhanded way by blatantly reducing social spending without the support and knowledge of Canadians.<sup>41</sup> Reginald Whitaker notes that the Canadian new right of the 1980s was not able to reshape the welfare state as quickly or radically as its British and American counterparts.<sup>42</sup> This may be because it was never the intent of the Mulroney Conservatives to do so. Granted, the welfare state was changed during that period and after, but per capita spending on social welfare programs actually increased. Between 1980 and 1995, social policy expenditure of all governments in Canada increased not only in absolute terms but also as a share of total program spending and as a share of GDP. In 1980, governments expended \$73.3 billion on social policy spending, which accounted for 64.1% of all program spending and 23.7% of GDP. A decade and a half later, social policy expenditure reached \$215.6 billion, which accounted for 75.1% of consolidated government spending and 28.8% of GDP.<sup>43</sup> As I show below, programs like family allowances changed considerably as the citizenry's view of social welfare evolved and as citizens demonstrated

a greater interest in protecting health care and public pensions, for instance, than in preserving universal family allowances. Gosta Esping-Andersen acknowledges that, with the exception of Britain and New Zealand, the welfare state has not been dismantled in any of the industrialized countries and the reforms have been “modest.” The right, he points out, accepted some level of safety social net that the social security policies provided, but it was one that was more residual and targeted than the social security system established in the postwar generation provided.<sup>44</sup>

A period of political consensus emerged in Canada in the 1940s when family allowances were introduced and again in the period beginning in the 1970s when the program underwent a long series of reforms. In the 1940s, family allowances gained support among all political parties because the program was seen as one deal to bring a measure of equality to all Canadian children; in the period when family allowances were changed and eventually replaced, the reforms were accomplished again when the public agenda supported such developments and there emerged a political consensus that existing programs were no longer effective. That consensus was driven by the realization of all of the major political parties in Canada that the fiscal and economic crises in the 1970s and 1980s meant that there had to be a reconsideration of state priorities in all policy areas, including social policy. This fact, as I demonstrate below, suggests that we cannot ignore the key role of the fiscal capacity of the state in the policy-making process.

The national family allowance program remained essentially unchanged for virtually two decades after it was introduced in 1945. One of the reasons for this is that family allowances was seen by all of the national political parties as an instrument of nation building and as one way for fostering a sense of pan-Canadian citizenship. When the program began its radical transformation in the late 1970s into an income-tested child tax benefit, there were other social policy programs to accomplish these nation building objectives, such as medicare. Perhaps because of this, no other Canadian social program over the past quarter century has undergone such a complete transformation from a “rights” to a “needs” based approach as family allowances. What is clear, however, is that the program began and changed significantly only during periods of considerable upheaval and uncertainty. We might note that a political crisis marked each of these periods in Canada.

Family allowances began as a response to the fear and uncertainty generated among politicians and citizens of what problems the end of the war might bring. Family allowances were introduced as the Second World War was coming to an end, in large part to deal with that insecurity and instability policy makers feared might come with peace; the policies and programs were part of the response

to that political crisis, and played an important part in creating a new social order that would see the state with a greater role in many aspects of Canadians' lives in order to preclude the problems that occurred after the First World War. After the chaos and instability wrought by nearly two decades of economic depression and war, the Canadian government and the governments of other Allied nations were concerned about stability and security in the postwar world. Nothing worried King more; he realized that the family, one of the most important institutions in Canada, had endured tremendous stress during the Great Depression and the Second World War, and it had to be protected and strengthened. During and immediately following the Second World War, family allowances also became popular as a large number of other nations embraced similar social security programs to deal with their own insecurity and fear in the postwar period.

Once the legislation was enacted and benefits were paid, the federal government essentially left the program alone, even though there were groups across Canada that wanted the government to peg the benefits to the inflation rate. In the 1950s, when the number of immigrants to Canada dropped sharply, Ottawa changed the family allowance program to include payments of a special family allowance to immigrants immediately on their arrival in Canada, as was the case in the United Kingdom and Australia. This policy was intended to keep Canada competitive with other countries as an attractive destination for immigrants.

Despite the heavy expenditure on social security, it was clear by the 1960s that Canada's social security system had not delivered the intended results. A series of investigations from governmental and non-governmental agencies reported that poverty continued to be a serious problem in Canadian society. In fact, there was a new-found consciousness of poverty throughout North America. Not unexpectedly, questions were raised about the efficacy of government expenditure on social security, especially among those in the policy branches of the Department of National Health and Welfare.

At the same time, there emerged considerable pressure on Ottawa, particularly from the province of Quebec, to align social spending to develop an integrated strategy to fight poverty. Politicians, like Quebec's welfare minister René Lévesque, believed that poverty could only be addressed adequately through an approach that integrated all of the social spending within Quebec regardless of the source of the expenditure. Moreover, this approach should combine provincial and federal financial resources. A nationalist Quebec believed that it knew better than Ottawa what the province needed. Quebec demanded that Ottawa withdraw from the social policy field, including family allowances, and transfer instead monies expended on such programs to the provinces. Not surprisingly,

then, family allowances eventually moved from the realm of sectoral politics, or “low politics,” to “high politics” and became intricately involved in the mine-field of Canadian intergovernmental relations and constitutionalism, which was largely a first ministers’ agenda.<sup>45</sup> Family allowances had rarely been the stuff of high politics after they were introduced, but in the 1970s they became something of a political football. At that time, they were a central issue in Canadian constitutionalism when the program was used by the federal government to try and resolve the tensions with Quebec for greater autonomy with the Canadian federation.

Yet family allowances were one of the few programs shared by all Canadian families, and as such they were one of the means of building social cohesion across Canada and maintaining the links between the Canadian state and its citizenry; Ottawa was not about to allow the provinces control over such an important national program and initially refused the entreaties from Quebec for greater provincial control. By the early 1970s, however, Prime Minister Trudeau was willing to make changes to the family allowance program as a means of enticing Quebec Premier Robert Bourassa to amend the British North America Act and allow the prime minister to achieve his constitutional objective. Although Bourassa eventually rejected the proposed constitutional changes hammered out at the Victoria Constitutional Conference, the Trudeau Cabinet authorized additional funding for family allowances and ceded a large measure of provincial control over the program in the hope of having Quebec sign on to the changes proposed in Victoria in June 1971. Still, Trudeau’s government, like that of Mackenzie King a generation earlier, insisted that family allowances had to reinforce the linkages between the federal government and individual Canadian citizens in various regions but most importantly in Quebec. In the end, Bourassa did not support the constitutional amendments, but Quebec received a measure of control it had long desired over family allowances. And the federal government maintained its authority to disburse family allowance cheques, ensuring that “Government of Canada/Gouvernement du Canada” was embossed on each cheque sent to families each month in Quebec and throughout the rest of the country. Even reformed family allowance benefits would remain a tool of nation building by the federal government to help foster a pan-Canadian citizenship and attachment to the federal government.

Some of the bureaucrats in Ottawa had realized much earlier than 1973, when the first major reforms to the program occurred, that family allowances had decreased as a percentage of family income since the mid-1940s and that the monthly benefit no longer had the impact it once had for many families. The program was badly in need of reform then. Officials in the Department of National Health and Welfare soon realized that there might never be sufficient

new funds to make the universal family allowance program as effective as it originally was; any reforms to the program, they soon realized, would have to be funded out of the existing expenditures for the program. In fact, throughout their existence in Canada, family allowances – and social policy initiatives, generally – have been impacted by the prevailing economic conditions, or what Tom Courchene has called “economic” Canada.<sup>46</sup> Family allowance was an expensive program, and government officials and politicians alike realized that they could not afford to simply increase benefits for all recipients. Building selectivity into the program was one possible option, but by the 1970s many Canadians had come to regard family allowances as a right simply by virtue of their Canadian citizenship. Although the Liberal government of Prime Minister Trudeau favoured selectivity rather than universality in family allowances, his ministers, other politicians, and even civil servants had come to realize that universal family allowances had become a part of the Canadian identity. As a result, change would be difficult and politically dangerous. The Liberals discovered just how much so in the election held on 30 October 1972, when the government saw its huge majority from the 1968 Trudeaumania election reduced to a minority position in the House of Commons. From that point on, the Liberals refused to tamper with the concept of universality that had been the family allowance program’s hallmark since 1945, even though almost everyone agreed the program was then doing little to deal with issues of poverty or help Canada’s working poor. It seems Canadian social policy had ceased being about protecting and helping the less fortunate and became more about protecting political positions since politicians were never willing to risk alienating themselves from powerful constituencies that had become attached to programs they had grown up with.

Even when the Liberals introduced a measure of selectivity into family allowances, they did so without eliminating universal benefits for the middle class. It has been argued in the scholarship on the history of social policy in Canada that the middle class sought to impose their values on the recipients of state support in the first decades of the 20th century. With the family allowance program in the 1970s and 1980s, it had become clear that the main concern of the middle class was to protect the cash benefits it received from the state. Equality in family allowances had come to mean the same treatment for everyone. Still, the reforms to family allowances that were introduced in the late 1970s marked the beginning of the end of universality, despite protests from the middle class. As new benefits targeted those in greatest need, there was recognition among many Canadians that income security programs, or cash transfers to individuals, such as family allowances, should take account of the recipients’ level of income.

The economic situation created by high inflation in the late 1970s, as well as a crushing debt and deficit in the 1980s, also served as the catalyst for major reforms to the family allowance program. In the late 1970s, during a period of rampant inflation, the Trudeau government avoided tampering with the universality of family allowances months before an expected federal election, even though it realized that low-income Canadians needed additional assistance. What the government opted for was essentially a two-tier family support mechanism that left the universal program unchanged while introducing a new income-tested family credit for low-income families.

It was left to the Progressive Conservative government of Prime Minister Mulroney, during a political crisis created by the mushrooming deficit and debt, to implement the reforms that officials in the Department of National Health and Welfare had been advocating since the late 1960s. The Conservatives also wrestled for several years with the political implications of ending the universal nature of family allowances. There was a fierce debate in the Mulroney government over the issue of entitlement, since Canadians had come to regard social programs as part of their sacred social contract with the state. Only very warily and incrementally did the Conservatives move to a selective program that eliminated most of the benefits for high-income families with children while substantially increasing the benefits for low-income families. At this point, with the deficit reaching dangerous levels, the government effectively used the rationale of a political crisis and the necessity of economic rationalism to reform the family allowance system.

The budgetary process and the limited fiscal capacity of the state exerted a strong influence over the policy-making process, suggesting another way that the state itself plays a crucial role in the social policy field, especially when the government is faced with limited resources. The government argued that it had little political choice but to use its limited financial resources more effectively to help those in greatest need. There were some who wanted to dismantle the welfare state, some who wanted to redesign and remodel it to make it more effective, and some who simply wanted to leave it as it was. Each generation establishes its goals for social policy as it fashions its own vision of the welfare state. In time, most social policy commentators applauded the changes introduced under Mulroney, which were continued and enhanced during the time Jean Chrétien's Liberals held office as federal expenditure on family allowances and children's benefits continued to grow into the 1990s and beyond, as demonstrated by Table 1.

What this study suggests, then, is that the family allowance program was introduced at a time when the government was worried about the state of affairs in Canada and believed that universal payments to families might help prevent



Table 1

## Family allowances and child benefits: payments, families, and children, 1946-2002

Fiscal year	Total payments (\$000)	Average number of families	Average number of children receiving benefits
1946	172,632	1,477,600	3,429,600
1950 <sup>1</sup>	297,514	1,818,100	4,116,200
1954	350,114	2,081,700	4,840,800
1958	437,887	2,366,900	5,682,700
1962	520,781	2,630,100	6,491,000
1966	551,735	2,766,800	6,843,700
1970	560,050	2,960,300	6,867,700
1974 <sup>2</sup>	946,246	3,178,700	6,768,279
1978	2,093,020	3,602,601	7,066,129
1982	2,230,595	3,641,715	6,696,435
1986	2,534,420	3,651,183	6,584,481
1990	2,736,016	3,722,950	6,700,683
1994 <sup>3</sup>	5,091,499	3,382,370	5,640,420
1998	5,703,302	3,187,990	5,480,880
2002	7,740,546	3,047,517	5,547,344

1 Newfoundland is included beginning in 1950.

2 The 1944 Family Allowances Act was revised in January 1974, and the figures include children formerly covered under Youth Allowance and Family Assistance programs.

3 New Child Tax Benefits/Canada Tax Benefits/Total Benefits.

Source: Canada, Statistics Canada, *Historical Statistics of Canada*, Series C1-13, C14-26, C27-39, <http://www.statcan.ca/english/freepub/11-516-XIE/sectionc/sectionc.htm#Federal%20Income>; Canada, Human Resources and Social Development Canada, *Social Security Statistics Canada and Provinces 1978-79 to 2002-03*, Child Tax Benefit, 1993-94 to 2002-03, <http://www.hrsdc.gc.ca/en/cs/sp/sdc/socpol/tables/page02.shtml>.

a crisis after the end of the Second World War. Subsequent changes to the program also came when successive governments believed that those changes would help resolve other crises within the Canadian state, whether the result of a dramatic decline in immigration or a constitutional impasse with Quebec, or during a period of difficulty in Canada's public finances. It would seem, therefore, that family allowances were an instrument used by the state to help resolve national crises. Underlying all of this was the governmental recognition that state support to families was important, perhaps crucial, in postwar Canada, but as this book shows, family allowances moved from a perceived right of all Canadians to one that was based solely on financial need.

In sum, this book argues that there is no simple or single explanation that allows us to understand the origins and development of family allowances in Canada. As James J. Rice and Michael Prince<sup>47</sup> have argued for social policy generally, we can understand the development of family allowances in Canada only by examining the interplay of several forces. Each phase of the program was shaped by different needs, different interest groups, and different political, economic, constitutional, and social consideration. Throughout each phase, the influence of individual government departments, the ministers and deputies within the Canadian government, as well as the relationship between various government departments – especially between the Department of National Health and Welfare and the Department of Finance – was of distinct importance. The state of federal-provincial relations was also a factor at times, as was the fiscal health of the nation, and the international context governing the rise of social welfare programs. The question of national unity has also never been far below the surface in the history of social programs. Each phase of family allowances was an attempt by the state to recognize the issues important to the nation at the time and to reflect the values of Canadians, especially as they related to the role of the social security system in the lives of the citizens. What becomes clear from this wide-ranging and archivally rich study is that the influences on Canada's social programs – specifically in this case, family allowances – changed dramatically over time, but only when there was a conjunction of interests.

## The Dawning of a New Era in Social Security, 1929-43

THE DEBATE ON FAMILY allowances in Canada began in a parliamentary committee. J.E. Letellier, the Liberal member from the Quebec constituency of Compton, rose in the House of Commons on 13 February 1929 and proposed that the Select Standing Committee on Industrial and International Relations begin a study on family allowances in Canada. Letellier asked the committee to make a report on the respective jurisdiction of both federal and provincial parliaments in the matter. J.S. Woodsworth, the leader of the Ginger Group and member for Winnipeg North Centre, seconded the motion, claiming that children were treated as a liability in Canada's industrial state, and that some provision had to be made for families with children. Several years earlier, in December 1926, he had told the Commons that family allowances would help redistribute the nation's wealth and finally allow fathers to earn a family wage to provide for their families. Woodsworth also noted that the wage system failed to account for workers with family responsibilities and paid them on the same basis as single men and those without families.

When he spoke briefly in support of his motion, Letellier praised the Liberal government of Prime Minister William Lyon Mackenzie King for its commitment to social policy. The Honourable Peter Heenan, King's minister of labour, told the House that the government agreed that the Standing Committee should consider the matter, and that it would support the motion.<sup>1</sup> Prime Minister King had created the Standing Committee on Industrial and International Relations to consider such matters as Canada changed from an agricultural to an increasingly urban and industrial society, and he had often reminded the House that the very existence of the committee was a testament to his government's concern with social issues. After all, the Liberals had passed the Old Age Pension Act two years earlier.<sup>2</sup> Not surprisingly, Letellier's motion was carried, and the debate on family allowances began among Canada's policy makers.

The investigation into family allowances came at a time when Canadians and their governments remained wary of the state providing too much in the way of social welfare. The federal government continued to insist, somewhat feebly, that the Constitution Act, 1867, had assigned exclusive responsibility for health and social welfare to the provinces. The provinces themselves were proceeding

only slowly into the social security arena, but by the late 1920s most of them had adopted some form of workers' compensation and mother's allowance. Scholars have argued that these initiatives defined the nature of early welfare programs. Workers' compensation programs were to ensure the economic independence of male workers, but through mother's allowance the state essentially recognized women's role as mothers. As James Struthers has argued, mother's allowance shows "that the reproductive work of women merited some degree of social entitlement."<sup>3</sup> Still, many Canadians, including the major political leaders of the time, believed the state should play a limited role in the provision of social welfare. The committee immediately turned its attention to Letellier's resolution, although it was clearly understood from the outset that the system of family allowances then under investigation was a contributory social insurance scheme supported by employers. Several decades after family allowances had been introduced in many European countries, Parliament invited Canadians to offer their views on the granting of some system of allowances to families across the country, but it did not envisage a family allowance system funded solely by either level of government.

Over the next three months, several witnesses weighed into the debate and presented evidence before the parliamentary committee. Jesuit Father A. Léon Lebel, S.J., a philosophy teacher at in Montreal and one of the earliest proponents of family allowances in Canada, was the first to appear. He had coincidentally met with Prime Minister King several months before Letellier had tabled his motion in the Commons, to press his case for Canada's adoption of a family allowance scheme to deal with the inadequacy of the average industrial wages and as a means of stemming the flow of people from Quebec to the United States.<sup>4</sup> Mackenzie King had listened politely to Father Lebel at their meeting in May 1928, but he had made no commitment beyond a promise to further explore the issue. He fulfilled his commitment by supporting Letellier's motion. Surely Liberal MPs, including those sitting in the Cabinet, would not have voted for an investigation into family allowances without the prime minister's consent, especially given that the Liberals were in a minority situation.<sup>5</sup> If nothing else, the parliamentary review would serve to reassure voters once again that Mackenzie King was indeed committed to the progressive program of social insurance he had first articulated at the Liberal Convention in 1919 when he was chosen as party leader.

Father Lebel told the committee that a progressive state like Canada had to recognize the family as its fundamental social unit, and it was incumbent on the government to provide for a family's well-being. Moreover, his view was clearly a pro-natalist one that encouraged an increase in the birth rate; he maintained that nations required a large and growing population: without large

families of four or more children a nation would cease to exist. Using what he considered scientific economic analysis, Father Lebel warned the committee that new countries like Canada, with vast resources to exploit and burdened with a heavy debt, had to encourage large families and at the same time stem the flow of emigrants to the United States, often reputed to be the land of milk and honey. He reminded the committee that wages alone were not sufficient in Canada to provide for the needs of most families. At the same time, he insisted that family allowances must not be considered a form of wages, a conundrum that would plague the proponents of family allowances for the next two decades; rather, family allowances should be paid to families as recognition of the special services they rendered to society simply by raising a family.<sup>6</sup> Father Lebel also argued that family allowances were the most effective means by which the state could help families struggling with insufficient incomes. Support for Lebel's recommendation came from an unlikely source in Joseph Daoust, a Montreal businessman and owner of the Daoust and Lalonde Shoe Manufacturer. After questioning from the committee, he admitted that the wages then paid to workers indeed made it impossible for them to adequately maintain a family of four children. He joined with Lebel and urged the committee to seriously consider some form of family allowances. Clearly, not all in the business community were opposed to social programs.

There was little support from other witnesses for Lebel's recommendation that Parliament immediately consider some form of family allowance. Perhaps surprisingly, social workers were opposed to family allowances. Charlotte Whitton, the director of the Canadian Council on Social Welfare and one of the leading social workers in the country, vehemently opposed the introduction of family allowances. She was worried – like so many of her time – about the perils of too much state intervention. In her testimony, she maintained that the proponents of family allowances had exaggerated how poorly workers in Canada were paid: "The general standard of life of the working man in Canada," she asserted, "would compare favourably with that of the middle class bourgeois in France." And it was the obligation of the father, as head of the household, to support his family.<sup>7</sup> Whitton maintained that family allowances infringed on the rights of the individual. Any sort of state initiative to enact such a misguided scheme as family allowances, she cautioned, would impugn dangerously on the sanctity of marriage, and reduce it to one of "economic relations, capable of financial exploitation." Such state interference might "relegate women to mere slaves and employees of the state, and ultimately result in limiting and even undermining the position and privileges which women enjoyed in Canada."<sup>8</sup> Whitton argued that the introduction of family allowances would subvert the basis of family responsibility and ruin the country.



FIGURE 1 Charlotte Whitton founded the Canadian Welfare Council and was mayor of Ottawa when this picture was taken in 1951, but she was a social conservative, and her opposition to more liberal spending on social welfare increasingly placed her on the margins of Canada's social work profession.

*Library and Archives Canada, Capital Press/Charlotte Elizabeth Whitton fonds, PA-121981, reprinted with permission*

Her rhetoric was too much for aging socialist J.S. Woodsworth, who asked Whitton, "If motherhood is noble and so important, how would it depress the ideal by allowing it to be adequately supported?" Woodsworth saw family allowances as supporting traditional gender roles, but Whitton feared that such a program might undermine the role of the family breadwinner. She shot back

at the Labour MP – echoing the sentiments widely held among the middle class – that the state must stay out of the lives of ordinary workers, and strive only to ensure that the nation's wealth is evenly distributed and that the condition of labour and housing was such that parents could discharge their legal obligations to their children.<sup>9</sup>

Whitton also claimed that if governments adopted social welfare schemes like family allowances, they were admitting their failure to govern and provide decent wages that would allow workers to afford a comfortable livelihood for their families. She said that she could not accept that that was the case with Canada: "I do not think that it is necessary for Canadians today to proclaim to the world, that a decent living at a decent minimum standard of life is such an impossibility for any proportion of her people that the state must intervene to pay allowances whereby life can be sustained at a decent level."<sup>10</sup>

Whitton also rejected Lebel's argument that Canada needed more people. "Canada," she reminded the committee, "is a land of wholesome, healthy, moral, self-disciplined people. There is wealth in her land, sufficient for all: there is vision, strength, and energy to develop it. Courage and statesmanship will be required to assure that equity and justice prevail in its distribution." This is a nation, she said, that enjoys one of the best standards of living of any people in the world. She warned the committee that it must not "seek to administer the stimulants, that old and slacked appetites required." To do so would "destroy the virility of youth by the physics of age," she maintained, once again bringing to light the classic middle-class values of her generation. "Have faith in the young strength of Canada," she implored the parliamentarians, "to develop her life here, in fullness and plenty, her future safe, because she had proved her past."<sup>11</sup>

Not only did other social workers support Whitton's conservative middle-class ideology, but some of them also reminded the committee about encouraging the "undesirable." Family allowances would encourage not only idleness but also the proliferation of undesirables in Canadian society; this was another argument that proponents of family allowances would have to counter for more than three decades. Robert R. Mills, the director of the Toronto Children's Aid Society and president of the Social Workers' Club of that city, told the committee that a general meeting of the Social Service Council of Canada in Toronto had passed a motion opposing family allowance. Such a scheme, he said, represented an unwarranted interference with individual liberty and initiative.<sup>12</sup> Likewise, Mildred Kensit, the director of the Children's Bureau of Montreal, who appeared at the committee hearings with Whitton, said that as a social worker she knew only too well the type of people who earned low wages and had failed to provide the necessary support for their families. They were frequently the physically

unfit, those of limited intelligence, and those with a “mental defect.” Certainly, she said, the state should not encourage such a class of people to have larger families to “bring more unfit children into the community already heavily burdened in caring for this class of dependent child.”<sup>13</sup>

The range of arguments presented to the Standing Committee on Industrial and International Relations surely left it perplexed. Social workers were opposed, but so too were some of the major labour unions, which represented the workers who would potentially benefit from the payment of family allowances. At its 1929 convention, the conservative Trades and Labour Congress of Canada declared its opposition to the introduction of family allowances for fear that such initiatives would depress wages.<sup>14</sup> Only the fledgling All-Canadian Congress of Labour supported family allowances. Its president, Arthur Mosher, told the delegates gathered for its annual convention in Winnipeg that the Congress advocated change to improve the welfare of all Canadian workers, since it worked to free the Canadian labour movement from the influence of American-controlled unions. The Congress believed that family allowances were an important mechanism for a more equitable redistribution of the nation’s wealth; they were also a means to reform the inherently unjust economic system. Mosher reminded the gathering that family allowances would increase consumption of staple commodities and, hence, improve the employment situation for all workers. Moreover, family allowances would encourage children to remain longer in school and keep them out of the workforce. Even though these arguments would be used by supporters of family allowances a decade or so later, the Congress’s support for family allowances in 1929 had little impact on the Standing Committee on Industrial and International Relations since the major Canadian trade unions opposed family allowances. Given such opposition, Prime Minister King saw little reason to seriously consider the matter.<sup>15</sup>

Cameron McIntosh, chair of the committee, reported to the House of Commons on 31 May 1929. The Standing Committee on Industrial and International Relations steered a safe course and remained clearly noncommittal in its recommendations. Because family allowances were new for Canada, they required further study, and the report suggested that the government proceed cautiously. In the meantime, however, it recommended that the government consider before the next session of Parliament the whole jurisdictional question surrounding family allowances, a perpetual challenge to social policy development in Canada for generations. The Commons unanimously adopted the committee report on 6 June. Immediately, Peter Heenan, who had earlier supported the review, requested his counterpart in the Department of Justice, Ernest Lapointe, to prepare a legal opinion on the jurisdiction of family allowances. That task ultimately fell to Deputy Minister of Justice W. Stuart Edwards, who considered



three categories of family allowances: 1) industry-based schemes established either by employers alone or by negotiations between workers and employers, 2) voluntary state schemes under which the state paid allowances and bore the whole cost from its ordinary revenues, and 3) compulsory schemes established by law. Edwards suggested that those programs initiated by industry, regardless of the form they might take, did not require legislative action and there was no question of jurisdiction between the federal and provincial governments. He considered that a compulsory system of family allowances established by law, even though funded by contributions from employers, impinged directly on the civil rights of employees and employers. The legislative jurisdiction for such a scheme was vested in the provincial legislatures under section 92 of the Constitution Act, 1867, under subsection 13 (Property and Civil Rights in the province) and/or subsection 16 (generally all matters of a merely local or private nature in the province), except where the Parliament of Canada wished to provide family allowances for the benefit of its employees. Edwards believed that the voluntary state scheme, though made possible only through legislation, did not raise the question of jurisdiction since the allowances paid through this mechanism were voluntary. Although he did not explain what he meant by "voluntary," officials in the federal Department of Health and Welfare later interpreted the word to mean "something like proceeding from the choice of the State." If indeed "voluntary" meant non-contributory, Edwards believed that family allowances were within the jurisdiction of Parliament because the federal government could raise money to spend as it wished.<sup>16</sup> However, his interpretation remained merely that of the department's legal counsel and not a court decision. Still, King apparently shared the view that family allowances were within the federal prerogative, at least while he was in Opposition. Shortly after his defeat in the 1930 election, King declared in the House of Commons that it would be in the best interest of the country if all forms of social insurance, as social welfare was then frequently called, were national in scope.<sup>17</sup> In 1929, however, when King was still prime minister, the parliamentary investigation into family allowances clearly showed not only that various interest groups and professionals, notably labour and social workers, were opposed to the initiative but also that King and the Liberal Party, in spite of their interest in facilitating the parliamentary investigation, were not yet committed to a program of social security for Canada that included family allowances.

Within a year of Ottawa's report, the Quebec government began its own study into family allowances, as part of the mandate of its Social Insurance Commission that was appointed to investigate a variety of social issues.<sup>18</sup> The commission, under the leadership of l'Université de Montréal economist Edouard Montpetit, considered family allowances in its third report, released in 1932. After studying

the general problem of child welfare and investigating social insurance systems in various European countries, the commission concluded that there was no equity and social justice in the salary paid to the workers who had larger families in Quebec. After hearing from many of the same witnesses – in particular, Charlotte Whitton and Father Lebel – that had appeared before the Commons Standing Committee on Industrial and International Relations, the commission unanimously recommended that “for the moment there is no opportunity of taking legal measures instituting officially family allowances in this province.” The commission considered family allowances a European solution to low wages there, even though it recognized that wages were similarly low in many Canadian industries. However, it feared that a system of family allowances would only ensure that wage rates would not increase and, at the same time, disadvantage Quebec industries if they had to fund a family allowance program for the province. Moreover, like Charlotte Whitton and other social workers of the period, the Montpetit commission feared that it was not only impossible but also dangerous for the state to assume a prominent role in the family, which might then become little more than an agency of the state. The commission concluded that any initiative on a family allowances scheme would be virtually impossible given the economic difficulties in the midst of the Great Depression. And even if the government had the political will and the financial resources to move ahead with family allowances, such a scheme might accelerate the migration from the rural to the urban areas of the province, something that few in Quebec wanted during the early 1930s. Clearly then, the Montpetit commission saw no greater need for family allowances at the provincial level than the King government had seen at the federal level.<sup>19</sup>

However, the belief in a limited role for the state in social welfare legislation changed considerably within a decade. The Great Depression discredited many of the traditional ideas of rugged individualism and made it patently obvious, as many writers have shown elsewhere, that the “old system” was bankrupt of ideas. The foundations of the democratic political system were everywhere under siege, and even Mackenzie King remarked after his 1930 electoral thrashing at the hands of R.B. Bennett and the Conservative Party that “the old capitalistic system is certain to give way to something more along communist lines.”<sup>20</sup> That did not happen in Canada, of course, but the decade witnessed a profound change in the attitude of governments and in Canada’s two major political parties, largely because of the growing influence of a group of intellectuals and progressive reformers who believed that Canada’s social and economic policies had to be reformed to deal with the chaotic world in which they found themselves. In fact, historian Doug Owram argues in his study on the role of intellectuals and the Canadian state that the “elite saw the reform of

economic and social policies as imperative if order were to be brought into a chaotic world.” Many of those reform-minded people dismissed 19th-century classic liberalism and the notion of the state as an organic expression of society; rather, they came to see the state as a mechanism to be used as necessary for the promotion of social well-being. To them, social well-being was defined in terms of material standards of living, not in spiritual or moral terms, as an earlier generation of intellectuals had seen it.<sup>21</sup> The intellectual community that found influence in all of Canada’s political parties by the mid-1930s believed that there had to be an evolutionary method of social reconstruction. At the beginning of the Great Depression, their views generated debate in universities and other intellectual circles, but through the 1930s, many of the intellectuals became engaged in political activities, so that by the 1940s many of their ideas were widely accepted both inside and outside of government. Concrete policy developments would consequently emerge, albeit piecemeal, over the coming decades.<sup>22</sup> Christie and Gauvreau have argued that the Protestant churches have also played an important role in the development of modern social policy in Canada: they provided the funding, personnel, and organizational structure for social reform accomplished in the decades following the First World War. The expertise of university-trained social scientists didn’t begin to have much of an impact on federal legislation until the mid-1930s. Still, as these two scholars acknowledge, the outlines of social welfare legislation emerged from the liberal collectivist ideals of social evangelism, not from the influence of Protestant churches on the democratic socialism of the Co-operative Commonwealth Federation (CCF).<sup>23</sup>

The connection between the intellectual elites led by thinkers such as Frank Underhill, Eugene Forsey, and several others in the League for Social Reconstruction, and the CCF that had been created in 1932-33 is widely acknowledged.<sup>24</sup> However, the intellectuals also played a role in the more established political parties too; O’wram suggests that “in some ways [Prime Minister R.B.] Bennett and his party were almost as advanced as the CCF in forming contacts with various interested intellectuals.”<sup>25</sup> The Conservatives brought together various experts in scholarly conferences to talk with the politicians about social and economic problems. The first of these political summer schools was held in Newmarket, Ontario, in 1932, when a number of intellectuals presented formal papers and engaged the Conservatives in discussion over current social problems and possible remedies. Prime Minister Bennett himself never developed close ties with the intellectual community, even though he was responsible for the expansion of state activities such as the Canadian Broadcasting Company and the Bank of Canada, and for considering more systematic planning at the end of his mandate that so many of these intellectuals had advocated.<sup>26</sup>



FIGURE 2 William Lyon Mackenzie King was prime minister during the debate on family allowances.

*National Archives of Canada, C-027645*

With the Liberals and the CCF the intellectuals had greater influence, although Mackenzie King, the Liberal leader, himself with a doctorate in economics, was uncomfortable with the suggestion of rapid change; he remained extremely cautious with all matters of party policy. Still, King had strong contacts with the intellectual community, particularly through O.D. Skelton, who had been

his deputy minister of external affairs and one of his senior advisers, and with Norman Rogers, his private secretary. But it was the wealthy patrician Vincent Massey who, as party president after 1932 and as one of the leading proponents of the “New Liberalism,” was committed to reforming Liberalism with innovative ideas that were resonating within the intellectual community. He arranged a weekend meeting at his family estate in Port Hope in the fall of 1932 that brought a number of the intellectuals together with King and other Liberal MPs for a far-ranging discussion on social security and economic planning. Although King did not immediately embrace the new ideas as official Liberal policy, Massey had succeeded in bringing the Liberal Party establishment together with those from outside the party to discuss the important social and economic issues of the day. In September 1933, Massey also launched the first Liberal summer school or policy conference with politicians and experts at Trinity College School in Port Hope, as the Conservatives had done in Newmarket a year or so earlier. Mackenzie King was uncomfortable with the whole process and with many of the ideas bantered about at the gathering, but Massey acknowledged progress, noting that the summer school marked the beginning of a transformation of the Liberal Party from the “laissez-faire traditions of the party to a new, more technocratic and interventionist view of government.” Even as King repeatedly criticized Massey for not understanding the realities of politics, the party, as O’ram has shown, changed its traditional position that “government intervention was dangerous to civil liberty and [moved] towards a vision of the party more in accord with what [Norman] Rodgers [another of the reformers] termed ‘the left wing of Liberalism.’”<sup>27</sup> The new orientation of the Liberal Party was revealed in the Port Hope summer school, and in the public musings of young Liberals such as Ian Mackenzie of British Columbia and Paul Martin of Ontario. Even if he did not accept all he heard from reform-minded Liberals, King also came under the spell of their rhetoric; in his victory speech following the triumphant return of his Liberal Party to power on 14 October 1935, he championed the dawn of a new era where “poverty and adversity, want and misery are the enemies which Liberalism will seek to banish from the land.”<sup>28</sup>

Not only were the intellectuals finding influence with the country’s major political parties, but they were also moving in large numbers to the civil service in Ottawa. The intellectual reformers were already a force in Ottawa when King was returned as prime minister, and they had started to consider in broad outlines the reforms they thought were essential in a modern Canada. In the Department of Finance, W.C. Clark, the former Queen’s University economics professor who had become the deputy minister in October 1932, had pushed the federal government to support initiatives to deal with social housing. He also supported the major recommendations of the National Employment

Commission, which called for an increased role for the state in ameliorating unemployment during the Great Depression. Moreover, the 1939 federal budget seemed to suggest that the hold of classical economics on Canadian fiscal policy was starting to loosen. The outbreak of the Second World War in the same year accelerated the movement toward a more planned economy. By the end of hostilities in 1945, university professors and other members of the Ottawa-based intelligentsia – as Prime Minister King liked to call them – had access to the levers of powers.<sup>29</sup>

These individuals rose to positions of power as Prime Minister King and other world leaders became extremely concerned about stability and social order in the postwar period. Even though King belittled their political sense, the intelligentsia played an important role in moving King to support a more activist role for government.<sup>30</sup> Also, the memories of the turmoil and uncertainty in the aftermath of the First World War were fresh in all their minds, and there was general agreement that the instability that followed the Great War had to be avoided after the end of the Second World War. Similarly, they simply could not risk a prolonged economic crisis like that of the 1930s if they were to maintain order and stability in the peaceable kingdom. And the political realities in Canada were never far from King's mind.

It has been noted elsewhere that Mackenzie King was noteworthy more for the ideas he borrowed from others than for what he himself generated.<sup>31</sup> This was certainly the case with King and social security. Mackenzie King was not alone in recognizing the need for greater social security as part of the new world order he often spoke of during the Second World War. In fact, he might have been merely echoing the chorus resonating throughout the Allied nations. "It [social security] is on the tip of every man's tongue," opined a contributor to *Saturday Night*, and "all the United Nations' war leaders have declared it as a leading social objective of this war."<sup>32</sup> President Franklin D. Roosevelt, who had established himself as a leading reformer with his New Deal legislation at the height of the Great Depression, advocated greater social security for the postwar world. In January 1941, he told the US Congress that international security rested on four essential human freedoms. One of these was freedom from want. Only when each nation could provide an acceptable standard of living for its people would there truly be freedom. Anthony Eden, the British foreign secretary, had similarly told his compatriots on 29 May 1941 that the postwar aims of the British government were to establish "social security abroad as well as at home, through coordinated efforts of Britain, the Dominions, the United States and South America to stabilize currencies, feed starving peoples, avert fluctuations of employment, prices and markets."<sup>33</sup>

Roosevelt and British Prime Minister Winston Churchill reiterated some of these principles when they met in Newfoundland on 14 August 1941 to sign the Atlantic Charter: “[We] desire to bring about the fullest collaboration between all nations in the economic field with the object of securing, for all, improved labour standards, economic adjustment and social security.” In fact, many of the Allied nations felt a certain irony and embarrassment that they had to call on their citizens to fight and die for their country, which had previously shown little interest in their welfare. That irony was not lost on Sir Alan Herbert, the well-known British cynic, whose doggerel for *Punch* would have found its way into the hands of many policy makers:

Oh, won't it be wonderful after the war –  
There won't be no war, and there won't be no pore.  
There won't be no sick, and there won't be no sore,  
And we shan't have to work, if we find it a bore ...  
Now there's only one question I'd like to explore;  
Why didn't we have the old war before?<sup>34</sup>

There was a growing realization then, as early as 1941, that social security was rapidly becoming a prominent and necessary feature of the postwar period. Moreover, by this time, the ideas of social security had entered the international mindset and were influencing public debate in most Allied nations. As Edward Phelan of the International Labour Office wrote in an article that appeared in the October 1942 edition of *Canadian Welfare*, “We are constantly being reminded that the main objectives of the present war are social rather than political or even economic.” At a conference on social security in Chile in September 1942, more than twenty countries from North and South America agreed that they would adopt policies promoting greater social security. The conference coordinator, Nelson Rockefeller, captured the thinking of the participants when he stated, “This is a war about social security; it is a war for social security.”<sup>35</sup> Particularly in Canada, the debate was also informed by growing support in Britain for social security, and family allowances in particular, which had been first introduced in Grenoble, France, during the Great War. Since then, Australia and New Zealand as well as several other European countries had established family allowances.<sup>36</sup>

King's thinking on this subject reflected the growing international consensus that the transition from war to peace had to be made without a return to the problems of unemployment and want that had characterized the pre-war period. On 4 September 1941, when King addressed the Lord Mayor's Luncheon at

Guildhall in London, England – that same luncheon at which Winston Churchill praised Canada as the linchpin of the English-speaking world – he proclaimed that the promises of the importance of a new world order would be merely empty rhetoric if governments waited until the end of the war to build a new society.<sup>37</sup> “When the war is won, there will be an immense task to repair the great physical destruction caused by the war,” King later told the American Federation of Labour at its 1942 convention in Toronto. “These tasks alone will provide work for millions of men and women for many years. But the work of repairing and restoring the ravages of war will not be enough.” Governments everywhere had to work to eliminate the fear of unemployment and the sense of insecurity workers faced when their capacity to meet the needs of their family was threatened. “Until these fears have been eliminated,” he told Canada’s labour leaders, “the war for freedom will not be won. The era of freedom will be achieved only as social security and human welfare become the main concern of men and nations.” The specifics of social welfare, he admitted, would have to be spelled out in due course, but the new order he envisioned for Canada would include, as a national minimum, adequate nutrition and housing, health insurance, social security, and of course full employment. “Men who have fought in this war, and others who have borne its privations and sufferings, will never be satisfied with a return to the conditions which prevailed before 1939,” King acknowledged. “The broader and deeper conception of victory will be found only in a new world order.”<sup>38</sup> The war gave King the opportunity to achieve some of the social objectives he had advocated in various ways for more than a generation, and on which an international consensus had emerged. King would not lose sight of that fact in the months ahead.

Postwar reconstruction planning in Canada was a major concern almost from the onset of hostilities. Many Canadians, including Ian Mackenzie, himself a veteran of the Great War and in 1939 the new minister of Pensions and Health, knew only too well that the government had not handled the transition from war to peace very effectively following the end of the Great War in 1918. Shortly after Canada declared war on Germany, Mackenzie was shuffled out of the National Defence portfolio he had held since 1935 and into Pensions and Health, where he immediately became an advocate for various social security measures.<sup>39</sup> His move to Pensions and Health was clearly a demotion for the long-serving British Columbia MP, but Mackenzie emerged as a champion of social security in Canada. Given his close friendship with Prime Minister King, and his effective oratorical skill, he became a driving force within government to push the Liberal government toward early reconstruction planning.<sup>40</sup> When most people were thinking only of mobilization for war, on 20 October 1939 Mackenzie wrote the



prime minister that the government should immediately direct its attention to the questions and problems that would arise after the cessation of hostilities. He suggested the government create a committee to gather information on the matter, to which King immediately agreed.<sup>41</sup>

By 8 December 1939, the Cabinet had formed the Committee on Demobilization and Re-establishment, made up of the government's most powerful ministers; Ian Mackenzie was the chair.<sup>42</sup> He later noted in the debate in the House of Commons, "Our men are fighting for Canada ... and we must realize and recognize that the remaking of Canada will constitute the major post-war reconstruction into which all our rehabilitation plans must be shaped and functioned." And as if to show how progressive he was in his thinking, Mackenzie quoted from the influential Harold Laski at the London School of Economics, who warned the world, "Our choice is between the dark age of privilege and the dawn of an equal fellowship among men."<sup>43</sup> Initially, the committee was only interested in the demobilization and reintegration of the Armed Forces into civilian society, but in February 1941, Mackenzie again convinced the Cabinet to expand the mandate of the committee "to examine and discuss the general question of post-war reconstruction, and to make recommendations as to what Government facilities should be established to deal with this question."<sup>44</sup> To investigate the general issue of reconstruction, Mackenzie turned first to some of the nation's intellectuals. He recruited an impressive group, including Dr. Cyril James, principal of McGill University, as chair, Queen's University principal R.C. Wallace, businessman J.S. McLean, labour leader Tom Moore, and Edouard Montpetit, the leading Quebec economist who had chaired the Social Insurance Commission for the Quebec government a decade earlier. Leonard Marsh, director of the School of Research at McGill University and member of the League for Social Reconstruction, was appointed research director. Marsh had worked with the British reformer Sir William Beveridge at the London School of Economics before coming to Canada. In September 1941, the Cabinet formally recognized Mackenzie's group as the Advisory Committee on Reconstruction with a mandate to report to the General Advisory Committee on Demobilization and Rehabilitation, which was a committee of civil servants. It was to report on the economic and social implications of the transition from war to peace.<sup>45</sup>

Mackenzie was interested in social reform, though there is no evidence to suggest that he had established any personal links with the intellectual community with whom he shared many of the same goals. What this shows, however, is that the ideas being bantered around in the university corridors and in intellectual circles were also finding resonance with the Canadian public and with

politicians. Ian Mackenzie himself reflected the fear of possible postwar instability felt by many Canadians when he told the Canadian Club in Quebec City in June 1941 that “if old dogmas and old doctrines – old philosophies of government – cannot solve that problem – then we must look to newer remedies and new faiths and newer solutions.” He reassured his audience that their national government would act. They were now considering, he said, how best to develop a great national scheme of social security through which Canadians would be protected from those fears spawned by insecurity, poverty and want, and ill health.<sup>46</sup> Speaking later, in September 1942, he said, “I want the working man in the factory, the soldier on the battle front, the young mother caring for her overseas husband’s little children to know that the Government in whom they have reposed their confidence not only shares their aspirations for a brighter tomorrow, but is, in a direct and positive way, planning to that end.”<sup>47</sup> Mackenzie wanted Canada to be a part of the new world order.

Still, it appears that Mackenzie’s interest in social security was not reflected in the work of the James committee. Even though Dr. S.K. Jaffary, a professor of social work at the University of Toronto, and Dr. George Davidson, the executive director of the Canadian Welfare Council, had been asked earlier in May 1942 to prepare a study for the committee on various social issues, Jaffary told a meeting of the Committee on Canada in the War and Post-War Reconstruction Period created by the Canadian Association of Social Workers later in November of that year that the James committee was primarily interested in economic issues and how to promote full employment after the war.<sup>48</sup> Marsh even commented years later that social security was not a priority of the James committee, since its members believed that economic prosperity – not greater social security – was the best way to ensure the preservation of democratic institutions.<sup>49</sup> And the James committee’s preoccupation with economics and its lack of interest in social security were obvious in the first memorandum it prepared for Mackenzie. The committee suggested that the major aim of reconstruction policies was to have adequate employment opportunities for veterans and displaced workers who had been engaged in war production: “If, for any reason, reconstruction should not proceed smoothly during the postwar recession the country would inevitably be confronted by rapidly mounting unemployment and widespread dissatisfaction.” The memorandum went further: “Even though, as individuals, we may regret the passing of the older order of free trade, competition and capitalism, the democratic-capitalist order of society suggests that the attainment of reasonable economic security for the average individual will demand a large measure of coordination and governmental control.”<sup>50</sup> When James appeared before the Special Committee of the House of Commons on Reconstruction and Re-establishment on 14-15 May

1942, he noted that full employment in Canada was critical, and he made it clear that his committee saw it as the only way to preserve the Canadian system, which was based on free enterprise and personal initiative in both the political and economic life of the nation.<sup>51</sup> Later, when the James committee produced a series of recommendations calling for, among other things, a minister of economic planning to administer the planning for the postwar period with advice from a committee such as his, it raised the ire of the powerful bureaucrats in the Economic Advisory Council (EAC), a group of senior officials in Ottawa managing the war effort and reporting directly to Mackenzie King. They saw James and his committee as a nuisance. W.C. Clark, the EAC chair, penned a lengthy and ultimately persuasive memorandum for the prime minister on the recommendations regarding ministerial responsibility for reconstruction planning that were contained in the Report of the Reconstruction Committee.<sup>52</sup>

Clark pointed out that the James committee was correct in its recognition of the importance of coordinated planning to smooth the transition from war to peace, but he insisted that it was simply impractical for a single ministry to handle that file. He claimed it would require the new department to assume responsibility for probably half the functions of government. He reminded the Cabinet that it had rejected an earlier recommendation from the EAC to coordinate the formulation and administration of wartime economic policy since the task was simply too large for a single department. Then Clark turned to what he considered the limitations of the existing apparatus for postwar planning in Ottawa. He noted that the James committee had been established to provide insight and recommendations to the Cabinet. Although James and his group had performed their task admirably, it was unreasonable to assume that a committee of private citizens serving part-time in Ottawa could be expected to make an important contribution to the government's postwar planning process. Such a committee, Clark noted, would be removed from the day-to-day contact with the workings of government that was both necessary and fundamental if the committee were to make effective policy recommendations. Because so much of the work of government was confidential, he did not consider it appropriate that that information might be made available to a committee that operated at arm's-length from the government. Moreover, such groups would not be able to provide the necessary coordination that was needed, and many postwar problems involved relations with other governments, a matter for government officials responsible for international negotiations. Clark further noted that in both the United States and the United Kingdom, planning for the postwar period was primarily the task of officials in various departments of government who were familiar with policy development and in constant touch with the day-to-day workings and decisions of government. Hence, Clark

recommended that responsibility for postwar planning remain within government, and that the government place primary responsibility for such planning on the officials in the existing departments and agencies.<sup>53</sup>

Still, Clark acknowledged that the government required an advisory inter-departmental committee to arrange for investigations into various issues, to allocate particular issues to various departments, to coordinate the flow of information, and to prepare material for the Cabinet. Because the EAC was performing a similar function for the war effort, Clark suggested that it would be particularly well suited to perform a similar role in planning for the postwar period. This would not mean the dismantling of the James committee; rather, the committee could act as a representative group of private citizens bringing in a non-governmental view to assist the government in reaching decisions for the postwar period. Perhaps more importantly, Clark said, the committee would be useful in preparing the public mind for the policies that might have to be followed and the programs that might have to be implemented during the postwar period. It might stimulate and guide public discussion of postwar problems. These could all be best achieved, Clark suggested, if the Committee on Reconstruction, like the EAC, reported directly to the prime minister through the Privy Council Office. Common responsibility to the same minister would make it easy to establish the necessary liaison and cooperation between the two committees working on reconstruction problems and to avoid undesirable duplication and conflict of effort.<sup>54</sup> It also meant that Clark's committee would lose none of its influence once the war ended.

Clark's report went directly to King, and it was very clear that Clark believed he and his colleagues should control postwar planning. His memorandum had the support of A.D.P. Heeney, the clerk of the Privy Council, who shared Clark's belief that postwar planning should take place within the regular civil service.<sup>55</sup> The Cabinet agreed with its senior bureaucrats; at its meetings on 23 December 1942, it decided that the primary responsibility for postwar planning should rest with the government and its officials, not with intellectuals outside the bureaucracy. In January 1943, the James committee subsequently became a subcommittee of the EAC to supplement the work already completed within the government bureaucracy; it was renamed the Advisory Committee on Reconstruction. Meanwhile, as Clark had hoped, the EAC had its mandate broadened, giving it authority to deal with postwar economic policy.<sup>56</sup> The decision to have the James Committee's recommendations overseen by Clark's group has been interpreted as a failure of the committee and an attempt by the government to weaken the committee's recommendations on social policy.<sup>57</sup> Too much should not be read into this bureaucratic wrangling, however, as no one should have expected the government's senior bureaucrats to have willingly

surrendered their authority over postwar planning to a committee of outsiders. What is clear – and what Clark’s machinations demonstrated – is that there was considerable interest in and pressure for increased social security as part of the postwar reconstruction process, both inside and outside of government, and that the bureaucracy was determined not to permit outsiders to establish the agenda, no matter how well intentioned the private citizens might be.<sup>58</sup>

Social security was nothing new to Prime Minister King. He considered it an important aspect of the new world order he envisioned for the postwar world, and he spoke of the great need for it early in the war. When he joined Roosevelt at the White House for dinner on 5 December 1942, the president raised the British report on reconstruction, “Social Insurance and Allied Services” – popularly known as the Beveridge Report after its author, Sir William Beveridge – that had been released a few days earlier in London. King was impressed when Roosevelt suggested they work together on social reform for both their countries. Of course, King pointed out that much of the program Beveridge had recommended could be found in his *Industry and Humanity: A Study in the Principle Underlying Industrial Reconstruction*, which King had written in 1918.<sup>59</sup> Still, he was relieved that he and Roosevelt could now turn to matters other than the war, and he thought it was time for him to think more about a policy of reconstruction for Canada since the war seemed to be turning in the Allies’ favour. “I would have something to say in that matter,” he told his diary the next day.<sup>60</sup> It is unlikely at the time, however, that King realized the impact the Beveridge Report would have in Canada. The report arose out of the work of the British Departmental Committee on Social Insurance and Allied Services, appointed in June 1941 by Arthur Greenwood, the UK minister of reconstruction. When the report was released, it had an immediate impact. It was praised as marking a revolution not only for its practical recommendations for social security measures but also for its articulation of the philosophy underpinning the need for social security. King shared with Beveridge the view that the war was not fought for dominion or revenge but for peace; moreover, they both agreed that peace and security could be best achieved by ensuring that their citizens enjoyed freedom from want and despair.

In the weeks following his conversation with Roosevelt, King continued to contemplate the issue of social security, and there prodding him every step of the way was Ian Mackenzie, by this time the greatest advocate within the government for new social welfare initiatives. When Cyril James presented him with a draft memorandum from the Committee on Reconstruction earlier in December 1942, Mackenzie had let James know that he was disappointed there was no specific mention of social security. That more than anything else, Mackenzie reminded James, occupied the attention of the peoples of the world.<sup>61</sup>

Others, such as the various social agencies in Canada, complained that the committee's interest lay primarily with economic issues,<sup>62</sup> and they feared that social security would not be a high priority in the postwar period. George Davidson wrote Harry Cassidy, who was then teaching social work at the University of California in Berkeley, that the James committee had been "quietly retired from the scene in favour of Dr. Clark's Advisory Committee on Economic Policy. These are pretty obviously the boys who are going to write the post-war ticket," he lamented, and he did not hold much hope for any great social security measures with that group: "once again we have an imposing line-up of money economists with hardly a drop of humanitarian blood in the lot of them." He thought they would pay little attention to Leonard Marsh, the committee's research director. Davidson also believed that King would simply "play for time" and do nothing, hoping that the interest in social security that the Beveridge Report in the United Kingdom had stirred up would disappear as Canadians increasingly turned their attention to the final stages of the war in Europe.<sup>63</sup> Yet, as Ian Mackenzie later told the Special Committee of the House of Commons on Reconstruction and Re-establishment that had been appointed in 1942, the revised mandate of the EAC merely reflected the growing sense of urgency with regard to postwar planning. He added that the government wanted action on the social policy file and only a department of government could organize and act quickly.<sup>64</sup> Davidson's expectation of King was subsequently proven wrong, of course, when King and the Liberal government went further with social security in the early 1940s than many had expected they would, even if what was eventually implemented by the Liberals was far less than what many had demanded.

Immediately following the release of the Beveridge Report, Mackenzie asked his deputy minister to arrange for a Social Security Committee within his department to prepare a social security program for Canada. The minister suggested several members for the committee, which he made clear would be kept entirely separate from the reconstruction committee and entirely confidential. The committee was directed to study the social security system of New Zealand and the Beveridge Report as well as incorporate the work already done on social security within the department.<sup>65</sup> The next day, on 3 December, Mackenzie telegraphed Vincent Massey, the High Commissioner in London, asking him to airmail copies of the Beveridge Report.

Within two weeks, W.S. Woods, the associate deputy minister in the Department of Pensions and Health, had prepared for Mackenzie an overview of social security legislation in other countries. In his thirteen-page report, Woods paid particular attention to the British experiment but he also reviewed the social legislation of thirty-eight other countries. He concluded that there was a general

trend toward social security in all the nations he examined, with the most far-reaching proposals coming from the United Kingdom, New Zealand, and the United States. In fact, the Eliot bill that was to expand social security in the United States had been introduced in Congress on 9 September 1941. Woods considered the proposed American legislation "far-reaching, novel and unique," and remarked to his minister that "so far as Canada is concerned, our national social legislation had not advanced to a degree that most other countries have achieved." He also reminded the minister that world leaders who were united in the defence of freedom had named social security their first objective of postwar planning.<sup>66</sup> This comment must have rankled King; he had earlier told Roosevelt that Canada already had much of what Beveridge was recommending for the United Kingdom, but Woods evidently saw little to support King's claim. However, Mackenzie would push King hard on the issue of social security in the weeks that followed.

The first opportunity to do so arose when Mackenzie accompanied King to Brockville, Ontario, on 5 January 1943, where they had gone to bury Senator George P. Graham, a former Cabinet colleague. By that point, however, King knew full well that social security issues had become important in Canada and, indeed, throughout the Allied nations. Even so, Mackenzie took the opportunity to further press on him the need for a public declaration of the government's commitment to social security, and insisted they promise a postwar program for it. King later wrote in his diary, "I agreed with him that nothing could more completely please me if I had the physical strength and endurance."<sup>67</sup> In the meantime, as he began to consider policy for the coming session, King asked Mackenzie for more information on social security. The minister was prepared, his arsenal well supplied and ready for immediate action. He promised King that he would have a memorandum on social security the following day, and he did. On 6 January 1943, Mackenzie delivered a lengthy and comprehensive document on social security compiled from the materials his department had been working on for some time. The memorandum included Woods' report on the international commitment to social security, various reports on health services, the Conservative Party's resolution at their recent convention in Winnipeg, and a memorandum on the work of the general advisory and reconstruction committees. In the weeks that followed, Mackenzie sent King additional materials on social security, including reports by Leonard Marsh and George F. Davidson. He also included a summary of the Beveridge Report.<sup>68</sup>

Later in the month, King received a lengthy memorandum from Vincent Massey. Massey, who had earlier tried to steer the Liberal Party toward accepting a more enhanced role for the state, provided King with his analysis of the Beveridge Report as well as a speech that Beveridge had made after the release of

the document. Massey pointed out that although the report was the first of its kind for which a press agent was appointed and which followed a carefully scripted publicity campaign, the reception it had received clearly showed the “vitality of the British in the midst of so stern a struggle.” He told the prime minister that it would be difficult to exaggerate the interest the Beveridge Report had generated in Great Britain since it was the subject of universal discussion, and that it might in fact become one of the most important documents in the social history of the British people. In addition, he reminded King, Beveridge had warned all of Britain in a radio interview that many people might reject democracy if it failed to provide citizens with a fair measure of social security. As a former Liberal Party president, Massey reminded King that the support for the Beveridge Report did not follow strict party lines. Although it had been welcomed by the Left, Massey correctly noted that many Conservatives embraced it as well, largely because they saw it as a bulwark against social unrest after the war. The report also enjoyed considerable support within the civil service. Appealing to King’s sense of social justice, Massey also noted that Beveridge credited Prime Ministers Lloyd George and Churchill for their creative social security measures earlier in their careers and saw his report as an important continuation of their efforts. King was surely impressed, and he was not to be outdone, of course: he confided to his diary, “I should be happy indeed if I could round out my career with legislation in the nature of social security.”<sup>69</sup> In December and early January, following the release of the Beveridge Report, King had received many letters from individuals and institutions across Canada praising the report and urging him to provide additional social security for Canada.<sup>70</sup>

King acted immediately. At a meeting of the Cabinet on 12 January, he pointed out the need to discuss social security in the upcoming session. However, he found a number of his powerful Cabinet colleagues, including the minister of finance, J.L. Ilsley, the minister of munitions and supply, C.D. Howe, and the minister of mines and resources, T.A. Crerar, opposed to the idea of greater social security. Such resistance prompted King to write, “The mind of the Cabinet, at any rate, does not grasp the significance of [the] Beveridge Report.”<sup>71</sup> He had encountered similar opposition in 1940 when he began discussions on the unemployment insurance bill,<sup>72</sup> but he pressed on to enact the legislation over the wishes of some of his most powerful ministers.<sup>73</sup> Again, despite the opposition of senior and influential ministers, King pushed ahead and outlined in the 1943 Speech from the Throne his government’s objective to pursue a policy of social security for Canada.

Discussing plans for social security seemed to rejuvenate King, who was then approaching his seventieth year and his sixteenth as prime minister. With the aid of his *Industry and Humanity*, of course, King chose to personally write the



section on social security for the Speech from the Throne. He discussed those sections with both the Cabinet and the caucus so there would be no misunderstanding the government's intentions later on.<sup>74</sup> In the Speech from the Throne on 28 January 1943, the governor general announced the government's commitment to social security and stated that a "comprehensive national scheme of social insurance should be worked out at once which will constitute a charter of social security for the whole of Canada." However, King did make it clear that the first and immediate objective of his government was to win the war. Only with victory in its grasp could the government fully concern itself with other matters. Moreover, he told the caucus, he would never allow an election on the matter of social security during the war, as this might be interpreted as a bribe from the public treasury. He said his government was committed first to a postwar policy of full employment, and "it was wrong to think of increased outlays on anything that could be avoided until victory was won. Important, however, to keep everything in readiness for peace."<sup>75</sup> Incidentally, D.R. Rodgers, the acting chair of the Wartime Information Board, had written to King a week earlier, informing him that a Wartime Information Board Survey on 16 January had revealed that a majority of Canadians regarded the postwar period with "something akin to dread." Rodgers suggested that both soldiers and civilians must "feel they are fighting for the positive goal of a better Canada" if morale was to be maintained in the country.<sup>76</sup> On 3 March 1943, King moved in the House of Commons for the appointment of a special committee on national social insurance to "examine and report on a national plan of social insurance which [would] constitute a charter of social security for the whole of Canada."

Clearly, then, by the midpoint of the Second World War, and with images of the upheaval and chaos of the Great Depression very much in mind, King had joined those who found the earlier approach to social security wanting. New and progressive thinking about the importance of social security became important ideas bantered about internationally during the Second World War, and they served to inform public policy debate in Canada during the period. Like King, many leaders in all the Allied nations embraced the *principle* of social security and promised important initiatives in the field as a means of maintaining world peace and preserving human dignity. Like national governments elsewhere, the Canadian government firmly believed that it was its own responsibility to make the postwar world a better place for all Canadians and create a new social order. Many individuals both in and outside government and non-governmental organizations, as well as many in the business community, believed that what was at stake in the postwar world was the survival of the democratic, free-enterprise system; many believed social security, together with

a greater role for government in the economy, was necessary to safeguard Canada as a liberal democratic state. King wanted Canada, and thus himself, to be seen – not just at home but internationally – as playing a lead role in implementing social security. He believed this would cement his claim as a reformer and pioneer in social welfare.<sup>77</sup> It would signify the dawning of a new era in Canadian social security.