

FAMILY ALLOWANCES IN CANADA

A Discussion of the Social, Economic, and Political
Considerations which lead to the passage of the
Family Allowances Act of 1944 and a Description and
Analysis of its Administration

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FORWARD

A substantial quantity of literature exists which portrays Canadian legislative and administrative processes in general terms. The object of this study is to examine and assess the political, social, and economic considerations which lead to the passage by Parliament of a particular Act and to describe in detail the manner in which it is administered. The Family Allowances Act of 1944 has been selected to serve as such a case example of the dynamics involved in Canadian legislative procedure and public administration.

A number of considerations prompted the choice of the Family Allowances Act. This measure constitutes the first attempt of the Dominion to pay benefits to all persons within a certain age bracket without regard to the financial means of the recipients or to payments previously made to a social insurance fund. As such it has widespread economic and social implications. Its proposal occasioned a controversy involving all political parties, labor groups, religious denominations, and other interests. Much speculation continues as to the true motive behind the Government's decision to embark on such a program - especially during a period when the nation was still at war. The writer, having had training and experience in the administration of public social services, was particularly curious concerning the background of family allowances in Canada,

and wondered why this program was singled out from all the proposed post-war social security measures.

From an administrative point of view the choice of the Family Allowances Act is especially appropriate. Being Dominion-wide in scope and necessitating decisions as to the eligibility of applicants for Allowances on the basis of local considerations, regional administrative units are required. The efficient administration of the Act involves the creation of harmonious working arrangements not only among departments of the Dominion government but also between the Department of National Health and Welfare and provincial government departments and private agencies. The procedure employed in paying approximately 23 million dollars to almost two million families each month is itself worthy of description. Because the Act was implemented so recently, the tracing of the evolution of organization and methods is greatly facilitated as most of the civil servants now employed in its administration have been associated with the program since its inception.

This study of Family Allowances in Canada is divided into two distinct parts. Part One concerns the background of the Family Allowances Act. All precedents for family allowances are examined and an attempt is made to account for the sudden upsurge of interest in such a program during 1943 and for the final passage of the Act in 1944. Part Two is devoted to a description and analysis of the organization, relationships and processes involved in the administration of the Act.

It is not exhaustive in nature but is a survey which indicates areas for further investigation.

PART ONE

The Background of Family Allowances

CHAPTER I

INTRODUCTION TO PART ONE

The accusation has frequently been made that the Family Allowances Act of 1944 was hastily devised and rushed through a dying parliament, little opportunity being afforded for public discussion and understanding. If this was the case, there were motives behind the precipitous action of the government of Prime Minister MacKenzie King which are not apparent at first glance. The purpose of this part is to attempt to define the economic, political, and social factors which led to the adoption of the Act during that particular year.

Chapters II and III set forth general background material necessary for an understanding of any family allowances program. Chapter II presents a short history of family allowances indicating the extent to which such programs have been adopted by the nations of the world. The generally accepted bases for the establishment of family allowances in countries where they have been instituted are explored and assessed in Chapter III. From a social point of view family allowances have been considered as an antidote for the inequitable situation brought about by the payment of wages based solely upon production, no cognizance being taken of the number of persons for which such payment must provide

a livelihood. Children's allowances have also been important as an integral part of any universal system of social security, making unnecessary the payment of benefits to children under insurance and assistance schemes and assuring that benefits in times of unemployment will not exceed wages during employment. Demographic arguments have been traditionally put forth in support of family endowment. Such support continues despite the consensus of informed opinion to the effect that family allowances by themselves have little effect in stimulating population growth. Especially during the last decade, children's allowances have been fostered by those seeking to promote national full employment. It is maintained by them that the payment of allowances will increase consumption by transferring income to persons having a high propensity to consume.

Chapter IV deals with the background of family allowances in Canada prior to 1943. One would expect that social legislation of such wide scope would be preceded by years of public debate, official investigations as to need, public education by groups interested in the adoption of such a program and some Dominion-Provincial discussions concerning proper jurisdiction. This does not appear to have been the case. There were isolated remarks in the House of Commons concerning family allowances prior to 1943 but they were of little significance. The parliamentary Committee on Industrial and International Affairs in 1929 and the Quebec

Social Insurance Commission in 1931 considered the possibility of family endowment but their deliberations appear to have been quickly forgotten. Even as late as 1939, the Royal Commission on Dominion - Provincial Relations made no mention of family allowances in its report. This chapter goes on to examine all national and provincial programs which make special financial provision for children in order to determine whether they might be considered as precedents or bases of experience for a family allowances scheme. Of all the programs discussed, only personal income tax exemptions for children and the allowances paid to the dependents of members of the armed forces during World War II would indicate that a future social security program might include family endowment.

Chapter V traces the sudden growth of interest in social security, including family allowances, which was initiated by the publication of the Beveridge Report in December of 1942. The general outlines of the plan are presented with attention being focussed on its proposal that a system of children's allowances be established. A description of the reception given the Report in Canadian political and other circles is included together with indications of the power of its suggestions in influencing the Conservative Party in its platform and the Liberal Party in the Speech from the Throne in 1943 to include the establishment of a universal social security program as one of their aims. That there is a

direct relationship between the Beveridge and Marsh Reports will be apparent from the discussion of the Canadian proposals. The relationship exists not only in the similarity of recommendations, but also in the fact that it was the impetus of public opinion fostered by the Report from Great Britain which influenced the government to instruct Marsh to hastily prepare a report on social security in order that it might be introduced early in the 1943 session of parliament and form a basis of discussion for the proposed Special Committee on Social Security. The Marsh proposals are treated in some detail as they constitute the first even semi-official recommendation that a nationwide system of family allowances should be part of Canadian economic and social policy. No discussion of social security or of family allowances in Canada would be complete without considering the recommendations for social security and the criticism of other proposals made by Miss Charlotte Whitton in The Dawn of Ampler Life which was sponsored by the Progressive-Conservative Party. Miss Whitton is a recognized enemy of cash allowances for children, preferring state sponsored services in kind.

We cannot doubt but that the government intended that family allowances would become part of both a program to foster full employment and a social security scheme at some point in the future, but it is difficult to accept the proposition that their immediate intent was such. The Act

was passed in the midst of war, at a time when peace was no where in sight. It is true that such reports as those of Beveridge and Marsh inspired people to look forward to a better post-war world, free of poverty and insecurity, but there was little logic in the government's attempting to fulfill such aspirations prior to the war's end. During wartime full employment was a reality, the need for social security was at its lowest ebb, and the administrative and financial resources of the nation were already overburdened. It appears that speed was at a premium, no time being allowed for consultation with the provinces or for the employment of the cumbersome mechanism of the conditional grant-in-aid.

To discover the immediate reasons for the passage of the Family Allowances Act it is necessary to look beyond the usual objectives of such legislation to the political situation of the time and the exigencies of a wartime economy. The political possibilities are apparent when it is remembered that the Quebec provincial elections were scheduled for August, 1944, one month after the passage of the Family Allowances Act and that the Dominion general election was expected to be held during June, 1945, one month prior to the date when the first allowances were to be paid. Further explanation for the precipitous passage of the Act may be found within the anomalies created by the wartime wage and price control regulations.

This writer is convinced that the government, when

proposing a program of family allowances, seriously considered the role which it might play in the scheme of wage and price control. Chapter VI attempts to set forth the facts supporting this contention, describing the labor strife which forced the government to take some step towards the alleviation of the poverty suffered by those workers earning wages stabilized at below subsistence levels. The choice of either raising wages and risking inflation or of paying family allowances was faced. The new wage control policy, as announced by the Prime Minister in December, 1943, can be considered complete only when taken in conjunction with the request for family allowances included in the Speech from the Throne of January, 1944. This chapter also includes a discussion of the family allowances amendment to the Collective Agreement Act of the Province of Quebec as it came into being as a result of much the same economic and social forces as did the federal measure.

Although there was no need to induce or maintain full employment at the time when the Family Allowances Act was passed, since it is perhaps axiomatic that social security measures when once enacted and benefits distributed are difficult to repeal, the government was undoubtedly impressed by the propensity of such a program to assist in establishing full employment. Full employment proposals for Canada specifically are discussed in Chapter VII with special emphasis on recommendations for income redistributing measures.

As with other factors which influenced the government in deciding to enact family allowances legislation, it is difficult to assess the importance of considerations of party politics. One would imagine that any government which enacted such a program would expect to gain some political advantage. Chapter VIII describes the political situation as it existed in 1944 and attempts to determine what influence it had on the government's decision.

The final chapter of Part One traces the parliamentary history of the Family Allowances Act. The arguments of both the government and the opposition parties concerning the desirability of the proposed measure are included. It is only in this chapter that the constitutionality of family allowances is discussed.

CHAPTER II

A SHORT HISTORY OF FAMILY ALLOWANCES

The idea of supplementing wages in amounts depending on the number of children in the worker's family is certainly not a phenomenon of the twentieth century. The possibility of endowing large families and assuring them of the minimum means of subsistence has been recognized throughout the history of the English poor law and has been the subject of continued controversy. Prior to the industrial revolution the need for family allowances was not present. Feudalism provided its own solution; the Lord of the manor was economically interested in each coming generation of workers and, in cash and in kind, remunerated the parents in amounts which would permit the raising of large families. With the growth of manufacturing in the factories and in the home, workers were paid wages computed on the basis of productivity alone with no consideration of family responsibilities. In England, the plight of the laborer was made more serious by the enclosure of the common lands during the latter part of the eighteenth century. From this common land the worker had been able to supplement his wages by maintaining live stock and engaging in subsistence farming. In addition to depriving the working class of this means of supplementing their wages, the enclosures also forced families to desert full time

agricultural employment and move to the city slums, swelling the labor market there. This movement of the population to areas of industrial concentration had the effect of pushing wages below the existing subsistence level as it was accepted that an employer's only responsibility to his workers was to pay the lowest wages for which they would work, in the same manner as he was expected to obtain the highest price possible for his product in the open market. This system was admittedly necessary for the rapid industrial growth of England as it provided high profits and so ready capital for expansion, but, in its wake, the life of the working man became one of almost unbearable poverty, suffering, and drudgery. His situation was made worse during the last few years of the eighteenth century by the rise in prices due to the war with France and a succession of bad harvests. "In many places there was rioting and seizure of food. Even where people endured distress without turning to violence, their suffering was evident enough to cause general concern. The agricultural proprietors and the large farmers could only enjoy their prosperity if measures were taken to solve the problem of the poverty stricken laborer." ¹

To solve this problem of widespread destitution, the Parliament in 1795 rejected the proposition that they set a minimum wage, but rather amended the Poor Law to allow the local justices to provide relief to the able-bodied in the home, i.e., outside the workhouse. This Act became known as

the Speenhamland Act as it legalized the action of the justices of Berkshire County meeting at Speenhamland. Instead of enforcing a minimum wage to be paid to laborers and so penalizing the employers as they were empowered to do by the Elizabethan poor law, the justices decided that it would be better to use relief funds to make up the difference between a man's earnings and the minimum on which they felt a family could exist. "The scale which they drew up provided that when the gallon loaf sold for one shilling, enough relief would be added to the laborer's wages to bring his income to three shillings, if he had a wife to four shillings six pence, if a wife and one child to six shillings, and so according to the size of household." ²

Until payments on behalf of children were conceived as a fundamental requirement of any over-all system of social security by Sir William Beveridge in 1942 and until the possibilities of family allowances as a means of redistributing wealth and increasing purchasing power were discovered by the "Neo-Keynesian" economists during and after World War II, the identical arguments and alternatives presented in 1795 were used and reused with certain additions and embellishments by the adherents to a program of family endowment. As will be seen ^{below} ~~above~~, the leading contention of Miss Eleanor Rathbone and the British Family Endowment Society was that the minimum or living wage was inequitable in that it provided only for the needs of the average family. In 1795 this same

controversy is apparent. Should a minimum wage be set which would provide for an average family or should workers be paid an allowance for their children in addition to wages received for productivity? The speech of Prime Minister William Pitt made in 1796 to the House of Commons opposing a bill providing for the fixing of minimum wages reads very much like a portion of the Disinherited Family ³ or testimony heard by the Quebec Social Insurance Commission in 1931. William Pitt maintained that:

By the regulations proposed, either the man with a small family would have too much wages or the man with a large family who had done most service to his country would have too little. So that were the minimum fixed upon the standard of a large family, it might operate as an encouragement to idleness on one part of the community; and if it were on the standard of a small family, those would not enjoy the benefit of it, for whose relief it was intended. What measure then can be found to supply the deficit? Let us, said he, make relief, in cases where there are a number of children, a matter of right, and an honour instead of a ground for approbrium and contempt.

This will make a large family a blessing, and not a curse; and thus will draw a proper line of distinction between those who are able to provide for themselves by their labour, and those who after enriching their country with a number of children, have a claim upon its assistance for support. ⁴

Organized labor has always been suspicious of family allowances fearing that they would be considered by employers as being in lieu of wage increases and would so tend to keep wages at a generally low level. The effects of the Speenhamland Act were a classic example of the realization of this fear. Since no minimum wage was specified, the employer paid

his workers just as little as possible and sent them to the parish authorities to have their incomes brought up to subsistence level by relief allowances. If the employer did not do this, not only would he have to pay sufficient wages but also higher taxes to support the allowances of workers whose employers were taking advantage of the system. If a laborer refused to work under such an arrangement, the employer would simply deny him the job and apply to the parish to have someone already receiving relief "farmed out" to him. The pauperization of all labor was the result. This plan for allowances in support of wages was generally unpopular and was discarded with the Poor Law Reform of 1834. The memory of its unfortunate results placed a stigma on all outdoor relief and on family allowances in particular which lasted for a century and greatly hindered the growth of social welfare programs.

Although there was some agitation for family allowances and scattered instances of their being employed in limited areas, such as the allowances paid to British Civil Servants for dependents during the first World War, following the poor law reform there was no large scale governmental program instituted by English speaking nations until 1926 when New Zealand inaugurated a scheme limited by a means test to low income families.⁵ A year later the State of New South Wales also set up a limited program.⁶ These early payments, confined as they were to families with very low incomes, more

closely resembled the grants made under the Speenhamland Act than those of a modern family allowances program. The more recent interpretation is that family allowances should not be considered as a supplement to wages, much less as a relief grant, but as a social measure for maintaining incomes which, for reasons of social and economic policy, are established as a right for families containing children. This new approach was fostered during the depression years of the 1930s by the strong emphasis on the need for income security and culminated in the propositions of Sir William Beveridge in his report Social Insurance and Allied Services. Recent family allowances programs in English speaking nations have been "universal" in that they are not limited by occupation or even employment, but are granted to all families with a specified number of minor children, regardless of their income.

The first of the universal family allowances schemes is found in Australia where the limited scheme of the State of New South Wales was replaced in 1941 by a new and comprehensive Commonwealth plan established by the Child Endowment Act.⁷ All families in Australia with two or more children are eligible for the allowance at the rate of 7 s 6 d per week for the second and each additional child. The funds to support the program are derived from a proportionate share of a special income tax (social services contribution) and of a 2½% employer payroll tax.⁸

Ireland, like Canada, established a universal family

allowances program in 1944.⁹ The Irish plan provides that families with three or more children under 16 years are eligible for the allowance which amounts to 2 s 6 d per week for the third and each additional child. The program is financed from the general revenue of the nation.¹⁰ The United Kingdom instituted its program in 1945 paying allowances to all families with two or more children within the compulsory school age, or, if students or apprentices, until they are sixteen. The allowances of 5 s per week for the second and each additional child are derived from the general revenue of the state.¹¹ New Zealand, although the first of the English speaking nations to institute a system of grants to families with children, albeit with a means test, did not make it universal, in the sense of having no income requirement, until 1946.¹² Under the new plan, all families with one or more children are eligible for the allowance at the rate of 10 s per week for each child. The age limit for the allowance is very liberal. The general limit is sixteen years but if the child is a student, he is eligible for the allowance until the age of eighteen, and if an invalid, there is no age limit whatsoever. The funds to support the program are derived in much the same manner as in Australia, from a proportionate share of the 7½ percent special gross income tax (social security charge) and of the annual Dominion grant to the Social Security Fund.¹³

Although the universal family allowance has been most

prevalent in the English speaking world, Norway and Sweden also instituted such programs in 1946 and 1947 respectively. The Norwegian scheme pays allowances to all families with two or more children under the age of sixteen. Seven-eighths of the cost of the program is borne by the National government and one-eighth by the communes. In Sweden, all families with one or more children under sixteen years of age are paid allowances from the general revenues of the state.¹⁴

The other general, governmentally supported programs for family allowances through-out the world (there are nineteen in all¹⁵) are either "worker" schemes, i.e., eligibility of family heads for allowances is largely attached to gainful employment of specified types and support for the program comes directly from the employers, or are limited by some sort of a means test.

Most of the nations which have established "worker" programs have undoubtedly been influenced by the development of family allowances first in France and then in Belgium where programs were first instituted on the initiative of private industry, later sanctioned and encouraged by the government, and finally made mandatory for all industries and workers. Not having experienced the unfortunate results of the Speenhamland Act, family allowances were early established in scattered areas and industries of France. In 1854 a family fund was established in the factory of Monsieur Hamel "with the object of preventing the standard of life of the

family man from falling below that of the bachelor".¹⁶

In 1862 the Ministry of Marine introduced a grant of 10 centimes a day for each child under ten years of age to the lower grades in the French Navy. This movement spread very slowly and in isolated areas of industry, public utilities, and governmental service, until 1916 when the first really important scheme was introduced by Monsieur E. Romanet in the firm of Joya et Cie, engineers at Grenoble. This experiment was important because it occurred during a period of rising prices and influenced workers in other firms to demand similar treatment from their employers to the point where all firms belonging to the metal and engineering industry of the district undertook to pay family allowances on an agreed scale.¹⁷

The association of a number of firms in a single region and industry lead to the establishment of compensation or equalization funds which collect contributions from employers and make allowance payments to beneficiaries as it was soon realized that employers would be under considerable temptation to economize by avoiding the employment of men with families and that the system might therefore injure those whom it was intended to benefit. Such equalization funds were a characteristic of the development of family allowances in France, Belgium, Holland, and Germany and at present are the important administrative agency in many continental programs. The funds are either regional, covering all kinds of workers in the same locality, or industrial, embracing workers in

the same industry. With the movement for family allowances growing rapidly in France after 1916, the government took cognizance of it in 1917, extending allowances to employees in public utilities, railways, and other public bodies. By 1928 governmental bodies were inserting a family allowances clause in contracts which they gave to private firms so that any firm undertaking work for them could be compelled to grant family allowances to their employees.¹⁸ With the exception of government contracts, family allowances arrangements were entered into voluntarily until 1932 when an Act gave "legal recognition to the system of family allowances already in existence and extended it to cover all industries and occupations, though to prevent a sudden increase in the costs to industry, the application was made gradual".¹⁹ In 1939, a Presidential decree promulgating the so-called French Family Code provided that all family allowances schemes would be absorbed into a unified system. After the war, in 1945, an ordinance provided for the integration of the administrative and financial organization of family allowances with that of the general social security scheme. Subsequently, in 1946, a new and liberalized scheme was set up as part of the reform of social security legislation.

In Belgium the evolution of family allowances was much the same as in France. The movement was initiated in 1915 but made little progress until after the first World War. In 1922 a really important compensation fund was established

covering the provinces of Liege, Limbourg, and Luxembourg.²⁰ In Holland the first system was initiated by the State when, in 1920, allowances were granted to the dependent children of civil servants.²¹ In Germany family allowances were first instituted in scattered industries and districts prior to 1914 and gained some importance under the Weimar Republic. By 1930 they had lost most of their vitality.²²

From this sketch of the development of family allowances schemes on the Continent, it is quite evident why, in the case of the countries discussed and those following their example, the tendency has been to establish "worker" programs, eligibility for benefits being limited to specified employment categories and usually supported by a payroll tax. At the present time "worker" schemes are operative in Belgium, Bulgaria, Chile, Czechoslovakia, France, Hungary, Italy, Lebanon, Luxembourg, Netherlands, Poland, Portugal, Rumania, Spain, Switzerland, and the U.S.S.R.²³

Only three programs are of the type which demand a means test or property qualification. They are found in Brazil, Finland, and Uruguay.²⁴

A summary of the development of family allowances cannot be complete without some mention of the Encyclical letter of Pope Leo XIII, *De Rerum Novarum*, issued in 1891. Undoubtedly this encyclical greatly influenced the early development and rapid spread of allowance programs in many countries with predominantly Roman Catholic populations by emphasizing the

importance of the family to society and the need for the wage earner to receive an amount sufficient to adequately support his dependents. This papal letter has also been interpreted as calling for a "living" wage without variations in accordance with the size of family. ²⁵

NOTES TO CHAPTER II

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- 2 Ibid., Page 72.
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- 4 History of the Proceedings and Debates in the House of Commons Vol. XLIV, 1796, pp 15 and 26 as quoted in De Schweinitz op.cit. Page 73.
- 5 International Labour Office Family Allowances Schemes in 1947 in the Review, Vol. LVII, Geneva, 1948, Page 317.
- 6 Ibid.
- 7 Ibid., Page 317.
- 8 Ibid., Page 471.
- 9 Ibid., Page 320.
- 10 Ibid., Page 473.
- 11 Ibid., Page 476.
- 12 Ibid., Page 317.
- 13 Ibid., Page 475.
- 14 Ibid., Pages 475 and 476.
- 15 See Note 23 below.
- 16 Glass, D.V. The Struggle for Population, Clarendon Press, Oxford, 1936.
- 17 Rathbone, E.F. op.cit. Page 195.
- 18 Glass, D.V. op.cit. Page 53.
- 19 Ibid., Page 54.
- 20 Rathbone, E.F. op.cit. Page 224.

NOTES TO CHAPTER II

- 1 De Schweinitz, Karl England's Road to Social Security, Philadelphia, University of Pennsylvania Press, 1943, Page 71.
- 2 Ibid., Page 72.
- 3 Rathbone, Eleanor F. The Disinherited Family, London, G. Allen and Unwin Ltd., 1924.
- 4 History of the Proceedings and Debates in the House of Commons Vol. XLIV, 1796, pp 15 and 26 as quoted in De Schweinitz op.cit. Page 73.
- 5 International Labour Office Family Allowances Schemes in 1947 in the Review, Vol. LVII, Geneva, 1948, Page 317.
- 6 Ibid.
- 7 Ibid., Page 317.
- 8 Ibid., Page 471.
- 9 Ibid., Page 320.
- 10 Ibid., Page 473.
- 11 Ibid., Page 476.
- 12 Ibid., Page 317.
- 13 Ibid., Page 475.
- 14 Ibid., Pages 475 and 476.
- 15 See Note 23 below.
- 16 Glass, D.V. The Struggle for Population, Clarendon Press, Oxford, 1936.
- 17 Rathbone, E.F. op.cit. Page 195.
- 18 Glass, D.V. op.cit. Page 53.
- 19 Ibid., Page 54.
- 20 Rathbone, E.F. op.cit. Page 224.

- 21 Vibard, Hugh H.R. Family Allowances in Practice London, P.S. King and Son Ltd., 1926, Page 38.
- 22 Glass, D.V. op.cit. Page 21.
- 23 See International Labour Office op.cit. for details.
- 24 See International Labour Office op.cit. for details.
- 25 See Vibart H.H.R. op.cit. Pages 9 - 11 for a more complete discussion.

CHAPTER III

GENERALLY ACCEPTED OBJECTIVES OF FAMILY ALLOWANCES

It is difficult to determine exactly the reasons for Canada's embarking on a program of family allowances. As will be seen, the several groups interested in the adoption of such a scheme had a variety of reasons for supporting it and even those civil servants most closely associated with the final developments are not agreed as to the principal motivation for its acceptance. It is probable that there was no single determining argument or factor, and that all interests accepted, with a diversity of emphasis, the major premises from which family allowances have been advocated in all countries. The general arguments in support of family allowances may, for convenience, be divided into three categories; social, demographic and fiscal. Each of these arguments is presented below without special reference to Canada in order that the testimony, discussion, and debate leading to the adoption of the Canadian Family Allowances Act may be better understood and appraised and its administration evaluated.

1 Social

The principal social argument for family allowances maintains that the payment of wages based on productivity alone often results in poverty for large families with its accompanying mal-nutrition, inadequate shelter, interrupted schooling, and juvenile delinquency. Labor unions and proponents of minimum wage legislation have fought for a "living wage", i.e., one which will adequately provide for the needs of an average family, generally recognized as consisting of five individuals. Family allowances supporters contend that such a wage is only justifiable in the case of families which happen to be of the prescribed average size. As the living wage is designed to meet the needs of a family of five, there is no possible way in which it can adequately provide for a larger group. Under such a system, poverty and its resulting evils among a sizeable portion of the population cannot be avoided.

In very large families, where the only source of income is the wages of the father, the children are destined to suffer as the basic wage cannot possibly meet their needs. They are usually ill-clothed and undernourished. As there are no savings with which to defray the costs of medical care, when a member of the family is ill he receives no medical treatment whatsoever or the family either goes into debt in order to pay the doctor or application is made for

public treatment. The latter is usually avoided as it is necessary in most communities to submit to the same means test for free medical care as for outdoor relief. Housing is a serious problem for such families. Not only do they need a larger house than the average family, but they also have less money to pay for rent after other expenses are met. The overwhelming poverty and fear of debt often result in emotional damage and deteriorated family relationships. It appears to be and is a hopeless situation from which there is no escape, so father, mother, and children attempt to find relaxation and solace away from the home. Such attempts obviously increase the number of broken homes and the instances of juvenile delinquency. The mother's going to work offers no real solution and often makes matters worse as the children are left uncared for and unsupervised in the home.

This anomalous situation, in which those who are contributing so much to the community by raising its future citizens and workers are penalized by poverty and suffering, was not caused solely by the wage measured by production and geared to the average family. Modern social legislation has enhanced the hardship. Prior to the introduction of child labor legislation and compulsory school attendance laws, children were often an economic asset; by going to work at a very young age either in the factory or on the farm, they earned enough to pay for at least part of their own

maintenance. The mother was released from her household duties and was able to take full time employment as soon as one of her daughters was old enough to assume responsibility for the home and the younger children. At the present time, in many communities, the school leaving age is sixteen years and social pressure compelling the child to continue in school beyond that age is strong. When the children finally complete their education and find employment they often marry almost immediately, spend their earnings in courtship, or are determined to save as much as possible in preparation for marriage and family responsibilities of their own. In any case, the money is seldom turned over to the parents to ease the burden of supporting the children still too young to work or to repay, if only in part, the expenses of raising the new wage earner.

According to Eleanor Rathbone and others,¹ the system of equal pay regardless of family responsibilities is not only inequitable as regards those with large families, but is also injurious in the case of single persons and those with less than the average number of children. Those paid wages greater than their needs either are frequently absent from their work and so decrease the productivity of industry, or, having a large excess to spend, raise prices and the standard of living thus making the lot of the large family even more difficult. Enjoying this excess of wages and realizing that marriage and a family will lower their

standard of living, they are tempted to either forgo marriage or at least to greatly limit the size of their family.

To solve this paradox, three alternatives are possible; widespread birth control, a minimum wage related to the needs of the largest family, and family allowances. The first alternative is undesirable if only from a demographic point of view. The second would undoubtedly place too great a burden on industry by increasing the cost of production to a point where the rise in prices would destroy any real benefit from the increased wages. The only equitable and socially beneficial solution is the payment of family allowances either by industry or the State.

It is maintained by many that the payment of cash allowances computed on the basis of the number of children in the beneficiaries' families is not the most economic and socially acceptable scheme of family endowment. They recommend, instead, increased general welfare services in kind rather than in cash. The argument against this contention is well summarized by E.B. Reddaway in his article Family Endowment Reconsidered.

It is impossible to carry these measures very far without making them rather ridiculous - it is ludicrous to picture a benevolent Government distributing wholesale a variety of foods considered good for the recipients. Quite apart from the very serious administrative difficulties of greatly extending these services, a democracy cannot be perpetually denying the

ability of large numbers of its members to spend their income wisely. If families are given cash allowances some may be wasted on beer, but most will fulfill its purpose of improving nutrition, housing, and clothing. ²

More administrative than social in intent is the contention that the payment of family allowances is necessarily an integral part of any universal system of social security and income insurance. Children's allowances, together with comprehensive health and rehabilitation services and the maintenance of full employment are the basic assumptions of the "Beveridge Report". Recognizing the need for family allowances as outlined above, Sir William Beveridge states:

It is unreasonable to seek to guarantee an income sufficient for subsistence, while earnings are interrupted, by unemployment or disability insurance, without ensuring sufficient income during earning. Social insurance should be part of a policy of a national minimum. But a national minimum for families of every size cannot in practice be secured by a wage system which must be based on the product of a man's labour and not on the size of his family. ³

In addition, he visualizes children's allowances as a means of maintaining a gap between the amount of benefit during unemployment and earning during employment. This gap is required to make possible the great fluidity of labor necessary to the maintenance of full employment. Canada's "Marsh Report" recognizes more directly the potential value of family allowances as an administrative aid to the operation of comprehensive social security schemes. The payment of family allowances to all, regardless of income, makes the determination of the amount of grant under

unemployment, sickness, and disability insurances a simple matter. No consideration need be given to the number of children in the family of the beneficiary as they are already provided for; the amount will vary only as regards whether he is single or married. ⁴

2 Demographic

As mentioned in the previous section, alternatives to a concrete form of family endowment are the payment of wages large enough to support even the greatest family and widespread birth control. According to all reports birth control has been chosen by a large portion of the population in most countries which are highly developed industrially. It is not, in most cases, a fear of absolute poverty which has caused this desire to limit the size of the family; many other factors have been of influence. Children necessarily lower the standard of living of the parents and expose the family to all sorts of economic insecurity; they reduce the mobility of the parents and cause worry about education and their upbringing in accordance with accepted standards; last but certainly not least, they involve discomfort and pain for the wife and interfere with her work and way of life. The decision of couples to limit the size of their family or to have no children at all will eventually cause an absolute fall in the population. This will have serious ill effects

for the nation both socially and economically.

That there is a tendency for the populations of western industrialized nations to decline has been ascertained not only by social investigation into the reproductive practices in such countries as Sweden, ⁵ but also by consideration of the "net reproduction rate" a concept developed by R.R. Kuczynski. As regards Canada specifically, Enid Charles remarks as follows:

The increase of population will continue to become progressively smaller in the near future even without any further decline in fertility, for the population is aging as a result of declining fertility in the past and this means more deaths and fewer births.....In spite of a favourable age structure, a continuation of past trends would lead to a net reproduction rate falling below unity about 1950 to 1955, and hence to an ultimately declining population. This suggests that social action directed to stabilizing family size at a level adequate for a stationary or moderately increasing population would have more chance of success in the next ten to fifteen years than at a later period when fertility rates may have fallen below the desired level. ⁶

A decreasing population is undesirable not only because it tends to lower the standard of living by decreasing the number of potential consumers, but also because a larger proportion of the population than formerly ~~are~~^{is} in the older and often non-productive age groups due to the increase in longevity brought about by improvements in medical science. In The Struggle for Population, D.V. Glass indicates clearly the problems which must be faced by a nation with a population which is decreasing.

Without going fully into the economic and social implications of a considerable fall in population, it is obvious that such an event may create serious problems. If, for example, the people aged 60 and over form about 45 percent of the population, a possibility suggested by Dr. Charles' estimates, the following difficulties may arise. The population will suffer from a much higher degree of invalidity and the burden of state health insurance will be greater. So too will be the relative cost of old age benefit. On the other hand, this large section of aged and therefore unemployed people will have to be supported by a relatively much smaller proportion of able-bodied persons. That is, proportionately, the amount of taxation per head will rise, while the ability to bear it will fall. Moreover, the position of industry is likely to be more difficult. In the last century the industrial system recovered fairly easily from the depressions through which it passed, and one of the major factors in this ease of recovery was, undoubtedly, the growth of population. An increase in the numbers of people meant an increase in the demand for the products of industry, and with it the slump period of the trade cycle was shortened. The much reduced rate of increase of the population since the war has no doubt helped to intensify and prolong the economic crisis, and if the population actually falls in the future, the effect of the trade cycle upon economic prosperity is likely to be much more severe. In particular, it seems probable that the constructional industries will be badly hit.

Not only will industry be likely to suffer, but we too as consumers, may find our standard of life lowered remarkably. The commodities which we buy today are cheap, largely because they are made by mass production methods, and such methods are profitable to producers only because large numbers of people demand the goods they make. If our numbers fall, and with them, the extent of the market, the whole cost structure of industry may be changed radically because it may no longer pay to manufacture goods in such quantities. This in turn may lead to the abandonment of the more efficient large scale methods of production, with the result that the prices of most goods will rise. 7

Once it has been accepted that the population of a specific nation is declining and that such a decline will have deleterious effects both economically and socially, most thinking people insist that the state take definite steps towards developing a policy which will tend to reverse the inclination of the population to decrease in numbers. In order to formulate a satisfactory policy, the probable reasons for the decrease must be ascertained. These reasons have been suggested previously but are presented here in more detail in order to discover just how much of the problem is economic and can perhaps be alleviated by the introduction of some sort of family allowances and how much is due to social pressures and must be dealt with in some other manner.

Demographers are agreed that the decline in population is attributable to the practice of birth control by a great portion of the population. Gunnar Myrdahl states in regard to Sweden that "The birth figures show, furthermore, that at present birth control of some sort or other, and with varying degrees of efficiency, is being exercised in almost all marriages, except the sterile ones and the comparatively few marriages with a biblical number of children."⁸ Although a satisfactory population policy must be aimed at decreasing the prevalence of birth control, it must not outlaw its practice. In fact, birth control must even be encouraged as part of such a policy if proper regard is to be had for the quality as well as the quantity of the population, if the

health of the mothers is to be maintained, and if it is to be insured that children are not born to parents not wealthy enough to support them properly in accordance with accepted standards of health and welfare. Regard should also be had for the democratic concept that parents should be able to decide freely as to the number of children they desire.

The economic forces leading the large family to poverty have certainly been an important incentive to the practice of birth control. That such fear of absolute poverty is not the only reason is witnessed by the fact that couples in the middle and higher income groups practice birth control even more generally than those with lower incomes. This is due not only to their higher education, knowledge of birth control methods and of the value of a "planned family", and to their possession of sufficient funds with which to purchase contraceptives, but also because each child lowers their standard of living by the amount it costs to maintain it.

As Mrs. Myrdahl phrases it:

The decisive comparison in the minds of those who contemplate the effects of children on their economic status is certainly not between poverty as it existed in earlier times and the contemporary ease of economic circumstances. The comparison generating bitterness in connection with the economic effects of family increase is that families with children become 'declassed' as compared to the childless. This is a real effect, and there is no doubt that it is psychologically effective. The still more important comparison is, however, the lowering of the level of living of a family with children in comparison with its own earlier level of living. Voluntary choice of poverty for the sake of children is what young couples now are asked for. 9

Another probable cause of family limitation is the modern position of women. Their function in society is no longer limited to the home. They are expected to take part in the affairs of the community and the nation. If having children does not permanently destroy a career, it at least interrupts it temporarily and, in the case of most women who cannot afford servants, relegates them for a period of fifteen or twenty years to their old position in the home. Birth control appears to be part of the general search for economic and social security so characteristic of this century. By limiting the size of their family, the parents may more easily cope with the exigencies of unemployment, sickness, and disability. With few children or with many, the mobility of the parents is limited. The father knows that he must stay with his present job no matter how dissatisfied he may be with it, as he cannot afford the loss in wages resulting from a change in positions. He cannot risk going to another location without being assured of employment in the new community while, prior to their having children, the couple could have economized and saved in order to finance the movement. Other factors leading to family limitation which writers on the subject have emphasized are; the hesitancy of women to undergo the pain of child birth when there are means of preventing it, the desire of all persons to "get ahead", the wish of fathers to make certain their sons have a better education and greater opportunities for success than they,

and the force of fashion - "Keeping up with the Joneses in 1890 meant not having more than four children and in 1910 not having more than three, today it means not more than two." ¹⁰ The refusal of landlords to accept children and the trend in building towards the construction of small homes and two and three room apartments, have also mitigated against large families. Excepting a consideration of moral and religious values, it is difficult to imagine why, today, there are any large families.

It is quite apparent that the payment of cash bonuses to parents will not offset all the objections to having children or more than one child. Considering only the penalizing effect of the differential cost of each child, it is difficult to imagine that the State could pay large enough allowances to even approach the alleviation of this burden. The main objective of a population policy should be the creation of a social and economic environment congenial to the presence of large families. This can perhaps be accomplished by a number of devices such as the improvement and expansion of welfare services, construction of low rent housing for large families, provision of inexpensive clothing and food for children through some sort of a cooperative arrangement, the establishment of a number of public day nurseries and child care centers, decrease in the costs of maternity and infant care, and general community education through the schools and other information media. Family

allowances might play an important part in such an over-all population growth stimulating program, although by themselves it is doubtful whether they have much effect on the birth rate. In addition to providing families with a small percentage of needed added income, they do serve notice that the state is interested in their children and that the community recognizes the sacrifices that parents must undergo while raising a family.

3 Fiscal

The emphasis on the fiscal value of family allowances is a fairly recent development, receiving its impetus during World War II while plans for reconstruction were being formulated. The industrial progress and output during the war which made possible a condition of full employment of all resources served as a challenge to all nations to maintain full employment after the cessation of hostilities. It was realized that another prolonged economic depression similar to that of the 1930s might lead to the destruction of democracy and the submersion of the capitalist free enterprise economic system. J.M. Keynes developed a theoretical basis for action in his General Theory of Employment, Interest, and Money.¹¹ Visualizing the cause of economic cyclical decline and upswing as being imbedded in the interrelation of consumption, savings, and investment, he

proposed remedies which could be undertaken by Government. The problem and need were set forth by William H. Beveridge in his Full Employment in a Free Society.¹² Action which could be taken by governments to attain and maintain full employment was further delineated by Alvin H. Hansen¹³ and other so-called "Neo-Keynesians".

According to this group of economists, the function of a government determined to maintain, without relapse, the full employment gained during the war is apparent. Investment, both private and public, must be increased and the level of consumption raised whenever there is a possibility of savings exceeding investment. Should demand at full employment tend to exceed production and so threaten inflation, the function of government is to decrease its spending and increase taxes, thus lowering the total investment and decreasing consumption. L.R. Klein effectually summarizes the general problem of government economic policy in meeting the challenge of full employment as follows:

It must be such that the government will supplement or stimulate total private spending on consumption or investment by exactly the amount that will maintain full employment. We could also say that private investment plus government investment must be exactly equal to the amount which will be saved by individuals and business firms out of their full employment income. We must caution the reader to be certain not to believe that this government activity must always be of a positive character. If the particular problem is one of filling the deflationary gap, the government must undertake a program of positive spending activity. However, if the task is to wipe out the inflationary gap, the government activity must be one of negative

spending. In any case, the government is to be the balancing agent. An approximate forecast must be made, in advance, of the level of income which will be generated by private economic activity and a normal government budget. The difference between this level of income and full employment income is a measure of the government's task. If private activity will generate less-than-full employment income, the government must undertake a positive spending program in order to reach full employment. If the forecast shows a level of income above full employment income, the government must curtail spending and combat inflation. 14

There are many ways in which the economy can be helped toward the attainment of full employment by the government, but they must all be aimed at encouraging consumption and investment and discouraging excess saving. To maintain full employment after it has once been reached demands constant surveillance of the economic scene by fiscal authorities so that stimulants to spending and actual governmental expenditure may be introduced or withdrawn depending on whether the problem is one of deflation or inflation. The total outlay for goods and services are generally divided into three categories; (1) private consumption expenditures, (2) private outlays for capital formation (residential and business construction, machinery, business equipment, inventories, net foreign investment), (3) government expenditures. A nation embarking on a program pointing to the maintenance of full employment must contemplate action which will influence these three spheres of aggregate demand.

Considering the final category first, the state must be prepared to supplement consumption and private investment to the point of full employment and then by increasing and decreasing capital outlays on public works and developmental projects and by manipulating the rates of taxation, maintain the economy at that level. To encourage private investment, the government has several means at hand, such as incentive taxation, low rates of interest, and publicly financed research to develop new products and methods. The first category of aggregate demand - private consumption - is of greatest interest to us in considering the part which may be played by a scheme of family allowances in a full employment program and is treated below in some detail.

Any measure which increases income also increases consumption, unless the increase goes to those persons whose incomes are so great that they save all additional income which they receive. Greater consumption will result from an increase in income if it is received by persons with relatively low incomes as they tend to spend more and save less of each increment of additional income than more wealthy persons. It is apparent that, without discouraging investment, additions to income should go to those groups in society which have the greatest "propensity to consume" in order that the possibility of savings exceeding investment will not arise. There are several means whereby the income of the lower income groups can be increased. One method is

to introduce a steeply graded progressive income tax so that persons who are at the income level where the "propensity to consume" is the greatest will be relatively free from taxation, while those at the levels where the "propensity to consume" is small and the "propensity to save" is great will be heavily taxed. Any governmental expenditure will increase consumption - directly through the payment of wages, and indirectly through the purchase of capital and consumer goods. By increasing the legal minimum wage, more money can be put into the hands of those who spend the greatest share of their incomes. Finally, the general level of consumption can be raised by a redistribution of income through the progressive income tax and direct provision of additional income and services to the lower income groups. A system of family allowances supported completely from general government revenues accomplishes such a redistribution. Other social security measures are effective only in so far as they are supported by general tax funds and not by direct contributions, especially from employees, since such contributions are in fact a regressive tax and cause a decrease in private consumption.

Although the payment of family allowances is, in no sense, an anti-cyclical device, as the amount of benefit cannot easily be altered with changes in the national income, it does raise the general level of consumption and increases

the overall "propensity to consume" of the economy. The lower income groups, whose "propensity to consume" is greatest, benefit primarily from family allowances despite the fact that they are generally paid to all families with children or a specified number of children regardless of income. This is accomplished by lowering the income tax exemption for children by the amount of family allowances received so that those with taxable incomes return at least part of the allowances to the government. A higher level of consumption may be attained by the payment of family allowances than would be expected if consideration were given only to the increase in income among those persons with a high "propensity to consume". The allowance tends to be spent on immediate consumption even by families with high incomes, despite the fact that it must be forfeited by reason of decreased income tax exemptions, since such legislation usually stipulates that the money must be spent specifically for the maintenance of the child for whom it is received. Because of this increase in consumption and so an increase in national income, it is maintained that a program of family allowances actually places no burden on the state. The increased returns from the income tax will more than compensate for the increased expenditure.

A further fiscal consideration favoring family allowances, although not related to the maintenance of full employment, is that of equity of taxation. Under the usual

progressive income tax legislation exemptions are provided for children and other dependents. In other words, those families whose income is large enough to be taxed are in fact given an allowance because they have children. They have more to spend or to save than those in their income group who are childless. As the income tax is graduated on the basis of ability to pay, it is argued that those with incomes so low that they are not taxable should receive an addition to income commensurate with the allowance received by those with taxable incomes.

NOTES TO CHAPTER III

- 1 See Rathbone, Eleanor F. The Disinherited Family, London, G. Allen and Unwin Ltd, 1924 and The Ethics and Economics of Family Endowment, London, Epworth Press, 1927.
Also Vibart, Hugh H.R. Family Allowances in Practice, London, P.S. King and Son Ltd, 1926.
- 2 Reddaway, W.B. The Economics of a Declining Population, London, G. Allen and Unwin Ltd, 1939, Appendix A, Page 251.
- 3 Beveridge, William. Social Insurance and Allied Services, New York, MacMillan Co., 1943, Page 154.
- 4 Marsh, L.C. Report on Social Security for Canada, Ottawa, Kings Printer, 1943, Pages 87 - 91.
- 5 See Myrdahl, Alva. Nation and the Family, New York, Harpers and Bros., 1941.
- 6 Charles, Enid. The Changing Size of the Family in Canada, Census Monograph No. 1, Eighth Census of Canada, Dominion Bureau of Statistics, Ottawa, King's Printer, 1948.
- 7 Glass, D.V. The Struggle for Population, Oxford, Clarendon Press, 1936, Page 14.
- 8 Myrdahl, Gunnar. Population, A Problem for Democracy, Cambridge, Massachusetts, Harvard University Press, 1940, Page 50.
- 9 Myrdahl, Alva. op.cit. Page 126.
- 10 P.E.P. Population Policy in Great Britain, London, 1948, Page 72.
- 11 Keynes, J.M. General Theory of Employment, Interest and Money, London, MacMillan and Co., 1939.
- 12 Beveridge, William. Full Employment in a Free Society, London, G. Allen and Unwin Ltd., 1944.

- 13 Hansen, Alvin H. Fiscal Policy and Business Cycles, New York, W.W. Norton & Co., 1943 and Economic Policy and Full Employment, New York, McGraw Hill, 1947.
- 14 Klein, L.R. The Keynesian Revolution, New York, MacMillan Co., 1947, Page 168.

CHAPTER IV

FAMILY ALLOWANCES IN CANADA PRIOR TO 1943

A frequent criticism aimed at the Canadian Family Allowances Act has been to the effect that it was hastily contrived and rushed through Parliament in 1944 after very limited consideration and without time being allowed either for discussions with the various provincial governments, or for the creation of an informed public opinion. One would expect that social legislation of such wide scope and importance would be preceded by years of public debate, official and unofficial investigations as to need, public education by groups interested in the adoption of such a program, and some Dominion-Provincial discussions in regard to proper jurisdiction. The value of family allowances was expounded for more than twenty years by the Family Endowment Society in Great Britain before any legislation was passed. The Canadian Family Allowances Act was preceded by surprisingly little discussion, either inside Parliament or outside, prior to the sudden upsurge of interest in 1943. As late as 1939, the Rowell-Sirois Commission on Dominion - Provincial Relations made no mention of them in their report. As indicated below, there was a good deal of interest in family allowances exhibited between 1928 and 1932, especially in the Province of Quebec, which resulted in the subject's

being considered first by the Select Standing Committee on Industrial and International Relations of the Dominion House of Commons and later by the Quebec Social Insurance Commission reporting in 1933. The House of Commons committee refused to commit itself on the subject and referred it to the law officers of the Crown for determination as to whether such a program would come under provincial or Dominion jurisdiction. As far as can be determined, their decision was never reported back to Parliament. The Quebec Social Insurance Commission went on record as opposing the institution of such a program. Between 1930 and 1943 there was only one mention of family allowances in the Federal Parliament and this was part of a question in regard to the Dionne Quintuplets.¹

Despite this scanty attention paid to family allowances specifically, both the Dominion and the provinces, in much of their social legislation prior to 1943, accepted at least the principle of such a program, i.e., that the differential cost of raising children is considerable and should be compensated for. Since the introduction of the first federal income tax, allowances have been made for dependents, including children. Under provincial workmen's compensation laws benefits have been computed on a scale taking the number of children in the workman's family into consideration. Military pensions have been awarded in accordance with the number of children in the deceased or disabled veteran's

family. Mothers' Aid payments, established for many years in eight provinces and recently instituted in Prince Edward Island, are, in fact, family allowances given to those families with children where the father is either deceased or incapacitated. Local poor relief administrations have included the added cost of children when computing assistance payments. The Unemployment Insurance Act of 1941 took some cognizance of the differential cost by providing a larger benefit for a married man than for a single one. An actual family allowances program was established during World War II with the granting of allowances to the dependents of persons on active military and naval duty. A similar method of administration and payment was employed under the provisions for servicemen as under the present Canadian family allowances legislation.

Each of these forerunners of the present family allowances law are discussed below in turn. Except for the servicemen's dependents allowances, they are presented in only sufficient detail to indicate their extent and their points of similarity to family allowances. The deliberations of the Select Standing Committee of the House of Commons and the Quebec Social Insurance Commission are discussed at length, as they considered much the same information and premises as were available to the Government in 1943 - 44, yet, at least in the case of the Quebec commission, quite unequivocally opposed the institution of such a program.

The World War II Dependents' Allowances are treated in greater detail as their administration obviously served as the model for the administrative establishment and method of payment of family allowances under the Act of 1944.

1 Agitation for Family Allowances 1928 - 1932

Much of the agitation for family allowances during these years, especially in Quebec, may be attributed to the efforts of A. Leon Lebel, S.J. then professor of philosophy at the Immaculate Conception College in Montreal. The Quebec Social Insurance Commission stated in 1932: "Although our Canadian sociologists have shown considerable interest in the form of aid to large families known as Family Allowances, it is not rash to declare that previous to the campaign, methodical, active, and energetic, carried on in its favour by the Reverend Father Lebel, S.J., the question has remained in the sphere of simple speculative discussion, carried on by no means with a view to the adaptation among our people of the European system of family allowances." ² It appears that during 1927 and 1928 Father Lebel gave a great number of lectures on the subject ³ and published at least two pamphlets - The Problem of the Large Family ⁴ and Family Allowances. ⁵ He was the principal witness before both the parliamentary committee and the Quebec commission.

It is a bit difficult to account for this sudden interest in family allowances unless it is considered as part of the general attention given to the subject at that time in other countries. The classic English works on family allowances appeared during this period. The Disinherited Family by Eleanor Rathbone was first published in 1924.⁶ Vibart's Family Allowances in Practice appeared in 1926.⁷ It is certain that the writings of Paul Douglas⁸ had their effect as they were quoted frequently during the deliberations of the parliamentary select committee. As will be remembered, it was in 1926 that the first program was established in an English speaking country - the limited plan of New Zealand. Undoubtedly Father Lebel and other French Canadians were also influenced by the rapid strides being made in the development of programs in France and Belgium.

During this period, certain elements of organized labor, which is traditionally suspicious of any program which might be used as a substitute for wage increases, expressed their support of a scheme of family allowances. In July, 1927, the Congress of Catholic Workers of Canada adopted a resolution "urging upon the Federal Government the advisability of passing as soon as possible a Family Allowances Act applicable to the whole of Canada."⁹ In December of the same year a delegation from organized Catholic labor waited on the Premier of Quebec and requested, among other

labor legislation, that an allowance of \$25 be paid for every child born after the fifth child in a family; that the government grant family allowances to provincial civil servants; and that the provincial government cooperate with the federal government with a view to obtaining a family allowances program for the whole of Canada. ¹⁰ It was not only the Catholic unions which went on record as approving such allowances. At the annual convention of the All-Canadian Congress of Labour, the executive board recommended that "the unions embraced in the Congress be urged to give earnest consideration and close study to the question of family allowances, provided by the state to wage earners with two or more children. As a step towards the more equitable distribution of the national income, the state grant towards the support of families is regarded as being of primary importance. It involves a recognition, at least partial in extent, of the principle that each member of the community shall receive according to their needs." ¹¹ The executive board of the Congress went on to say that family allowances would serve "as a promising palliative of the faults of our present economic system," ¹² by preventing suffering caused by the disparity between income and living costs, and over-consumption by those with no children. They anticipated the fiscal argument used in 1943 and 1944, stating that "the board believes that family allowances would tend to increase the consumption of stable commodities and to

(sic?)

improve the employment situation." 13 The Executive Board also visualized family allowances as a means to securing a school leaving age of sixteen years, not only for the welfare of the children and the community, but also to remove juvenile competition from the labor market. In contrast to this favorable consideration of family allowances by the All-Canadian Congress of Labour, the Executive Committee of the Trades and Labour Congress, in 1929, expressed their opposition to such a program. Considering their report, the Labour Gazette stated that "Section 11 made reference to the question of family allowances, a proposal which the executive did not believe in the best interests of the workers of the Dominion. After giving reasons for this opinion, the executive recommended that the convention declare itself opposed to the payment of family allowances in Canada." 14

The subject of family allowances was referred to the Select Standing Committee on Industrial and International affairs during February, 1929 on a motion of M. J.E. Letellier, member of Parliament from Quebec. He offered no Bill for consideration by the House but merely moved as follows: "That in the opinion of this House, the question of granting family allowances should be studied, taking into consideration the respective jurisdiction of both the federal and provincial parliaments in the matter, and that the said question should be referred to the committee on industrial

and international relations with instructions to inquire into and make report." ¹⁵ As no action by Parliament was contemplated, the motion received ready assent.

At the time the question of family allowances was referred to it, the select committee was in the process of investigating the possibilities of health and unemployment insurance. As a result of their preoccupation with these subjects, their investigation of family allowances was cursory and their attitude rather disinterested. Only six witnesses were heard, two of them extensively. Father Lebel provided the principal testimony in favor of establishing such a program, and Miss Charlotte Whitton, at that time representing the Social Service Council of Canada, was his major opponent. A Mr. Joseph Daoust, shoe manufacturer from Montreal, supported Father Lebel's contentions, and two social workers added to the testimony of Miss Whitton. Mr. Gerald Brown, Assistant Deputy Minister of Labour, answered questions of the committee in regard to vital statistics and details of family allowances schemes in other countries. ¹⁶

Father Lebel, the first witness, outlined the cause of family allowances, following the general social arguments discussed above. ¹⁷ He described four distinct advantages of such a program for Canada. Although recognizing that only a slight increase in the birth rate could be expected as a result of family allowances, he maintained that any increase would be beneficial. To dispel any fear that his

intent was to encourage primarily the growth of the French-Canadian population he stated that: "In regard to this increase of birthrate, I think other provinces would profit more than Quebec because it is more difficult to raise the birthrate where it is high than where it is low. The fear is that Ontario will follow the counsel of Right Reverend David Williams, Bishop of Huron who says the best way to populate Canada is with Canadian children, and the province of Ontario could fill the other provinces with their sons and so Quebec would be overflowed with people from Ontario." ¹⁸

The second advantage put forth by him was that family allowances would tend to check ~~e~~migration from Canada to the United States, as large families would want to remain for economic reasons. Thirdly, he believed that Canadian families already in the United States would be induced to return in order to take advantage of the allowance. Finally he considered family allowances as a more effective means of keeping children in school than a compulsory school attendance law. ¹⁹

Describing programs already in existence in other countries, Father Lebel indicated that there appeared to be three methods of administration; (1) a system completely optional, the employers establishing their own compensation funds; (2) a system compulsory by law but restricted to wage earners in industry and commerce; and (3) a compulsory centralized system with allowances payable to every class in

society.²⁰ The witness favored the third alternative to be supported from funds from the Dominion Government, the provincial government, municipalities, and from a tax on bachelors and married couples with no children. His advice to Parliament, for the moment, was to move slowly by first granting allowances to the civil service, and by providing him with money so that he might continue his campaign of attempting to mold a favorable public opinion.²¹

The second witness was Mr. Daoust. As he arrived at the hearing believing that he was to speak on the question of the tariff, his testimony was, understandably, a bit confused.²² He said that he clearly recognized the suffering endured by the workers with large families and was convinced that some sort of family endowment program should be instituted. An industrialist, however, must pay wages in accordance with production. Should he pay larger amounts to those with families, his product would soon be priced out of the market. "If I were a philanthropist, I would say that in order to encourage population and consumption by population, I would give, for every child that is born, \$2 more per week. That would be a very nice thing to do as a philanthropist, but as a manufacturer I must not forget that if I am alone in that I would be on the street in a very short time, especially with the large families prevailing in Quebec".²³ Mr. Daoust recommended to the committee that a system of family allowances be established which would include all occupations.

It should be administered by the federal government and supported entirely by a percentage return from a sales tax. Although Mr. Daoust would have had the allowances payable to all regardless of income, he believed that those who could afford to do so would not make application for the benefit. "A man with any pride hesitates to ask for charity - of course the word 'charity' may not be popular; call it allowance." ²⁴

As if in rehearsal for the role she was to play in 1943 and 1944, Miss Charlotte Whitton expressed the point of view of those opposing the institution of family allowances. She maintained that foreign programs have provided grave questions as to whether allowances do improve the standard of living or lighten the cost of rearing children and so encourage marriage and increase the birthrate. She wondered whether family allowances do not injure the family and "subtly reduce marriage and the marriage relationship from its high and almost sacramental attributes in our branch of civilization, to an economic relationship capable of financial exploitation. Such a development will inevitably depress the position of woman and mother in the state from her present status of an individual personality with citizenship rights, to a person who would be cared for and maintained as a slave woman in Rome or in the United States in the days before emancipation, not for herself and because she is a human body and a divine soul, but because she

mattered greatly to industry and the state as the potential mother of future slaves and employees." ²⁵ Family allowances would also work havoc with the fathers because the system undermines "the fundamental responsibilities of the head of the family for the maintenance of its members." ²⁶

Miss Whitton insisted that family allowances are an admission of the state's helplessness in providing that wages are adequate to support the average family. (She made no mention of families with more than the average number of children.) In lieu of allowances she recommended the insistence upon a decent minimum wage, the better organization of employment over seasonal slacks and cycles of economic depression, and the economic regulation of immigration. "In Canada today, labour is rewarded over broad groups of occupations, by a fair wage based on the principle of equal pay for equal work and the indisputable economic premise of reward on the basis of the power of production, not reproduction, as the allowance system advocates." ²⁷

According to Miss Whitton, Canada had, in 1929, no need for the benefits sought from family allowances. "It is doubtful whether Canada requires vastly increased population at the present time. The slow even development of her resources and population since the war have brought her what is generally conceded to be the most even and stable decade of development she has known". ²⁸ She recognized that the birthrate was declining but dismissed the development as a

world wide phenomenon which could be alleviated by health and welfare measures aimed at lowering the infant mortality rate. She was quite optimistic concerning the general Canadian standard of living, believing that, in most instances, wages were adequate.

Miss Whitton concluded her testimony by indicating that the cost of family allowances would be prohibitive.

The select standing committee reported to the House of Commons on May 31, 1929 in part as follows:

Your Committee begs to submit the evidence of these witnesses on the subject matter of investigation and recommend that (a) as this proposal is new in Canada and requires more careful consideration, no immediate action shall be taken, and

(b) That before the next session of Parliament the question of jurisdiction in matters of this nature as between the Dominion and the provinces be considered by the Government. 29

These recommendations of the Committee were followed in 1930 by a query by M. Letellier as to what action the government had taken concerning them. The Minister of Labour responded that "The matter has been referred to the law officers of the Crown and is under consideration". 30

Much the same influences must have lead the Quebec Social Insurance Commission to investigate the subject of family allowances as impelled the Dominion parliamentary committee. The pressure, however, was undoubtedly heavier on the commission as the agitation for payment of allowances

was centered in Quebec. An Order in Council of October 20, 1930 described specifically the subjects they were to study, the major fields being charity, social insurance, and industrial hygiene. Under the heading "charity" was included aid to needy mothers, family placement, manner of adoption and placement of adopted children, and aid to large families. The Commission understood the request to study aid to large families " as being a desire to direct its attention especially to the question of family allowances." ³¹

The report of the commission indicates that they made a much more thorough study of the subject than did the parliamentary committee. They discuss the general theory of family allowances, their application in countries where they obtained at that time, arguments in favor of their adoption in Canada, and objections offered by opponents of the plan. In fact, all the arguments for and against family allowances were presented by this commission in 1932 as were considered by the Dominion in 1943 and 1944, except that in 1932 their possible role in a program for national full employment was not envisaged, and the allowances were not considered as a means of making more equitable the income tax deductions. The question of constitutionality was not raised at this time as the commission was thinking specifically of a provincial program.

The general theory of family allowances was presented in much the same terms as discussed above.³² The commission stated that "the play of economic laws and the raising of the standard of living tend to bring the average salary into relation with the needs of the most common type. It is therefore necessary, if it be admitted that the family, the cell of society, ought to be protected, to organize an efficient system of aid to large families whose members, especially the children, form a larger number than that of the most common type."³³ They agreed, that wages and salaries are generally adjusted to the cost of living of a family consisting of five persons. "To determine the just wage, therefore, no consideration is taken of the cost of living for an unmarried man any more than it is for the burdens of a large family, a family containing six, eight, and ten children or more; a logical method, for, after all, some method must be adopted to establish an average scale of family salaries."³⁴ The commission discarded the idea that it would be more logical to raise the working man's salary to a point where he might be able to support a very large family, maintaining that such a move would produce a rapid rise in the standard of living of unmarried persons and couples with no children. This, in turn, would elevate the general standard and once again place large families in a position of inferiority. They also contended that such a move, if confined to Quebec, would so increase costs of

production that local industries would be at a competitive disadvantage to industries in other provinces, and, if the rise in wages should be Dominion-wide, the nation would be put at a competitive disadvantage with the rest of the world. The commission concluded that "if, therefore, on the one hand, the desire is entertained of affording the large family an opportunity of developing according to the will of Providence, and if, on the other, it is agreed that our national economic system cannot adjust salaries to fit the needs of a large family, the only other choice is to have recourse to the family allowance." 35

To allay the suspicions of organized labor and to answer the objections of those who condemn such a program unconditionally as violating the axiom "Equal pay for equal work", the commission made a sharp distinction between family allowances and wages and salaries. "The word 'allowance' is absolutely distinct from the word 'salary'. The latter refers to remuneration for a well defined economic service which adds to the value of a particular product. The former is realized either from the desire of acting according to social duty or from the willingness to contribute towards the growth of a form of capital economically measurable ----- the human capital." 36

To obtain details of the operation of family allowances in other countries, several members of the commission travelled to Europe. Their reports were mainly factual, few

comments being included. Although they did not actually visit New Zealand, they did criticize its family allowances program believing that it maintained an aspect of charity in that only families with at least three children and a low income were eligible.³⁷

The commission listed as the principal testimony in favor of family allowances, a petition circulated throughout the province and endorsed by various Catholic groups. The petition, after setting forth the classic generalizations in favor of such a program, established itself as the precursor of the Beveridge and Marsh reports³⁸ in that it maintained that a system of family allowances should be the foundation of all other social insurance programs.

We firmly believe that the first kind of social insurance to be established in our province as being the most just, the most urgent, and the most justifiable, should be the system of family allowances. We believe that this system should form the central point, the pivot or axis, as it were, of the whole system of social insurance the establishment of which is being contemplated, pensions to widows, orphans, the aged, etc., because, once again, the family is the foundation of society, because society is composed of families and not individuals and because these individuals ought to be reached, if need arise, and as far as possible, through the family. We believe that a mistake would be made in adopting an individualistic system of insurance, without first and foremost giving thought to the family already ignored and overlooked.³⁹

Included in the report of the commission was a statement by Miss Charlotte Whitton, this time representing the Child and Welfare. They stated that they believed her statement to be an adequate summation of the objections made to a

program of family allowances. As the statement of Miss Whitton was almost identical to that presented before the parliamentary committee, her arguments are not discussed here.

The Quebec Social Insurance Commission presented the results of its investigations both in Canada and Europe in March, 1932. The conclusions of the commission are presented here in full being especially interesting in light of the decision made in 1944 by the Dominion Parliament after hearing substantially the same evidence.

1. While recognizing that family allowances in France and Belgium, if not in Germany and Australia, have furnished a solution to the very important problem of large families, the Commission, after long deliberation, is unanimously of the opinion that for the moment there is no opportunity of taking legal measures instituting officially family allowances in this province.

We are face to face with a system exclusively European, adapted to low wages, and it is very difficult to predict what would be the results of its application here. It is true that the partisans of family allowances take into consideration the difference in the rate of wages found in Canada, by proposing to offer the family allowance for the third child only; but it must be remembered that in many industries the wages, even in Canada, are not very high and there is occasion to suggest their increase rather than to run the risk, by creating a system of family allowances, of keeping them for a long period at their present level.

2. The system of family allowances, added suddenly to the collective insurance in the matter of accidents suffered while working, organized last year in Quebec, would perhaps place our manufacturers in a disadvantageous position with reference to the other provinces.

3. The economic crisis through which we are passing makes a move of this kind very difficult.

4. Grave fears may be entertained lest the drift of population from our country districts should be accentuated by the family allowance system confined to industries.

5. It would be impossible and dangerous to extend family allowances to the whole population and to make them a state institution.

6. The great agricultural problem to be faced in the Province of Quebec, namely the placement of farmers' sons, or in general, the problem of excess population in the country districts, would still remain unsolved, whereas resources of the Government ought rather be employed to encourage this placement on provincial lands, by means of an intensive policy of colonization.

For all these reasons the Commission has abandoned the idea of proposing the institution of family allowances in the Province of Quebec.

However there is need to say that the Commission offers a tribute to those who have consented to bear the heavy burden of a large family.

The Commission has not yet considered the problem of social insurance, but all the systems contain special arrangements with a view to protecting the family, and the question of the family will thus be studied at a later date.

The Commission offers no objection to owners of factories, who might be interested in so doing, attempting on their own accord the organization of compensation funds. That is the method of family allowances followed in France and which Monsieur Bonvoisin recommended seriously to the Commission. That is the method of social initiative, the result of special education, which the people of this province will doubtless desire to follow. 40

It is not necessary to further consider the investigation of the parliamentary committee as it was carried out in an obviously inadequate manner and lead to no definite

conclusions. As the Quebec Social Insurance Commission apparently studied the problem thoroughly and reached definite conclusions, the question arises as to why, although agreeing in principle, they decided against the institution of family allowances while fourteen years later the Dominion did accept such a plan. Dismissing for the moment the possibility that perhaps their decision was the wiser, the most important reason is probably that the commission was instructed to study only the situation in the Province of Quebec and their conclusions concern only the possibility of a provincial program despite their considering, in the course of their deliberations, the potentialities of a Dominion-wide plan. The high taxes necessary to support such a scheme in a single province would obviously put its industries at a disadvantage to those in the rest of the Dominion. Secondly, it can be safely stated that attitudes toward governmental activities in the field of the social services changed greatly between 1931 and 1944. In 1931, despite the economic depression, there was more inclination to trust the natural economic forces and favor remuneration on the basis of production only, without considerations of social need. Thirdly, because of the depression, the problems connected with the raising of sufficient funds to support such a program appeared insurmountable. Fourthly, the commission did not seem to realize the possibility of giving allowances to only the

most needy, without admitting an aspect of charity, by recovering the benefit through the progressive income tax. Fifthly, the commission seemed to be confused as to whether it was considering a system, such as that in France and Belgium, supported primarily by the employers and made equitable by an equalization or compensation fund, or a program supported by a special ^{ASSESSMENT} ~~tax~~ on the general resources of the government. Lastly, as will be seen later in this study, it was the "full employment" aspects of a system of national family allowances which did much to convince the Dominion government of the value of such a program. Such considerations were not presented to the commission, nor were they generally accepted at that time.

2 Personal Income Tax Deductions

As mentioned previously, it has been argued that the provision in most personal income tax legislation permitting a deduction from taxable income of a certain amount for each dependent child, in fact, gives to those with a taxable income an allowance for the maintenance of their children. As evidenced from income tax schedules, all provinces which levied a personal income tax prior to the Dominion-Provincial Tax Agreement of 1942 and the Dominion recognized the differential cost of rearing children by allowing a sizeable deduction. The Dominion first permitted a deduction for

dependents in 1918, one year after the passage of the first federal income tax law. This first exemption amounted to \$200.⁴¹ In 1922, the allowance was raised to \$300.⁴² The allowance was again raised in 1924, this time to \$500, and in 1933 was reduced to \$400. A "National Defence Tax" was added to the graduated income tax in 1940 and a deduction of \$28 from the tax itself, rather than from taxable income, was permitted for each dependent.⁴³ In 1942 a "normal Tax" was substituted for the "National Defence Tax", but the flat deduction of \$28 for each dependent remained. In the same year a similar tax credit system of deductions was incorporated into the graduated income tax. The law provided that the taxpayer could deduct \$80 from the tax itself for each dependent.⁴⁴

Although British Columbia first adopted an income tax in 1876, the first dependents allowance was provided for in 1917. It amounted to \$200.⁴⁵ Income tax legislation in Prince Edward Island dates back to 1894, but not until 1938 was an allowance for dependents permitted. \$200 could be deducted from taxable income.⁴⁶ Manitoba began taxing personal incomes in 1923 setting an allowance of \$500 per dependent in 1925.⁴⁷ A tax on incomes was first imposed by Alberta in 1932 and a deduction of \$400 from income for each dependent was permitted.⁴⁸ The Saskatchewan income tax law of 1932 allowed a deduction of \$300 for each child.⁴⁹ The province of Ontario remained out of the income tax field

until 1936, the law of that year providing a dependents deduction of \$400 each.⁵⁰ The deductions in these provinces remained in force until 1942 when the Dominion-Provincial Tax Agreement went into force. Although Quebec income tax laws have not provided a dependents' deduction directly, they **have indirectly**. The first law, passed in 1939, imposed a flat levy of fifteen percent on the amount of tax payable to the Dominion, so a deduction for dependents was present in the same percentage as under the Dominion law. Under the 1941 income tax act, Quebec taxpayers first computed their net income, not deducting an allowance for dependents, and by reference to a table, found the percentage of the federal tax which they had to pay to the province. Although an allowance for dependents was not deductible when computing net income, such an allowance was permitted when computing the federal tax.⁵¹

3 Poor Relief

Traditionally, the amount of poor relief granted to the unemployed and indigent in their homes has been computed according to the number of persons in the family to be benefited. Some sort of standard budget has usually been set up stipulating definite amounts to be allowed for each item considered necessary for the maintenance of each member of the family. In some localities, if, after investigation,

it is apparent that the income of a family is lower than that allowed in the budget, sufficient relief is granted them to bring their income up to the standard minimum. In other localities, the applicant must be completely destitute before receiving any assistance whatsoever. Relief in Canada has been given in both cash and kind, i.e., food, clothing, and shelter orders. 52

Although this accepted method of granting outdoor relief does indicate that the provinces and municipalities have recognized the fact that the maintenance of children involves additional expense, it is doubtful whether it was instituted entirely from altruistic motives of social justice, as the granting of relief on the basis of a family budget may result in substantial economies. It can be an assurance that no family will get more than an amount absolutely necessary for continued existence. It was reported in 1941 that, in New Brunswick, "home relief allowances, when available, were at the rate of a dollar a week for one person and \$1.60 for two, ranging up to a maximum of \$3.50 for eight or more". 53

4 Mothers' Allowances

Prior to the enactment of the Family Allowances Act of 1944, all provinces, with the exception of Prince Edward Island, provided allowances for mothers with dependent

children who were widowed or for other reasons without means of support. Manitoba enacted the first mothers' allowances law in 1916. By 1930 six other provinces had enacted similar legislation, although the New Brunswick law was not proclaimed until 1943. The Quebec "Needy Mothers Assistance Act" was passed in 1937.

The purpose behind Mothers' Allowances legislation is to provide for dependent children in families where the male wage earner has died or (in some provinces) has been incapacitated. The allowances are designed to permit the mother to remain in the home and maintain the family as a unit. Without the allowance it would be necessary, in many instances, for the children to be removed to either a foster home or an institution. Although the legislation is based on similar assumptions in all provinces, the conditions of eligibility vary greatly. "For instance British Columbia gives a Mothers' Allowance to a wife whose husband is totally incapacitated, or has tuberculosis, or is in a hospital for the insane, or is an inmate of a penitentiary in Canada; Ontario gives an allowance under most of these conditions; while Nova Scotia recognizes none of them. Similar conditions prevail regarding desertion, divorced wives, and unmarried mothers." 54

Certain aspects of mothers' allowances are quite akin to family allowances. The purposes of the two programs are similar in that they both attempt to raise the standards of

child health and welfare by providing funds to be used specifically for the maintenance of children and are designed to keep children in school by insisting on regular school attendance as a condition of eligibility. Both programs recognize the added cost of each additional child and vary the amount of the grant in relation to family size. They differ, primarily, in that family allowances are generally paid to all families with children, under a specified age limit, regardless of income. Mothers' allowances, on the other hand, are payable only on behalf of children in families where the male wage earner is deceased or incapacitated, and eligibility for the allowance is conditional on a "means test".

The rate at which mothers' allowances are paid varies greatly among the provinces. Only in Nova Scotia and New Brunswick is the maximum amount of grant set by law, elsewhere the administrative authority fixes the rate. In Nova Scotia, the monthly allowance is determined by family need, the maximum being set at \$80. A mother and one child in New Brunswick receive \$27.50 with \$7.50 being allowed for each additional child up to a maximum of \$60. Quebec allows \$35 monthly to a woman and one dependent child in cities and towns of over 5,000 population, \$30 in other localities. An additional \$1 per month is allowed for the second, third, fourth, and fifth children, \$2 each for the sixth and seventh, and \$3 for the eighth and subsequent children. An extra \$5

is allowed when the beneficiary is unable to work, or when a disabled husband is living in the home. In Ontario, the maximum for a mother and one child is \$50 per month plus \$10 for each additional child. The maximum monthly amount paid to a mother and one child in Manitoba, excluding winter fuel, is \$40. The maximum which may be granted to a family without an incapacitated father in the home is \$121 per month. Should the father be included, \$13 per month additional is given. In Saskatchewan, the maximum yearly allowance payable to a mother and one child is \$300; mother and two children, \$420; mother and ten children, \$900 per year. The allowance in Alberta does not exceed \$35 per month for a mother and one child and may rise to a maximum of \$100 when there are nine children or more. In British Columbia, the maximum monthly allowance is \$42.50 for a mother and one dependent child; \$7.50 for each additional child; and a further \$7.50 for a totally disabled husband living in the home.⁵⁵ It is quite apparent that Mothers' Allowances in Canada share the fate of most family allowances in being so low as to not approach the fulfilling of the need they were designed to meet. The effect of these below subsistence benefits are more deleterious in the case of Mothers' Allowances as the benefits are designed to serve in lieu of wages rather than in addition to them.

Some idea of the importance and extent of Mothers' Allowances may be gained from an examination of Table I

below, which sets forth the number of families and children benefiting and the total amounts paid by the various provinces during 1947.

TABLE I
MOTHERS' ALLOWANCES IN 1947 ⁵⁶

Province	Families assisted No.	Children assisted No.	Benefits paid \$
Nova Scotia	1,787	4,778	919,870
New Brunswick	1,396	3,771	598,550
Quebec	14,312	40,217	4,766,288
Ontario	6,587	13,736	3,375,668
Manitoba	685	1,921	393,030
Saskatchewan	2,349	5,498	894,962
Alberta	1,561	3,385	592,655
British Columbia	863	1,832	488,866

5 Workmen's Compensation

Workmen's compensation laws are in force in all the provinces of Canada with the exception of Prince Edward Island. Ontario first enacted such a law in 1914. It was followed by Nova Scotia in 1915, British Columbia in 1916, Alberta and

New Brunswick in 1918, Manitoba in 1920, Saskatchewan in 1929, and Quebec in 1931. Although these laws differ slightly as to coverage, they provide generally that all industrial and commercial employers shall be collectively responsible for deaths, injuries, and diseases resulting from employment in the covered pursuits. All provincial laws call for a board to administer a provincial accident fund made up of contributions from employers in the industries within the scope of the act. Employers are classified according to the hazard of their industry and those in each class are required to pay an annual assessment of their payrolls at a rate calculated to produce sufficient funds to take care of all accidents in the class.⁵⁷ Workmen's compensation arrangements have been generally satisfactory for both employer and employee. They provide security for the worker and avoid expensive litigation for damages. The employer also avoids high court costs and pays lower rates for protection than he would to a private insurance company. Because of the collective liability aspect of these laws, no single employer can be faced with a destructive bill for damages as a result of a disaster.

Workmen's compensation laws involve a principle of family allowances in that they provide for the payment of allowances to the children of employees accidentally killed while at work. In cases of total or partial disability due to accident, a prescribed percentage of normal earnings is

paid to the injured worker, no consideration being given to the number of persons dependent upon him. The laws of Alberta and Quebec provide that the children of a deceased worker shall receive an allowance until the age of eighteen. All other provincial funds pay allowances only to those children under the age of sixteen years. All provincial laws provide that allowances shall be given to each child within the prescribed age limitation, although British Columbia and Nova Scotia stipulate that a maximum of \$60 per month may be given to the children of an individual worker. In the case of orphans, the laws of all provinces provide that each child shall be granted a flat \$15 per month. There is some variation in the amount paid to children with one parent. In British Columbia, Nova Scotia, and New Brunswick, the fund pays \$7.50 each per month. In Saskatchewan, Ontario, and Quebec, the rate is \$10. In Alberta and Manitoba, the rates are computed on a sliding scale in accordance with the number of children in the family. \$12 per month is paid for the eldest child, \$10 per month for the second, \$9 per month to the third, and \$8 per month to all others. ⁵⁸

Like family allowances, workmen's compensation benefits are paid regardless of the income of the family receiving them.

6 Military Pensions

Since 1919, the government of Canada has paid regular pensions to the wives and children of all disabled ex-servicemen injured in the line of duty, and to the wives, children and dependent brothers and sisters of deceased persons whose deaths are attributable to illness or injuries suffered while on active service with the armed forces during time of war. Prior to this date, the Dominion made provision only for the wives and children of deceased commissioned and warrant officers of the militia who had completed twenty-five years of service and, at the time of death, were either on full pay or in receipt of a pension.⁵⁹ Those early pensions can hardly be considered as precedent for a general family allowances program as the amount of pension was computed on the basis of rank, and it is doubtful whether many men with twenty-five years of service had minor children. There was no provision for the widows or orphans of deceased members of other ranks.⁶⁰ The Revised Statutes of 1906 read "The compassionate allowance to a child shall be as follows; the child of a colonel or a lieutenant colonel, eighty dollars; of a major, seventy dollars; of a captain, sixty-five dollars; of a lieutenant or second lieutenant, fifty dollars; of a warrant officer, twenty-five dollars".⁶¹ Pensions to widows were granted on a like basis beginning with five hundred dollars per year

for the widow of a colonel and decreasing through the ranks to one hundred dollars for the wife of a deceased warrant officer. ⁶²

Following World War I, a comprehensive system of pensions to children of disabled and deceased veterans was established. The method of computing pensions as instituted in 1919 has been continued until the present time although the amounts granted were increased in 1925 and 1948. In the case of children of deceased servicemen, a flat grant is made, equal in amount to all ranks of the service. In the instance of disability, the pension for the ex-serviceman as well as for his wife and children, varies according to the percentage of his disablement. Twenty classes of disablement are recognized varying from 100% to between 9% and 5%. The pension to the veteran himself is identical for all members of other ranks within a single class, but increases according to grade among commissioned officers. The grant for children, decreasing with the percentage of disablement, is the same for all ranks, commissioned and enlisted. ⁶³ To be eligible for the grants on behalf of both deceased and disabled veterans, a child, if a boy, must be under the age of sixteen years and, if a girl, must be under the age of seventeen years. However, the pension may be continued if those who are responsible for the child's maintenance are without resources and he is mentally or physically unfit to provide for his own maintenance. The grant may be continued until

the twenty-first birthday of a child who is without other resources and is satisfactorily following a course of instruction. ⁶⁴

These grants to children are similar to usual family allowance payments in that they are given on behalf of each child in the family, and the amounts are identical for all regardless of the incomes of the recipients. They are especially analogous to the Canadian Family Allowances Act of 1944 in that it is suggested that the financial burden of children decreases as their number increases. Military pensions decrease with each child until the third. As originally enacted, Family Allowances in Canada decreased with the fifth child. ⁶⁵

Tables II and III below indicate the amounts payable to the children of disabled and deceased veterans under the laws of 1919 and 1925.

TABLE II

ANNUAL RATE OF PENSION PAID TO CHILDREN OF DISABLED VETERANS
UNDER THE PENSION ACTS OF 1919 AND 1925 ⁶⁶

Number of children	Class I		Class 7		Class 16		Class 20	
	'19	'25	'19	'25	'19	'25	'19	'25
1st Child	144	180	108	126	45	45	9	9
2nd Child	120	144	84	108	30	45	6	9
Subsequent children	96	120	78	84	30	30	6	6

TABLE III

ANNUAL RATE OF PENSION PAID TO CHILDREN OF DECEASED VETERANS
 UNDER THE PENSION ACTS OF 1919 and 1925 ⁶⁷

Number of Children	Children with one parent		Orphan children	
	1919	1925	1919	1925
1st Child	180	180	360	360
2nd Child	120	144	240	288
Subsequent children	96	120	192	240

7 Unemployment Insurance

The Canadian Unemployment Insurance Act takes into consideration the cost of raising children only indirectly and to a slight degree. According to the Act, a single person, with neither a dependent spouse nor children, receives a weekly benefit during unemployment equal to thirty-four times the weekly contribution paid while employed. In the case of a man whose wife is being maintained wholly or mainly by him, or a married person, widow, or widower, who maintains wholly or mainly one or more children under the age of sixteen years, the weekly benefit equals forty-times the average weekly contribution paid by the employed

person.⁶⁸ No consideration is given to the added burden of more than one child nor to children when the man or woman has a dependent spouse.

8 Dependents Allowances World War II

Immediately following the declaration of hostilities in 1939, the Government published Regulations providing for the payment of Dependents Allowances, setting up the Dependents Allowance Board, and establishing the Dependents Allowance and Assigned Pay Branch of the Treasury.⁶⁹ The allowances were provided in order to improve the morale of the armed forces by assuring them that their wives, children, and other dependents were not submitted to financial hardship. The grants were made both on application of the serviceman and upon request of dependents who were not receiving support. The allowances, however, were not authorized merely upon application, but only at the discretion of the Board after consideration and often investigation as to whether the proposed beneficiary was a bona fide dependent of the serviceman and whether, especially in the case of children, they were being properly maintained. The Regulations stated, "A Dependents Allowance may not be claimed as a right. The allowance is for the purpose of promoting the well-being and efficiency of the Military forces of Canada by providing a means to alleviate the financial anxieties of temporarily

enrolled members with respect to the domestic welfare of dependents while they are in the service of His Majesty. The Board is an administrative agency which is created to ensure that every application for an allowance receives prompt and efficient consideration." ⁷⁰ The decision of the Board, consisting of representatives of the three armed services, was final, but in each military district there was an official interviewer assigned who heard complaints and reported those which he considered valid to the Board for further consideration. ⁷¹ It was not intended that the allowance should serve as the sole support of the dependents, nor that the servicemen should shirk their responsibility for them. In order that the dependents might be eligible for the allowance, it was necessary for him to assign to them at least fifteen days pay in rank per month. In cases where no such assignment was made and the Board decided that the dependents were entitled to an allowance, compulsory assignments were put into force against the pay of the soldiers. ⁷² Disbursement of both Dependents Allowances and Assigned Pay was accomplished by the Treasury branch attached to the Board.

The Dependents Allowances were similar to the present Family Allowances program both in principle and method of administration. Many parallels will be evident during the detailed discussion of the administration of Family Allowances which follows, but a few are listed here in

order to indicate that, in a sense, the administration of Dependents Allowances set the pattern for the later program. Like the Family Allowances Act, Dependents Allowances recognized the cost involved in raising children and the responsibility of the state to provide a sum in addition to wages in order to meet this cost. Allowances were paid to all eligible children and other dependents regardless of other income. Although the grants to children under Dependents Allowances were identical for all ranks, those paid to wives and other dependents increased with increase in rank after the grade of lieutenant. This can be accounted for by a consideration of tradition rather than principle. The most striking parallel between the two programs was the method of Treasury administration and disbursement. In fact, during the setting up of the Family Allowances Regional Offices, employees from the Dependents Allowances and Assigned Pay branch were employed to train new personnel. For the first time in Canadian public administration, the issuance and redemption of checks was completely mechanized. The system used was identical to that discussed under Treasury methods in Family Allowances Regional Offices,⁷³ including the use of cardboard checks, addressograph plates, I.B.M. gang punching, and the running audit. Because Dependents Allowances, like Family Allowances, were issued for the benefit of the dependents concerned, similar administrative problems were encountered. It was necessary

to determine whether the persons claiming dependency actually deserved an allowance, and whether persons who received allowances were protecting the interests of the servicemen. These problems forced the Board into the field of social investigation and casework and into the making of plans most beneficial for the children, much as in the case of Family Allowances. Often it was discovered that the mother was not responsible and it was advisable for the allowance to be administered by a third party. There were many instances of the mother deserting the family and the Board's assuming responsibility for making adequate arrangements for the children, as they did in cases where the mother was hospitalized or incapacitated. Often it was necessary for a housekeeper or relative to live in the home and care for the children. In such cases an allowance was given her in the same amount as would be given to the children's own mother. Like the Family Allowances administration, the Dependents Allowances Board did not attempt to carry on the investigations and case work services with their own personnel, but rather utilized the private and public social agencies operating in the area where the dependents were located. As reported by the Board in 1940:

Arrangements have been made whereby the Department of Pensions and National Health, through its investigation branch, undertakes all urban investigations required by the Board as well as those in the Province of Quebec and outside Canada. Similar arrangements exist with the Director of Soldier Settlement in the case of urban and rural communities whose population is

less than 3,000 in number excluding the Province of Quebec. By arrangements concluded through the Canadian Welfare Council, the services of local Social Welfare Agencies are used for certain types of investigations.

The Board also utilizes the services offered by Children's Aid Societies operating under provincial supervision and recognized Social Welfare Agencies in the administration of Allowances for the benefit of dependents, as circumstances warrant.

Close cooperation has also been afforded by the Provincial Child Welfare authorities in matters of investigation of applications for allowances, adjustments required in respect of amounts in pay and administration of allowances in proper cases. ⁷⁴

The utilization of private and provincial agencies by the federal government was a new departure in Canadian administration. These same provincial and private agencies are now employed by the Family Allowances administration in much the same manner.

Dependents allowances were paid to the first six children of the serviceman at the rates of \$12 - \$12 - \$10 - \$8 - \$8 - \$8. ⁷⁵ The allowance was paid to a dependent son to the age of sixteen years and for a dependent daughter to the age of seventeen years, and for a son or daughter of any age when such child was unable to provide for his own maintenance because of some physical or mental infirmity. ⁷⁶ The allowance for normal children might continue until the age of nineteen years if they were making satisfactory progress in high school or other course of instruction approved by the Board. The allowance for the wife or other

woman assuming responsibility for the maintenance of the home amounted to \$60 per month for officers in the grades above that of Major and decreased with each grade to \$35 per month received by the wives of all grades lower than Warrant Officer Class 1. ⁷⁷ Allowances for other dependents ranged from \$30 to \$20 per month. ⁷⁸ During 1943-44 a cost of living bonus was added to the allowance of the wives and the first child.

Some idea of the magnitude of this wartime family allowance program may be gained from an examination of Table IV below.

TABLE IV

SUMMARY OF DEPENDENTS ALLOWANCES EXPENDITURE ⁷⁹

			Dependents Allowances
Sept. 1939 - March 1940	Army and R.C.A.F.	\$	8,970,446.00
April 1940 - March 1941	Army and R.C.A.F.		46,627,671.00
April 1941 - March 1942	Army and R.C.A.F.		80,458,917.00
April 1942 - March 1943	Army and R.C.A.F.		121,635,427.00
April 1943 - March 1944	Including Navy from August 1943		117,955,035.00
April 1944 - March 1945			201,571,727.00
April 1945 - March 1946			155,411,759.00
Dependents allowances paid on behalf of Navy dependents other than wives and children prior to August 1, 1943			17,156,268.00
Total Dependents Allowances payments			809,187,250.00
Total assigned pay disbursements			964,678,660.00
Grand Total Assigned Pay and Dependents Allowances			\$1,773,865,918.00

Not only was the method of disbursement and audit similar to that now employed by the Treasury in the payment of family allowances, but also the procedure in processing applications was analogous. At the Family Allowances Regional Offices, applications first go to the general processing section where the great majority are immediately approved and authorized for payment. This section does not attempt to make decisions in situations with complications or requiring investigation but sends them to one of the specialized departments, i.e., school attendance, residence and maintenance, and child placing agencies. If a serious social problem is involved or investigation by an outside agency is required, the case is again referred, this time to the supervisor of welfare services.⁸⁰ In the case of Dependents Allowances, applications were received from the Pay-Service Officers through the Treasury. They were first examined by the "Readers and Reviewers" and immediately approved for payment if there were no complications apparent. Applications not so authorized were referred to one of six specialized sections for review and investigation. The "Casualty Section" handled casualties of all kinds, continuing the allowance until a pension was granted or other arrangements were made. The "Social Welfare Section" was charged with promoting the welfare of dependent families and establishing and maintaining liaison with provincial, local and private social agencies. It served as a clearing house

for problems developing in the homes of members of the armed forces. This section, administered by a trained social worker, was responsible for checking up, when necessary, on erring wives, neglected children, and other problems resulting from the prolonged absence of the head of the household. It also looked after the adoption of children, illegitimate children, and the crises created in homes at the death of the principal dependent. The "Administration Section" handled those situations in which it was necessary for an agency or outside person to handle the disbursements of funds to the dependents. The "Overage School Students Section" authorized payment until the age of 19 years for children making satisfactory progress in school. The "Women's Division" handled Dependents Allowances granted to members of the Women's Forces. A separate section was concerned with families in which the mother was in a sanitorium or mental hospital to ensure that the children were being properly maintained during her absence. 81

9 Conclusion

With the exception of personal income tax deductions, the Dominion and provincial programs discussed above, although recognizing the added cost of children to a family, can hardly be regarded as forerunners of the Family Allowances Act, nor as an indication of the nation's desire to supplement the incomes of all families with children. Poor relief payments were computed on the basis of the number of persons in the benefited family, including children, because it was the least complicated, the most economical, and the most equitable method. A desire to maintain the home, to avoid the expense of child placement, and to place the granting of assistance to mothers and children left dependent upon public support by the death or incapacity of the father in a separate category, prompted the enactment of Mothers' Aid legislation. The provinces were fulfilling an old responsibility, i.e., caring for the poor, but were giving differential treatment to a particular group on a need basis. A workmen's compensation program is more an employers' system of collective liability for accidents than a benevolent activity of government. Allowances are given to the children of persons accidentally killed while at work in amounts probably smaller than would be granted by a court of justice in the course of common law litigation for damages. Military pensions are somewhat akin to family

allowances in that they are granted to all eligible persons regardless of other resources, but the similarity ceases there, as they are given only to a particular group with specific qualifications as to eligibility, and are a result of a tacit commitment made to the members of the armed forces by the government's promising that their dependents will be cared for if they are killed or injured. Unemployment insurance approaches the theory of family allowances by disregarding the strict insurance principle of equal benefits to those paying like premiums and making larger payments to those with dependents, but, as in the case of mothers' allowances, poor relief, workmen's compensation, and military pensions, it cannot be considered as a precedent for the establishment of a program of universal family endowment.

The Dependents Allowances program certainly served as a model for the administration of family allowances but it is doubtful whether it can be considered as an indication of Canada's willingness to aid all families with children. Its stated purpose was to improve the morale of the armed forces by ensuring that their dependents were properly maintained during their absence. It served as a supplement to wages and encouraged servicemen to send a percentage of their pay to their families. It was an emergency measure suited to a nation at war. Many appreciated the value of these allowances in supplementing the incomes of those with large families,

but only by a long stretch of the imagination can they be considered as committing the government to a universal program.

The fact that the Dominion, for over twenty years, had been giving allowances to those with taxable incomes in the form of deductions for dependents from personal income tax returns is one of the better arguments for family allowances. It is questionable, however, whether this inequity was much recognized prior to the time when family allowances were proposed for other reasons.

As mentioned previously, there were only isolated remarks in the Dominion House of Commons concerning family allowances prior to 1943. There is no record of any publications on the subject with special reference to Canada subsequent to Father Lebel's pamphlets which appeared during the late 1920s. Serious consideration was given to family endowment by the parliamentary select committee and the Quebec commission between 1929 and 1933, but the matter appears to have been quickly dropped and one would question whether the Government, when proposing the Family Allowances Act, took their deliberations into consideration.

The writer believes that the programs established prior to 1943 which in some aspects resembled family allowances, and the early committee and commission discussion were not considered by the Government when proposing universal family allowances. They were employed later by supporters of the

program to deny the accusation that the action of the Government was precipitous and without precedent in existing social legislation.

NOTES TO CHAPTER IV

- 1 Canada, Debates of the House of Commons, 4th Session, 16th Parliament, Vol. 1, 1935, Page 1007.

Mr. Ferland

1. Has the Federal Government contributed to the organization and upkeep of a hospital for the Dionne Quintuplets?
2. If so, what was the sum paid by the Government?
3. Is it the intention of the Government to institute a system of family allocations for large families?

Mr. Sutherland

I might answer this question orally. The answer to the first inquiry is no; to the second answered by No. 1; to the third, the intention of the government will be made known if and when a policy is announced.

- 2 Quebec Social Insurance Commission, Third Report, Quebec, 1933, Page 90.
- 3 Ibid.
- 4 Ibid.
- 5 Reviewed in the Labour Gazette, June 1928, Page 598.
- 6 See Note 1, Chapter III.
- 7 See Note 1, Chapter III.
- 8 Douglas, Paul H. Wages and the Family, University of Chicago Press, 1925.
- 9 Labour Gazette, Ottawa, King's Printer, August 1927, Page 856.
- 10 Labour Gazette, January 1928, Page 40.
- 11 The Canadian Unionist, December 1929, Page 102.

- 12 Ibid.
- 13 Ibid.
- 14 Labour Gazette, September 1929, Page 1010.
- 15 Canada, Debates of the House of Commons, 16th Parliament, 3rd Session, 1929, Vol. 1, Page 85.
- 16 Proceedings and Evidence of the Select Standing Committee on Industrial and International Relations upon the Question of Granting Family Allowances as ordered by the House the 13th of February, 1929, King's Printer, Ottawa, 1929.
- 17 See above, Chapter III, Section 1.
- 18 Proceedings and Evidence of the Select Standing Committee, Page 27.
- 19 Ibid., Page 28.
- 20 Ibid., Pages 23 and 24.
- 21 Ibid., Page 28.
- 22 Ibid., Page 45.
- 23 Ibid., Page 46.
- 24 Ibid., Page 52.
- 25 Ibid., Page 56.
- 26 Ibid., Page 57.
- 27 Ibid.
- 28 Ibid., Page 64.
- 29 Canada, Journals of the House of Commons, 3rd Session, 16th Parliament 1929, Page 524.
- 30 Canada, Debates of the House of Commons, 4th Session, 16th Parliament, Vol. II, 1930, Page 1590.
- 31 Quebec Social Insurance Commission, Third Report, Page 67.
- 32 See above Chapter III, Section 1.

- 33 Quebec Social Insurance Commission, Third Report, Page 68.
- 34 Ibid., Page 69.
- 35 Ibid., Page 70.
- 36 Ibid., Page 71.
- 37 Ibid., Page 89.
- 38 See below Chapter V, Sections 1 and 3.
- 39 Quebec Social Insurance Commission, Third Report, Page 94.
- 40 Ibid.
- 41 Personal Income Taxes, Reference Book for the Dominion
Provincial Conference on Reconstruction, Ottawa,
King's Printer, 1946, Page 8.
- 42 Ibid.
- 43 Ibid., Page 9.
- 44 Ibid., Page 10.
- 45 Ibid., Page 11.
- 46 Ibid., Page 13.
- 47 Ibid., Page 14.
- 48 Ibid., Page 18.
- 49 Ibid., Page 18.
- 50 Ibid., Page 19.
- 51 Ibid., Page 21.
- 52 Cassidy, Harry M. Public Health and Welfare Organization,
Toronto, Ryerson Press, 1945, Page 294.
- 53 Ibid., Page 395.
- 54 Grauer, A.E. Public Assistance and Social Insurance,
A study prepared for the Royal Commission on Dominion-
Provincial Relations, Ottawa, King's Printer, 1939.
- 55 Canada Year Book, 1948-49, Ottawa, King's Printer, Page 263.

- 56 Extracted from Table No. 7, Chapter VII, Canada Year Book, 1948-49, Page 264 Summary of Statistics of Mothers' Allowances, 1943-47.
- 57 Grauer, A.E. Labour Legislation A study prepared for the Royal Commission on Dominion-Provincial Relations, Ottawa, King's Printer, 1939, Page 157.
- 58 Ibid., Table 17 Workmen's Compensation - Benefits payable to Dependents on Accidental Death of Workman.
- 59 Canada, Revised Statutes 1906, Chapter 42, Section 23.
- 60 Ibid., Sections 11 - 21.
- 61 Ibid., Section 26.
- 62 Ibid., Section 25.
- 63 Canada, Statutes 1919, Chapter 43, Schedules A & B.10 Geo.V.
Canada, Revised Statutes 1927, Chapter 157, Schedules A & B.
Canada, Statutes 1948, Chapter 23, Schedules A & B.11-12 Geo.VI.
- 64 Canada, Revised Statutes 1927, Chapter 157, Section 22.
- 65 Canada, Family Allowances Act of 1944, Section 3.
- 66 Extracted from Schedule A, Canada, Statutes 1919, Chapter 43 and Canada Statutes 1925, Chapter 49. 15-16 Geo. VI.
- 67 Extracted from Schedules B, Canada, Statutes 1919, Chapter 43 and Canada Statutes 1925, Chapter 49.
- 68 Canada, Statutes 1940, Chapter 44, Third Schedule. 4 Geo. VI.
- 69 Financial Regulations and Instructions for the Canadian Active Service Force Part VI, Pay and Allowances
Printed in Supplement to Canada Gazette, Ottawa, October 7, 1939.
- 70 Ibid., Section 98.
- 71 Ibid., Section 99, Subsection 5.
- 72 Ibid., Section 88 (1)
- 73 See below Chapter XVI.
- 74 Department of National Defence Report Year ending March 31, 1941, Page 30.

- 75 Amendment to Regulations quoted in Department of National Defence Report, year ending March 31, 1943, Page 28.
- 76 Financial Regulations Section 101, Subsection b.
- 77 Financial Regulations Section 101, Subsection a.
- 78 Financial Regulations Section 101, Subsection c.
- 79 Department of National Defence Report, year ending March 31, 1946, Page 70.
- 80 For details of Regional Office Administration see below Chapter XV.
- 81 Details of administrative subdivisions from Department of National Defence Report, year ending March 31, 1944, Page 58.

CHAPTER V

FAMILY ALLOWANCES AS PART OF A SOCIAL SECURITY PROGRAM FOR CANADA

1 The Beveridge Report

It can be safely stated that the political movement which resulted in the Canadian Family Allowances Act received its initial impetus from the implications of Sir William Beveridge's Report on Social Insurance and Allied Services¹ presented to the Government of Great Britain on November 20, 1942. The report on social security published by the National Resources Planning Board in the United States,² occasioned considerable interest among Canadians, but only with the publication of the Beveridge Report was there enthusiasm and a demand for governmental action aimed at the establishment of a comprehensive scheme of social security. Undoubtedly, much of its catalytic effect was due to the fact that earlier in November, 1942 German and Italian forces had been defeated at the Battle of El Alamein in North Africa. This victory constituted the first major defeat of Axis forces and appeared to be a turning point in the war. In all the allied countries, including Canada, the enthusiasm greeting this first victory was followed by an eagerness to construct definite plans

pointing to a post-war world which would be "a better place to live". Within the few weeks following the publication of the Report, the three major political parties in Canada had pledged themselves to the general proposition of social security.³

The problem of the British Interdepartmental Committee on Social Insurance and Allied Services was quite different from that faced by Canadian social security planners. As will be apparent from the discussion of Canadian plans and attempts to institute social security measures, constitutional restrictions on the jurisdiction of the Dominion Parliament have been a major hazard. It was not necessary for the Beveridge committee to face the possibility of any such complications. A more important difference was that there already existed in Great Britain a comprehensive system of income insurance and social services developed over a period of many years as the need was recognized. Canada, on the other hand, had only one nation-wide social insurance program - unemployment insurance, established in 1941. Beveridge states in his report that, "provision for most of the many varieties of need through interruption of earnings and other causes that may arise in modern industrial communities has already been made in Britain on a scale not surpassed and hardly rivalled in any other country of the world".⁴ The only needs which he felt were not adequately met at that time were for adequate universal medical care, maternity and

funeral benefits, and an improved system of workmen's compensation. Beyond recommending programs to fill the above needs, he viewed his function as one of suggesting ways in which the administration of existing programs might be simplified and unified, and coverage extended and benefits increased to a point where all persons would be assured of an income at least equal to a national minimum. In the words of the Report:

Social insurance and allied services, as they exist to-day, are conducted by a complex of disconnected administrative organs proceeding on different principles, doing invaluable service but at cost in money and trouble and anomalous treatment of identical problems for which there is no justification. In a system of social security better on the whole than can be found in almost any other country, there are serious deficiencies which call for remedy. ⁵

The scheme proposed here is in some ways a revolution, but in more important ways it is a natural development from the past. It is a British revolution. ⁶

Despite this dissimilarity of constitutional position and extent of pre-war social security measures, an appreciation of the findings of the Beveridge Report is necessary to an understanding of social security proposals in Canada, as it is evident that the general overall concept of income insurance to cover all the exigencies of life and the specific programs suggested were inspired by the Beveridge Plan, if not borrowed directly from it. Although we are primarily concerned here with family allowances, it is necessary to consider the Report in its

totality, as children's allowances are one of its three basic assumptions and their significance depends in large part upon their relationship to the other proposals.

Assuming that the Government will pay children's allowances, establish comprehensive health and rehabilitation services, and maintain full employment, the Beveridge Report suggests that the need for social security should be met from three directions: social insurance against basic universal needs; national assistance for special cases; and voluntary insurance for additions to the basic provisions. The first two categories are designed to guarantee to all families the minimum income necessary for subsistence; the third allows variations in guaranteed income above the minimum.

Social insurance would be employed to meet the six primary causes of need not met by the three programs considered as basic assumptions: unemployment by unemployment benefits; disability by disability benefits and industrial pensions; loss of livelihood by a person not dependent on paid employment by training benefits; retirement by retirement pensions; the costs of marriage and child bearing by marriage and maternity grants, increased benefits and pensions for married persons, and widow and guardian benefits; funeral expenses by funeral grants.

The plan sets forth six principles for the administration of such insurance. First, a flat rate of subsistence benefit

should be paid, regardless of the amount of earnings interrupted or whether the cause is unemployment, disability, or retirement. Since benefits are on a subsistence level they should be the same for all. Second, all insured persons, rich or poor, should pay the same contributions for the same security. Third, in the interests of efficiency and economy, the administrative responsibility for all social insurance programs should be unified, an insured person paying a single weekly contribution into a single fund in respect of all benefits. Fourth, benefits should be sufficient, without further resources, to provide the minimum income needed for subsistence and should continue indefinitely without a means test so long as the need continues. Fifth, no risk so general or so uniform that it justifies coverage by social insurance should be left to national assistance or voluntary insurance. Sixth, social insurance, while unified and comprehensive, must take account of the different ways of life of different sections of the community. In regard to financing the proposed programs, Beveridge favored the contributory principle of sharing the cost of security among three parties: the insured person himself, his employer, and the state.

Although it would be preferable from social and administrative considerations that all security be afforded on an insurance basis, Beveridge realized that the provision of some assistance involving a means test is necessary.

It is required, first, because some persons, for unavoidable reasons such as physical infirmity, will be unable to make contributions to the insurance fund and, second, because the provision of old age pensions implies contributions to the fund for a substantial number of years. During the period before all persons are fully insured, national assistance must be used to bring their income up to the minimum level. Under such aid programs, categories of assistance should be discarded and a unified means test applied, cognizance being taken of the particular situation of the applicant.

As mentioned previously, this plan for social security also involves three assumptions essential to its successful operation: the establishment of comprehensive health and rehabilitation services, the maintenance of full employment, and children's allowances. In support of the establishment of comprehensive health and rehabilitation services, the Report states: "It is a logical corollary to the payment of high benefits in disability that determined efforts should be made by the State to reduce the number of cases for which benefit is needed. It is a logical corollary to the receipt of high benefits in disability that the individual should recognize the duty to be well and to cooperate in all steps which may lead to diagnosis of disease in early stages when it can be prevented." ⁷ He believed that it would be necessary to maintain full employment because (1) payment

of unconditional cash benefits as of right during unemployment is adequate only during short periods, as complete idleness, even on income, demoralizes; (2) the only satisfactory test of unemployment is an offer of work; (3) during periods of unemployment there is no incentive for the sick and injured to recover and no possibility for the handicapped to pursue useful careers; (4) unemployment, through increasing expenditure on benefits and reducing income, might cause the cost of the plan to become unsupportable and (5) "income security which is all that can be given by social insurance is so inadequate a provision for human happiness that to put it forward by itself as a sole or principal measure of reconstruction hardly seems worth doing." ⁸

In proposing children's allowances, Beveridge had in mind family allowances as described in Chapter III above. The Report recognized two outstanding reasons for their inclusion as a basic assumption in a program for social security. In the first place, it considered the guaranteeing of an income sufficient for subsistence while earnings are interrupted by unemployment or disability as being unreasonable without insuring sufficient income during employment. As discussed above, ⁹ wages based on productivity alone are seldom sufficient to provide for a large family. This was well illustrated in the course of social surveys conducted in a number of principal cities in Great Britain during several years preceding World War II. These surveys

determined the proportion of families living at a level below subsistence and ascertained the causes of that condition. "Of all the want shown by the surveys, from three quarters to five sixths, according to the precise standard chosen for want, was due to interruption or loss of earning power. Practically the whole of the remaining one quarter to one sixth was due to the failure to relate income during earning to the size of the family." ¹⁰ As the purpose of the plan for social security is to establish a national minimum, children's allowances are considered necessary, as such a minimum for families of every size cannot be secured by a wage system based only on the product of labor. The second reason for assuming the payment of children's allowances is closely related to the first. Because the wages of a man with a relatively large number of children are often insufficient to maintain the family at the accepted subsistence minimum, his income when receiving proposed benefits for disability or unemployment will be greater than when he is fully employed. According to Beveridge, the gap between income during earning and interruption of earning should be as great as possible so that not only will the worker be willing to take back his old job, but will also search for work in other areas, as the maintenance of full employment will not be possible without great fluidity of labor. By paying allowances for children during earning and non-earning alike, a gap between wages and unemployment

and disability benefits can be maintained.

As in most proposals for family allowances, the Report also includes demographic arguments, but recognizes their limitations.

Means of reversing the recent course of the birth rate must be found. It is not likely that allowances for children or any other economic incentives will, by themselves, provide that means and lead parents who do not desire children to rear children for gain. But children's allowances can help restore the birth rate, both by making it possible for parents who desire more children to bring them into the world without damaging the chances of those already born and as a signal of the national interest in children, setting the tone of public opinion. 11

In regard to the source of children's allowances, the Report states that it is possible to argue both that the allowances should be an expression of the community's interest in the children and thus be paid for from the general Exchequer, and that children are a contingency for which men should prepare by contributing to an insurance fund. From a purely practical point of view it is concluded that the allowances should be non-contributory, and should be provided wholly out of taxation. The considerations leading to this conclusion are that the flat rate of contribution to cover the recommended insurance programs is already as high as seems right to propose, and that provision for children should be to some extent in kind. Actually the Report reaches a compromise between the two arguments by stating that an allowance should not be given to the first child

except during interruption of earning. The financial burden for children is thus shared by the parent and the state.¹²

The Canadian Family Allowances Act of 1944 provided that the allowance would decrease for each child after the fifth on the assumption that the cost per child is less in a large family. This feature of the Act was repealed prior to the general election of 1949. Beveridge also considered this possibility and came to the conclusion that "if having many children makes it possible to reduce slightly the cost of food, clothing, and fuel for each child, it can hardly fail to add to the rent. It is probably true that few, if any, parents of large families spend four times as much on essentials for four children as they spend for one, or six times as much on six children as they spend for one. But that may be because very few people are able to afford to do so out of incomes which are in no way related to the number of children."¹³

The Beveridge Report also discusses the problem of whether children's allowances should be paid in cash or in kind. Miss Charlotte Whitton in her Dawn of Ampler Life urges that comprehensive health and welfare services be provided the children of Canada rather than cash allowances. Beveridge responds to such a proposal in much the manner as did Reddaway.¹⁴ "On the view taken here it would not be desirable to attempt to replace cash allowances wholly or even largely by provision in kind. The principle of social

policy should not be to remove all responsibilities from parents, but to help them to understand and to meet their responsibilities." ¹⁵ It is suggested, however, that regard must be had to the provision in kind at each age in setting the amount of allowances. In establishing the size of allowance it is also held that the age of the children should be considered "since the needs of children increase rapidly with age." ¹⁶

In summary, the Report recommends that allowances paid from the general Exchequer be available to all children (excluding the first child in each family except when the wage earner is in receipt of unemployment or disability insurance) regardless of their families' incomes, any inequality being adjusted by a decrease in income tax exemptions. Allowances should be paid only to those children who are in full time education and should not be uniform but graded by age. With the payment of children's allowances, the administration of other social security programs will be simplified as it will not be necessary to consider the needs of children when computing benefits, pensions, and national assistance payments.

2 Prelude to the Marsh Report

The impact of the Beveridge Report on Canadian thinking is evident both from contemporary press reports and editorials, and from statements made by the major political parties. On December 26, 1942, shortly after the publication of the American edition of the Report, the Montreal Gazette, remarking on the future of social security in Canada, said:

Both Prime Minister King for the Liberals and Premier John Bracken for the Conservatives as well as the Conservative platform itself, are definitely pledged to social security measures. The C.C.F., despite recent attacks by Clarence Gillis M.P. on the Beveridge plan as a "sop to the working class", is nevertheless committed to the general proposition of social welfare - though apparently from Mr. Gillis' remarks this is to come by Marxist methods or not at all. We may therefore take it for granted that no matter what party is in power after the war a state social security program will be undertaken. 17

The Gazette also published a series of five articles entitled Beveridge Plan, A Canadian Appraisal. That thinking was in terms of family allowances for Canada is indicated by the remark that "Quebec's traditional fear of centralization and of any temporizing with the B.N.A. Act would be greatly assuaged if one of the benefits in sight were children's allowances, an integral part of the Beveridge plan." 18 This statement may also be considered as a prologue to the many charges made against the Liberal Party to the effect that family allowances were being employed as a bribe to the predominantly French-Canadian province.

Canadian party platforms, like those in the United States, are perhaps one of the best indications of the status of public opinion on a particular subject. Political parties usually refrain from advocating programs on which there is not general agreement throughout the country. An opposition party is freer, of course, to propose programs of a controversial nature than the party in power. The Government is expected to implement its proposals in the near future, while the opposition party is looking only for votes and usually does little worrying concerning administrative feasibility. It is of great interest that, following the publication of the Beveridge Report, both major parties took an unequivocal position in favor of a comprehensive social security program.

On December 10, 1942, the Conservative Party, renamed the Progressive-Conservative Party at the request of its new leader, adopted a platform which, among other post-war proposals, called for a comprehensive system of social security.

A social security program, the adoption of which we advocate, would include in a unified system

- (a) Unemployment insurance
- (b) Adequate payment for the maintenance of unemployables
- (c) Retirement insurance
- (d) The payment of increased old age pensions at a reduced age, until such time as the retirement insurance scheme becomes fully operative

(e) Adequate pensions for the blind

(f) Adequate mothers' and widows' allowances

We advocate the appointment of a minister of social security and reconstruction charged with the administration of social security in this country.

The state's share of the cost of social security should be borne by the Dominion. ¹⁹

The platform also proposed a contributory health insurance system making available "to every citizen,adequate medical, dental, nursing, hospital, and pre-natal care, and the further advancement of public health and nutritional principles." ²⁰ It is probable that this provision was inserted not only because of the assumption of comprehensive health and rehabilitation services by Beveridge but also because it was well known that a committee, sponsored by the Department of Pensions and National Health of which Ian Mackenzie was Minister, was to present a report recommending health insurance and increased public health expenditures at the next session of Parliament. The chairman of this committee was J.J. Heagerty, Deputy Minister of National Health.

When the Progressive-Conservative Party included a plank in its platform demanding "Full employment at fair wages under progressively improving standards" ²¹, all elements of the Beveridge Report were accounted for. It may, perhaps, be assumed that the payment of children's allowances was included in the request for adequate mothers' and widows' allowances. The resolutions committee may have thought it

wise not to mention children's allowances specifically as they were potentially so controversial.

The Speech from the Throne of January 23, 1943, suggested no definite program but recommended that a committee be appointed to study the matter. As in the case of the Progressive-Conservative Party platform, it was certainly not a coincidence that the remarks in the Speech from the Throne followed the Beveridge Report so closely. It will be noted that the Speech is similar to Beveridge even in the general manner of approach to the subject.

Every effort must be made to ensure, after the close of hostilities, the establishment, in useful and remunerative employment, of the men and women in our armed forces and in our war industries. My ministers have already begun to explore the international agreements and domestic measures which will help to secure adequate incomes for primary producers and full employment after the war. With your approval the select committee on reconstruction and re-establishment, appointed at the last session, will be reconstituted.

It is in the general interest that freedom from fear and from want should be the assured possession of all. A nationwide plan which would provide insurance against the inevitable consequences of major economic and social hazards is essential if this objective is to be attained.

In Canada, a considerable measure of social security has already been provided through federal enactments establishing annuities, unemployment insurance, and pensions for the aged, the blind, and for disabled veterans; and through provincial enactments related to accidents, sickness, and hospitalization, widows' and mothers' allowances and maternity benefits. There is, however, no approach to a nationwide plan of social security.

My ministers believe 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.

The Government accordingly proposes to recommend the early appointment of a select committee to examine and report on the most practicable measures of social insurance, and the steps which will be required to ensure their inclusion in a national plan. Among matters which will be referred to this committee for study and consideration will be the establishment of a national system of health insurance. ²²

In the Speech from the Throne, as in the Progressive-Conservative platform, all the elements of the Beveridge Report were present, with the exception of a specific mention of children's allowances. As will be seen below, in the Speech from the Throne of 1944, of all the possible programs, Parliament was asked to approve only a system of family allowances. The cause of this shift in emphasis is the subject of later chapters. First the Marsh Report, called "the Canadian Beveridge Report", and the answer to its recommendations in Charlotte Whitton's The Dawn of Ampler Life must be considered.

The proposals concerning social security in the Speech from the Throne were followed by a resolution, introduced into the House of Commons by Prime Minister King on March 3, 1943, calling for the appointment of a special committee to study and investigate the subject. ²³ On March 5th, the resolution was approved and the committee formed. In addition to this special committee of Parliament, the

Government had announced a month earlier, on February 5th, that the Economic Advisory Committee, created at the outbreak of the war, had been reconstituted and given fresh instructions which placed heavy emphasis on post-war problems. At the same time it was asserted that the unofficial Advisory Committee on Reconstruction headed by Dr. Cyril James, Principal of McGill University, would work closely with the Economic Advisory Committee. ²⁴

Also prior to the appointment of the parliamentary special committee, the Government decided, undoubtedly in response to the demands of public opinion, that a "Canadian Beveridge Report" would be appropriate. The job of drawing up such a report was assigned to Dr. Leonard C. Marsh who was then secretary of the James Committee on Reconstruction and a member of the committee studying health insurance under the chairmanship of Dr. Heagerty. The report on social security was composed on very short notice in order that it might be presented at an early meeting of the parliamentary committee. The speed with which the Marsh Report was written is indicated by press releases to the effect that until several weeks before Parliament opened on January 23rd, no such project was contemplated. ²⁵ The report on social security was presented to the special committee on March 16, 1943, together with the Heagerty report on health insurance.

The method by which the Marsh Report was compiled is worthy of mention if only because of its novelty. Reporting

an interview with Dr. Marsh, the Montreal Gazette wrote:

"We really did the intensive brain work in a week and it was quite an intensive week", he said.

Dr. Marsh enlisted the support of a representative group of specialists and rented a hotel suite. There were two large tables in the suite, one for work and the other for food. Even during meal times there were discussions on specific topics.

At the end of a week of discussions Dr. Marsh went to work on the actual report. Then another two day conference was held, this time in Montreal, to discuss the final draft and it was framed into the general shape in which it was presented to the Social Security Committee today. 26

There are two other aspects of the Marsh Report which make it unique among Canadian government sponsored investigations. One peculiarity was its cost , as total expenses were not expected to exceed \$445.00. 27 That certainly constitutes some sort of a record. The other peculiarity is the fact that it was submitted by Dr. Marsh personally. One would have expected that either Mr. Ian Mackenzie, Minister of Pensions and National Health, or Dr. James as chairman of the Advisory Committee on Reconstruction would have signed it. Actually they were both included in the title but in such a way as to relieve them of any responsibility for the findings. The full title of the Report reads: Report on Social Security, Prepared by Dr. L.C. Marsh for the Advisory Committee on Reconstruction; Presented to the Special Committee on Social Security on March 16, 1943 by Hon. Mr. Mackenzie, Minister of Pensions

and National Health. One explanation for this procedure might be that the government wished to emulate the Beveridge Report even to the extent of duplicating its method of presentation. More plausible is the explanation accepted by some of those who assisted Dr. Marsh in its preparation. They maintain that Mr. Mackenzie did not wish to have his name on the report as he felt it would jeopardize or completely overshadow the Heagerty report on health insurance which he was sponsoring and which was to be presented to the parliamentary special committee on the same day as the Marsh Report. That this fear was well founded is quite apparent from an examination of the newspapers reporting the presentation of the two reports. Dr. James, it has been suggested, believed the findings of the Report to be too far reaching and feared that the resulting adverse publicity would be harmful to him and to the work of the Advisory Committee on Reconstruction. This fear was not warranted as the general reaction to the report was one of enthusiastic acceptance.

Before considering the content of the Marsh Report and its recommendation that a system of family allowances be adopted, perhaps at least "judicial notice" should be taken of the remarks of Jean-François Pouliot M.P. made in the House of Commons on March 18, 1943.

I ask the hon. members to be very careful about the report presented by Professor Marsh. I have glanced over it in the press, but have not yet had an opportunity to read the full text. I remember

distinctly that a report on unemployment which he submitted some years ago to the federation of mayors was not at all comprehensive. I always have great fear about the idealistic tendencies of those who may be described as book worms. There are great differences between university professors. There are those who teach real science and are properly called learned men. There are others, of course, who live in the clouds and have but a vague idea of what is going on on mother earth. Those men are most dangerous. I am not ready to say that Professor Marsh is one of them. I shall wait and see. 28

3 The Marsh Report

Marsh, unlike Beveridge, was content with suggesting ways in which social security might be obtained and a national minimum maintained. He refrained from prescribing definite programs, although he did recommend a comprehensive scheme. His hesitancy in this regard existed not only because the report was drawn up in haste, but also because there was no pattern of social security of any comprehensiveness already in operation on which to build, and constitutional problems plus the jealous regard of the provinces for their traditional functions made the Canadian situation more difficult to solve. The Prefatory Note to the Report clarifies its suggestive nature.

It is not a compendium of draft measures ready to be implemented as soon as they are approved by the Parliament or the people. It is an attempt to set out (a) the main features of existing statutory provisions for social security matters in Canada; (b) the methods by which these provisions can be improved and

extended, particularly by transformation of the coverage and the technique to a social insurance basis; and (c) the principles which should be considered if the construction of a comprehensive social security system, suited to Canadian conditions, is to be undertaken in the most fruitful and effective manner. It is thus an effort in clarification as well as a survey. 29

The Marsh Report, despite its being designed only as a point of departure for the discussions of the special parliamentary committee, is, nevertheless, of utmost importance to us as it recommends, without qualification, the adoption of family allowances in Canada. This report constitutes the first official recommendation made to the Government of Canada that family allowances be accepted. As was seen above 30, the Select Committee on Industrial and International Relations in 1929 reached no decision as to the appropriateness of such a program. The Marsh Report, like the Beveridge Report, considered that children's allowances are perhaps the most important ingredient of a comprehensive system. They were one of Beveridge's three basic assumptions; to Marsh they were the "key to consistency". Since the Marsh Report, together with the Beveridge Report, may be considered as giving the initial impetus to the agitation which resulted in the Family Allowances Act of 1944, and as stating all the arguments in favor of it which were to be employed, it is discussed in some detail here. As in the case of the Beveridge Report, it is illogical to present the case for children's allowances apart from the

suggested overall system of social security of which it is such an important part.

Marsh indicated, even in the stated bases for the adoption of a program of social security, the particular need for family allowances. His first basis is testimony to the effect of the Beveridge Report on Canadian public opinion. He said that social security "has become accepted as one of the concrete expressions of a 'better world' which is particularly real to those who knew unemployment, destitution, inadequate medical care and the like in the depression periods before the war".³¹ Secondly, social security provisions should be made ready in order to ease the problem of reemployment of military personnel and war workers. Thirdly, unless social security measures are enacted, the inadequacy of provisions for civilians will be in sharp contrast to those provided the military. This would be especially true if family allowances were not provided, because Dependents Allowances specifically recognized the claim of children on the family budget. Finally, a social security program must be an important part of a program for full employment. The important part which family allowances may play in such a program has been outlined above.³²

Like Beveridge, Marsh considered full employment a pre-requisite to a social security program. "The only basic answer to unemployment is employment - not any kind of work

it is true, but employment carrying a reasonable level of remuneration and reasonably satisfactory working conditions. The first positive measure in providing social security, therefore, is a program which will make work available, or, in other words, which will offer wages rather than subsistence maintenance to the farthest extent to which it is possible." 33 Full employment was recognized not only as a primary assumption to the consideration of social security, but also as an economic goal which a social security program would help to attain. This attitude of Marsh is perhaps indicative of the general "Keynesian" point of view held by economists influential in government circles. As has been frequently suggested, it was the fiscal aspect of family allowances which made them particularly attractive to post-war planners. It is evident, as explained by Marsh below, that the advantages of government spending for social security are especially applicable to family allowances as they do not entail the payment of contributions, which are, in effect, a form of regressive taxation.

One of the necessities for economic stability is the maintenance of the flow of purchasing power at the time when munitions and other factories are closing down and war activity in many spheres is being liquidated. Sound social insurance which is a form of investment in physical health, morale, educational opportunities for children, and family stability, is a desirable and a comparatively easy vehicle of expenditure. It is not only an eminently appropriate peacetime alternative for expenditures now being devoted to destruction; it is also a form of using some of the deferred back-log of consumer expenditure to which reference is so

often made only in terms of radios, frigidaires, and other tangible consumer "goods". 34

Following the lead of Beveridge, Marsh recommended a scheme of "cradle to the grave" social security - from maternity benefits to funeral grants. The suggested programs are set forth in Table V below. Although the plans are similar in that they recognize the same needs and strive to establish a national minimum, there are important differences which are due, as mentioned previously, to constitutional problems and to lack of existing social security measures in Canada. Marsh recommended health insurance, probably considering that Canadian public opinion was not prepared for the Beveridge type universal medical program. Marsh did not recommend that unemployment insurance benefits be paid beyond the earned benefit period, preferring unemployment assistance when benefit rights have been exhausted. An important aspect of the Beveridge plan was its administrative simplicity envisaging a single rate of contribution and uniform benefits. Marsh realized that this approach would be inapplicable to Canada where it would be necessary to have some of the programs administered by the provinces and some by the Dominion. As a result he was content with graduated scales and benefits for the "employment" insurance programs, flat rates and standard benefits for the long term insurance programs, and a special arrangement which he christened "digressive" for medical care. This last plan would provide a subsidy according to

TABLE V
SOCIAL SECURITY PROGRAMS AS SUGGESTED BY THE MARSH REPORT

Risk or Benefit	Source of Funds	Mode of Administration
<u>I. Universal Risks</u>		
A. Insurable Population		
Medical care(services)	Contributory	Dominion-Provincial
Child maintenance (Allowances)	Tax Revenue	Dominion
Funeral Benefits	Contributory	Related to other insurances
B. All gainfully occupied		
Permanent disability	Contributory	Dominion
Widows, orphans	Contributory	Dominion
Old Age retirement	Contributory	Dominion
<u>II Employment Risks</u>		
A. All gainfully employed		
National investment	Tax Revenue	Dominion direction
Training and guidance	Tax Revenue	Dominion-Provincial
Unemployment Assistance	Tax Revenue	Dominion-Provincial
B. All Employees		
Unemployment insurance	Contributory	Dominion
Sickness benefits	Contributory	Dominion
Maternity Benefits	Contributory	Dominion
Industrial disability	Contributory (employers)	Provincial-Workmen's Compensation Boards
Fatal Accidents (industrial)	Contributory (employers)	Provincial-Workmen's Compensation Boards

ability to pay at the contribution end, and, at the other end, "there would be neither limited nor graduated benefit, but in effect distribution according to need, for the medical services **made available**" 35

While glibly stating that several of the insurance programs should be administered by the Dominion, Marsh does not seem to have confronted the constitutional issue realistically. Rather than admit the necessity for amending the British North America Act to permit the effective administration of the proposed programs, as in the case of the unemployment insurance amendment of 1941, Marsh suggests, rather naively, that all will be well if only provincial representatives have an opportunity to meet with delegates from the Dominion and discuss the problem. His quoting from the Rowell-Sirois Report certainly does not strengthen his position.

There should be no danger, however, if the whole situation were canvassed and agreed upon in advance - possibly through the medium of a special conference between federal and provincial representatives, for the purpose of deciding on the method by which comprehensive social insurance could be implemented now or in the future. A statement from the Rowell-Sirois report puts this point succinctly. "If unity and harmony of administration are to be maintained, it must be through voluntary agreement between Dominion and provincial personnel on the best means of advancing the policy. And this agreement must be reached without delay and without serious compromise watering down the vigour of the measures employed." 36

The Marsh Report considered the case for family allowances in detail and suggested ways and means by which they might

be applied in Canada. As described above, the economic effects of such a program were appreciated. The social need for allowances was presented in much the same manner as outlined by Eleanor Rathbone twenty years before. Like Beveridge, Marsh visualized children's allowances as a means of preventing inequalities resulting from the operation of social insurance in an economy where wages are based upon production alone and as an instrument for simplifying the administration of social insurance and assistance programs. It is interesting to note that Marsh did not mention the possibility of children's allowances having an effect on the birthrate, although other proponents of family allowances in Canada have laid much emphasis on demographic arguments.

According to Marsh, the need of income sufficient to give children proper food and clothing and desirable conditions of family life is not an unpredictable risk, but a continuous requirement at least until the children are partially self-supporting. The requirements of children continue through times of prosperity and depression whether the wage earner is working full time or spasmodically.

If wages and income were everywhere sufficient to provide properly for the children of all our families, there would of course be no need for children's allowances at all.But the fact is that there are large areas of inadequacy not only at times of nationwide depression, but in normal times. Children's allowances are a clear part of the policy of a national minimum - of the direct attack on poverty where it is bound up with the strain imposed by a large family on a small income.

Quite irrespective of whether the right parents have the most children, children should have an unequivocal place in social security policy. 37

As mentioned above 38, the Dominion has long recognized the needs of children by allowing deductions for them from the income tax. Marsh appears to be the first to recognize that these deductions in fact discriminate against those with incomes so small that there is no tax payable.

An unqualified recognition by the state of the needs of parents, and of the national value of healthy children, already exists in well established form in the deductions allowed for income tax; moreover they have now been stabilized at a figure (\$108 per year per child) which applies universally to all liable to pay the tax.For many in the lower categories, it means that they pay no tax at all, not that their income is supplemented; while those heads of families whose earnings are so low that they do not come within the provisions of the tax, are precisely those who need the allowance most. 39

This argument was used time and again by the Government when supporting family allowances in the House of Commons.

Children's allowances are the "key to consistency", since without them there is the danger, in a social insurance program, that greater claims will be made than the insurance fund can support, and, as Beveridge feared, there is the possibility of benefit receipts' being larger than the wages usually obtained by the wage earner. Such inequality would probably result from attempting to stretch monetary benefits in dependency situations to cover all members of the family, while contributions are determined in accordance with wages based on production alone. Marsh

also maintained that, "If the needs of children as claims on the family income are recognized only in the insurances, certain questions inevitably arise. Why are children's needs recognized in time of need and not in the normal situation through wages? Why should children get more specific attention when the family is under some hardship or in distress rather than the reverse?"⁴⁰ The only answer to these questions is the provision of family allowances by the state to all children as a right.

Marsh met the charge that it would be better to provide the children with assistance in kind than to give them allowances in much the same manner as did Beveridge. He realized that there are many constructive measures which might be implemented to good effect in the area of child welfare, health, and education. He listed as examples: educational guidance and scholarships; health services, including well baby clinics and regular medical inspection; free school lunches and other nutritional supplements; and recreational services. He asserted, however, that there are certain limits to the provision of care in this fashion.

A child cannot take full advantage of public services if he has poor shoes or inadequate clothing, if there is insufficient fuel in his home to warm the house, if his house is in such an environment that good educational work is undone or he has no desirable place to play. In other words, the approach through the income of his family must go at least part of the way to meet whatever may be done in strengthening some of the most constructive features - those applied to children - of all social welfare programmes. 41

From a broader point of view, Marsh maintained that the payment of a standard endowment in cash is testimony to the Canadian faith in the family and the individual.

Marsh believed that the rates of family allowances should be geared to the national income as this form of family endowment is peculiarly flexible in that there is no necessity for the rates to be related to wages in the lower categories of employment. Since they are universal and received whether or not the wage earner is employed, by themselves they would not serve as an incentive to refrain from seeking employment. He recommended that allowances, at comparatively low rates at first if necessary, be paid to all children, regardless of how many there are in a family. Should the need for economy be ~~tant~~^{par}amount, however, he would be willing to accept the compromise of Beveridge, i.e., to pay allowances to all families in respect only of children other than the first and to pay allowances to first children only when the family concerned is in receipt of benefits from any of the insurance schemes or some form of public assistance. Although recognizing that this procedure would result in substantial economy, as first children are a large proportion of all children, and that it would constitute a special recognition of family needs in event of misfortune, Marsh concluded that it would involve the possibility of dependency income's being higher than working income among the lowest paid groups. This would be especially true if rates were graduated, the first child

receiving one of the larger amounts.

Like Beveridge, Marsh recognized the value of graduated rates, not only because the needs of children vary with age, but also because some cognizance should be taken of such publicly supplied services as are available to children. Allowances should remain payable to the age limit of compulsory school attendance or until the age at which the child may be covered by appropriate social insurance programs, especially unemployment insurance.

Unlike Beveridge, however, Marsh believed that the possibility of a contributory basis for family allowances should not be discarded. One of his suggestions for partial contribution was to lower the income tax exemption by the amount of allowances received. This procedure was prescribed by the Canadian income tax regulations which coincided with the Family Allowances Act of 1944. He also suggested that it might be prudent to restrict family allowances to those families whose social insurance contributions were paid to date. Should any income ceiling, say \$3,000, be attached to the combined social insurance programs, Marsh asserted that it might also operate in the case of children's allowances.

The final aspect of family allowances considered in the Marsh Report was whether there should not be some form of cooperative arrangement between the Dominion and the provinces for their administration, the federal government perhaps paying the monetary allowance and the provinces

providing services in kind. He also suggested a unique form of conditional grant-in-aid. "It might even be desirable to pursue the integration further by the federal government's making the payment of family allowances in a particular province conditional upon a desirable minimum of children's welfare services being provided in that province." 42

4 The Dawn of Ampler Life

On March 19, 1943, two days after the Marsh Report had been made public, it was announced that John Bracken, Leader of the Progressive-Conservative Party, had commissioned Miss Charlotte Whitton to summarize and analyze, in relation to Canada, all the reports on social security published to date, giving special emphasis to the Marsh and Heagerty reports. 43 As stated by Mr. Bracken in the preface to Miss Whitton's report which was published in July 1943:

No restriction was placed upon her commission other than the broadest stipulation that her Report should be of such a nature as to be of general use, that it should be non-political, and that, if criticism of principles or proposals were found to be necessary, it should carry the responsibility of alternate suggestions. The completion of that assignment is to be found in The Dawn of Ampler Life. 44

As will be seen, this report of Miss Whitton did not influence the Progressive-Conservative Party to the extent of its altering the party platform which upheld the major tenets of the Beveridge Report, but it did provide

"ammunition" to be used during the debate in the House of Commons on the Family Allowances Act of 1944. Although the report denies absolutely the value of children's allowances, the Progressive-Conservative Party at no point opposed the Family Allowances Act "in principle", but did object to many of the provisions in the law and challenged its constitutionality. The report is discussed here in some detail primarily because it is the only reasoned and comprehensive plan presented to Canadians as an alternative to the Beveridge proposals. Although her plans for instituting income insurance appear to be quite fantastic, and her insistence upon a decent minimum wage rather than children's allowances is unrealistic, her plan is, perhaps, more soundly based than Marsh's in that she attempted to build upon established social services rather than accept, without challenge, programs proposed for Great Britain, a country with a long history of social insurance.

Miss Whitton was unable to accept the premises of the Beveridge Plan, believing that they are perhaps suitable for an industrially mature nation such as Great Britain but are not applicable to a country in which there is a large percentage of the population engaged in agriculture and seasonal employment. As Beveridge based his plan on social services and insurance programs already in existence, so should Canada pursue a course related to her past experience.

The land, its physical features, population, characteristics and present social resources, being what they are, survey and plan for a better way must not offer some sudden violent shift in the direction of our journeying but emerge as logically and naturally as the Beveridge proposals in the consummation of British schemes.

The basic criticism of the proposals offered by Dr. Marsh for Canada, is that they attempt to direct this Dominion along the blueprints of the Beveridge plan and to introduce certain suggestions emerging from a different social background when all the elements of the Canadian situation demand the evolution of realistic measures grounded deep in the character of this country and its people. 45

According to Miss Whitton, the basic objective of the Marsh and Beveridge Reports is not suitable for Canada, i.e., the establishment and assurance of a national social minimum expressed in specific currency values. She believed that such a program admits defeat and is not desirable in a young and vigorous country. In fact, she seemed to have misunderstood the meaning of the Marsh and Beveridge proposals, interpreting them as recommending the organization of national life and production to provide all with a social minimum only. As has been indicated above, both Marsh and Beveridge insisted that a program of full employment, involving a continuous increase in production and the standard of living, should predicate any social security scheme and that the social minimum should be provided for those unable to be employed and for those who have suffered drastic loss of income through no fault of their own. Without admitting it,

Miss Whitton was entirely in accord with this approach, her first recommendation being:

The development of resources and production, geared to assurance of the highest possible level of continuous gainful occupation on a self-supporting basis for all workers, whether in wages or self-employed. 46

Such a proposal is certainly analogous to those of Beveridge and Marsh. It appears that she did not use the term "full employment" as she felt that it assumed "a national economy, predominantly industrial, and using human power on a wage basis". 47 She implied that, considering Canada's large number of agricultural workers, such an assumption would not be valid.

Miss Whitton's important departure from the two previous reports was her conception of the way in which economic and social security might be maintained within the framework of full employment. Her major contention was that Canadians, although they will not agree to any person's existing at a less than decent level of life, do not think of so many dollars and cents per head in currency within each home but rather:

They think of shelter, food, and clothing, to be acquired within their individual effort, by rule of their labour, their skill or the goods they produce; they think too of all the things that mean well being and opportunity to them - the "chance to make good" by the development of land or fishing, or some personal enterprise, or by good training, education, and employment. Health services, schools, the district or neighborhood church - all these things are bound up together in the average

Canadian's concept of what he means by a decent social minimum or standard of living, it is all something more far reaching, vital, and complex, than the hope of a calculated **amount of income in currency** terms. 48

This goal cannot be reached, she maintained, by first instituting social insurance to cover the major risks of economic life, then filling any gaps left by such programs with social assistance, and finally basing the structure on the traditionally tax supported health, welfare, and educational services, as proposed by Beveridge and Marsh. According to Miss Whitton this order should be reversed in Canada, the need being met first by the extension of the Social Utilities, defined by her as those services "available to all the population because requisite to decent living standards and which it is not practical nor economical for the individual to attempt to provide for himself, e.g., the schools, hospitals, sanatoria, institutions for special care, children's services, etc.". 49 She stated that this approach is logical because the structure of Social Utilities in Canada is already quite substantial, having been developed through the years by all levels of government and by private groups. As the Beveridge recommendations for Great Britain were evolutionary rather than revolutionary, Miss Whitton maintained that her proposals constitute a further development of Canada's established social services. Included in Miss Whitton's proposed Social Utilities were increased health

services, rejecting the insurance principle, and increased children's services, discarding family allowances.

Miss Whitton insisted that the standard type of social insurance would be inapplicable in Canada not only because the difficulty of covering agricultural workers would leave one third to two fifths ⁵⁰ of its workers without protection, but also because of the great number of seasonal workers for whom insurance would be difficult, if not impossible, to administer. She therefore recommended that social assistance be given second priority. Such assistance would not be in the form of a standard grant but adjusted to individual needs and administered by the localities aided with Dominion funds. The insurance principle should be confined to income insurance and be considered last when constructing a program of economic and social security.

As mentioned above, Miss Whitton recommended that services for children should be provided in kind as a Social Utility. She denied unequivocally the validity of, and arguments favoring, children's allowances. She insisted that there is no inequality involved in the payment of wages based on production alone with no consideration of family size. As in her testimony before the Parliamentary Committee on Industrial and International Affairs ⁵¹ and the Quebec Social Insurance Commission ⁵² ten years before, she was outspoken to the effect that the goal should be an adequate living wage, not one supplemented by allowances.

Whatever the practice in other lands, in the United States and Canada the theory of wages and prices has been predicated on the earnings of an adult worker being adequate to support, in reasonable decency, his wife and a "typical family" of two or three children of varying age. If an industry cannot be adjusted to that rate of remuneration for the human element in its relevant costs, granted the labour is efficient, the industry is deemed to require investigation to ascertain the cause of its inability to do so. 53

Once again she failed to take cognizance of the inequalities resulting when workers have more or less than the average number of children. She concluded that, "The argument that cash income per child into the home is the most practicable means which Canadians can hope to evolve to bring family standards to a decent minimum, not only verges on defeatism in this fundamental principle but is seriously open to question, as likely to operate to transfer the burden, as well as the problem, of adequate wages and prices from where it belongs to the taxpayer ". 54

In addition to refusing to accept the proposition that cash allowances should be provided in order to vitiate the inequalities of wages paid for production, Miss Whitton does not believe that children's allowances will accomplish the other results which its proponents have promised. She agreed that services for children are of the utmost importance to the well being of the state but doubted whether it could be assured that family allowances would be directed specifically to that purpose, fearing that much would be dissipated for general family purposes. Without elaborating

she stated that, "In the peculiarly characteristic elements in the Canadian situation, cash grants could not, of themselves, assure wiser or more nutritional provision for the urban child nor effect greatly the feeding of the rural child".⁵⁵ In the case of children who need special care or protection due to the inadequacy of their parents or physical handicaps, family allowances may merely perpetuate the neglect and lack of proper treatment. "That, in fact, is one of the basic objections to cash allowances for children, anywhere, that in the homes where ignorance and poor living standards make a better life for children imperative, they are most likely to fail of their purpose, unless subjected to such administrative controls as to make the relative cost unjustified compared with the higher return for the same expenditure in direct services." ⁵⁶

Miss Whitton visualized several services whose extension and improvement would be more beneficial to the children and less expensive for the state than allowances. Stating that only 150 million dollars a year are spent on education in the primary and secondary schools throughout Canada, she believed that this amount could be doubled and still be less than half of what cash allowances would involve. The expenditure of even a third of the total amount required for children's allowances would do much to fill housing inadequacies throughout the country. One percent of the proposed expenditure would enable the child care and

protection agencies to greatly extend and improve their services. 57

Referring to European experience, Miss Whitton not only denied that family allowances had any effect on the birth-rate, but also implied that they were indeed a major cause of the economic depression which preceded World War II, at least in France, Belgium, and Italy. 58

She maintained that "the partnership of the parent and the state in the care, training, and upbringing of children is vital to the nation and one which it is in the public interest to keep strong and functioning". 59 She felt, however, that this could be better accomplished by a further extension of the income tax exemption for children than by the payment of allowances. This approach is especially interesting in light of the Marsh Report which condemns the income tax as not benefiting the lower income groups at all. 60

Miss Whitton's final recommendations in regard to the provision for the needs of children are as follows:

1. Children's needs should be regarded as having priority rating in the development of the Canadian welfare programme. However,
2. This should not be done through the payment of cash grants but
 - (i) through the strengthening of the Social Utilities providing for the health, care, training, education, and protection of children in all the provinces.

- (ii) through special encouragement to low cost housing for families with young children.
 - (iii) through the continuance, and as soon as feasible, the extension of income tax exemptions granted to parents on behalf of minor children.
3. The provisions for the care of the feeble-minded and mentally affected must be regarded as of equal importance and priority since the concept of a stable social structure depends on an intelligent, responsible citizenry. The Social Facilities in this area are most inadequate in the Canadian provinces, and, necessarily costly, call for reallocation of aid from the full resources of the national wealth. 61

5 Conclusion

It is difficult to determine just how important a part the Beveridge and Marsh proposals played in bringing about the Canadian Family Allowances Act of 1944. From an examination of them alone, one might assume that, since both Beveridge and Marsh unequivocally recommended the payment of children's allowances, the Family Allowances Act of 1944 was a reasoned and logical attempt by the Government to lay the first stone in a social security structure. It is doubtful, however, whether the processes of Government are ever so simple. As will be evident in succeeding chapters, the Family Allowances Act, like most legislation of importance, was the result of many economic and political pressures and perhaps only by chance fitted into the pattern as described by Beveridge and Marsh. One civil servant, closely

associated with economic and social policy making at that time, went so far as to intimate that the Marsh Report had no bearing whatsoever on the Government's decision.

There are several indications that the Government did not consider seriously the Beveridge and Marsh proposals for children's allowances. As mentioned above, the Government, although specifying other Beveridge recommendations, intimated no particular interest in family allowances in the Speech from the Throne of 1943. Following its initial enthusiastic reception of the Marsh Report, an examination of the press indicates little continued interest in its proposals. The final report for 1943 of the Special Parliamentary Committee on Social Security did not mention family allowances. Only questions of health insurance and old age pensions had been studied.⁶² Despite this lack of attention, the only program of a social security nature which the Government recommended for immediate adoption in 1944 was one providing for family allowances.

The inclusion in this chapter of the somewhat detailed analysis of the three reports appears, however, to be justified. The Marsh Report constitutes the only Canadian public document published prior to the Speech from the Throne of 1944 which specifically recommended the adoption of a program of children's allowances. Without the Beveridge Report it is doubtful whether there would have been a Canadian report on social security, at least at

that time. Miss Whitton's work remains the only published attempt at a reasoned analysis and refutation of the Beveridge and Marsh proposals and their relevance to the Canadian situation. Although it is probable that a family allowances program would not have been adopted in 1944 merely because of the part it might play in a comprehensive social security program, certainly at least some elements of the Liberal Party leadership in Parliament were concerned with such planning and perhaps their interest was stimulated by the Beveridge and Marsh proposals. Both reports visualized social security within a framework of full employment maintained by government action. Marsh recognized and emphasized the peculiar propensity of family allowances to increase consumption. Such considerations were attractive to those fearing that a business depression would follow the termination of hostilities. Finally, the reports are important in that their arguments were employed by the Government during the debate on the Family Allowances Act in the House of Commons and when interpreting the Act to the public.

NOTES TO CHAPTER V

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- 2 National Resources Planning Board Security, Work and Relief Policies, Washington, U.S. Government Printing Office, 1942.
- 3 Montreal Gazette Editorial "The Shape of Things to Come" December 26, 1942, Page 4.
- 4 Beveridge op.cit. Page 5.
- 5 Ibid., Page 6.
- 6 Ibid., Page 17.
- 7 Ibid., Page 158.
- 8 Ibid., Page 163.
- 9 See Chapter III, Section 1 above.
- 10 Beveridge op.cit. Page 7.
- 11 Ibid., Page 154.
- 12 Ibid., Page 157.
- 13 Ibid., Page 156.
- 14 See Chapter III, Section 2 above.
- 15 Beveridge op.cit., Page 157.
- 16 Ibid.
- 17 Montreal Gazette December 26, 1942, Page 4.
- 18 Montreal Gazette January 16, 1943, Page 8.
- 19 Montreal Gazette December 11, 1942, Text of the Conservative Party Platform Resolution, Page 20.
- 20 Ibid.
- 21 Ibid.

- 22 Canada, Debates of the House of Commons, 4th Session, 19th Parliament, Vol. 1, 1943, Page 2.
- 23 Canada, Journal of the House of Commons, 4th Session, 19th Parliament, March 3, 1943. (Note: When referring to this committee on social security in official documents it is usually called a "special" committee although this resolution describes it as "select".)
- 24 Montreal Gazette February 5, 1943, Page 1.
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- 26 Montreal Gazette March 17, 1943, Page 18.
- 27 Montreal Gazette March 17, 1943, Page 18.
- 28 Canada, Debates of the House of Commons, 4th Session, 19th Parliament, Vol.2, 1943, Page 1345.
- 29 Report on Social Security for Canada prepared by Dr. L.C. Marsh for the Advisory Committee on Reconstruction King's Printer, Ottawa, 1943, Prefatory Note, Page 5.
(Note: This work will henceforth be referred to as the "Marsh Report".)
- 30 See Chapter IV, Section 1 above.
- 31 Marsh Report Page 12.
- 32 See Chapter III, Section 3 above.
- 33 Marsh Report, Page 37.
- 34 Ibid., Page 12.
- 35 Ibid., Page 107.
- 36 Ibid., Page 112.
- 37 Ibid., Page 87.
- 38 See Chapter IV, Section 2 above.
- 39 Marsh Report, Page 87.
- 40 Ibid., Page 31.
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- 42 Ibid., Page 91.
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- 49 Ibid., Page 19.
- 50 Ibid., Page 43.
- 51 See Chapter IV, Section 1 above.
- 52 See Chapter IV, Section 1 above.
- 53 Whitton op.cit., Page 17.
- 54 Ibid., Page 22.
- 55 Ibid., Page 23.
- 56 Ibid., Page 24.
- 57 Ibid., Pages 23 - 24.
- 58 Ibid., Page 21.
- 59 Ibid., Page 24.
- 60 Marsh Report Page 87.
- 61 Whitton op.cit., Page 25.
- 62 See Appendix A.

CHAPTER VI

FAMILY ALLOWANCES AS PART OF WAGE CONTROL POLICY FOR WAR-TIME CANADA

As mentioned in Chapter II and elsewhere, organized labor has been traditionally wary of family allowances, fearing that they might be construed as being in lieu of wage increases and therefore would detract from labor's bargaining power. Whether or not it has been the result of labor's unfortunate position under the Speenhamland Plan in England, organized labor in English speaking countries has been especially opposed to such schemes, preferring to continue the struggle for an adequate "living wage". It would, in fact, be difficult to imagine any Government of an English speaking nation, which depends at least partially upon support from organized labor, suggesting that family allowances be accepted instead of wage increases. That, however, is exactly what the Government of Canada seems to have done during the autumn of 1943 in an attempt to maintain wage controls and prevent wartime inflation in the face of continued demands by organized labor that wages in the lower brackets be "unfrozen" and collective bargaining permitted. During the same year, Quebec incorporated a family allowance provision into its collective agreement Act in order to offset the anomalies of the wage control legislation. Such action by

Quebec was not as revolutionary as it might appear at first glance, as the scheme was to be supported by the employers alone in much the same manner as in the system of allowances which has been in operation in France for almost a century. As will be seen, the Dominion Government's suggestion that family allowances be paid rather than wage increases was made in September 1943 in a most unofficial manner. The suggestion was not repeated as it incurred overwhelming opposition from organized labor. When the Government proposed the Family Allowances Act of 1944, it took pains to deny that there was any connection between it and wartime wage controls and accompanying inadequate earnings. In answer to the accusation by the Canadian Congress of Labour that the Family Allowances Act was a substitute for wage increases, Prime Minister King made the following statement which appears to be more threatening than persuasive.

You find fault with the Government for introducing family allowances, but on the other hand you state you have no objection to such a program as part of a national social security system. In the Speech from the Throne it is set forth as part of the social security program. I ask any member of this Congress to stand and say he is opposed to family allowances as part of social security. There was never a thought to have family allowances as a substitute for fair wages. ¹

Undoubtedly the Government did not have in mind the substitution of family allowances for "fair" wages, but it is this writer's contention that the anomalies created by the wage control policy were a major factor in the Government's decision to establish a system of family allowances at that time.

1 War-Time Wage Control in Canada Prior to 1943

The Canadian war-time wage control measures were a part of an overall attempt to prevent inflation and to distribute, as equitably as possible, the economic sacrifices which the war demanded. As described by the Department of Labour, the purpose of the broad policy was:

To control in some measure the income for spending on civilian goods, to ensure an adequate supply of men and materials for the needs of the war and of the community, and as far as possible to protect all against the day when the war would be over. The control of prices, profits, wages and salaries, higher taxes on incomes, encouragement of loans to the Government through the medium of war savings certificates and bonds, and, later, the introduction of a compulsory savings scheme and the rationing of certain commodities were all part of the program devised to carry out this policy. The program was put into effect by stages as conditions warranted.²

The Government's first action in regard to wages was limited to urging workers not to press for wage increases except where rates were unduly low. More definite steps were taken in December of 1940 when boards of conciliation and investigation, operating under the Industrial Disputes Investigation Act³, were instructed not to recommend increases in basic wage rates in excess of the highest rates in effect during the period from 1926 to 1929. The Boards were to recommend to the employers, however, that they pay a flat cost of living bonus, the same for all workers and on a scale as set out in the instructions, whenever, upon quarterly investigation, it was discovered that the cost of living had

risen by at least five percent. Since price and wage control measures already taken were not able to maintain wages and prices within reasonable limits, more drastic steps were inaugurated during the autumn of 1941. In October, an Order in Council established with some exceptions, an overall price "ceiling" and stabilized wages which were less than \$175 per month at the rates in effect on November 15, 1941. As in the case of the stabilization order of 1940, provision was made for a cost of living bonus.⁴

This wage control Order, which was consolidated with its amendments by P.C. 5963 of July 1942, was administered by a National War Labour Board and Regional Boards located in each province. The membership of the Boards consisted of an equal number of representatives of employers and employed. The Dominion and provincial ministers of Labour served as chairmen to facilitate enforcement of wage control; inspectors of the Unemployment Insurance Commission were utilized to report apparent violations.⁵ In addition to duties of inspection and enforcement, the War Labour Boards were empowered to authorize an increase in basic wage rates where existing wages were found to be lower than the prevailing rates for the particular occupation in the locality or in a comparable locality.⁶ The National War Labour Board was empowered to authorize quarterly adjustments in the cost of living bonuses in accordance with changes in the cost of living index as computed by the Dominion Bureau of Statistics. As will be seen below, the cost of living bonus gave rise

to inequitable situations as it could not exceed the rise in the cost of living index from the effective date of the last general wage increase made by the employer. As a result, several employers within an industry might be paying similar basic wage rates to similar positions, but because these rates were established at varying dates, one or more employers were permitted to pay a cost of living bonus in an amount greater than that paid by others. ⁷

As might be expected, this wage stabilization program was generally opposed by organized labor, not only because it limited their prerogative of collective bargaining, but also because it was difficult for the general membership of the unions to appreciate the relationship between prices and wages. They visualized instead that the owners of capital would reap unusually large gains from lucrative government contracts, forgetting the concomitant high excess profits and income taxes. Militant opposition to the wage control scheme was generally limited, however, to the position of the unskilled laborer earning wages stabilized at less than 50 cents an hour which were considered as being below subsistence level. Organized labor in general demanded that collective bargaining be allowed within the wage control scheme in order to obtain higher remuneration for this group. It was undoubtedly the precarious economic position of those earning less than 50 cents per hour which influenced the Quebec Legislature to pass its Family Allowances Act. It was labor

agitation on this point which appears to have persuaded the National War Labour Board to undertake a public inquiry into labor relations and wage conditions during the spring of 1943.⁸ The report resulting from this inquiry included the first recommendation made to the Dominion Government that family allowances should be provided if collective bargaining by those earning less than 50 cents per hour could not be permitted. In order to understand the motivation behind the report of the National War Labour Board, the Government's suggestion that family allowances be paid in lieu of wage increases, and the Government's support of the Family Allowances Act of 1944, attention must first be given to the Steel Worker's Industrial Dispute which precipitated the problem, forcing the Government to attempt to find a solution to the anomaly of wages stabilized at a lower than subsistence level.

2 Steel Workers' Industrial Dispute 9

In March 1942, the employees of the Algoma Steel Corporation Ltd. at Sault St. Marie and of the Dominion Steel and Coal Co. Ltd. of Sydney, Nova Scotia applied to their respective Regional War Labour Boards for an increase in the basic wages of unskilled labor to 55 cents per hour. The employees were members of the United Steel Workers of America.¹⁰ In July 1942 the Nova Scotia Regional Board

handed down a decision refusing the petition of the Sydney employees, maintaining that the existing rates were at least equal to the rates current in the district for similar work. As described above, the War Labour Boards were limited to such a decision, being empowered to consider wages only in relation to those paid for similar work in a similar area. In August, the Regional Board of Ontario presented a non-committal decision to the Sault St. Marie workers, recommending only that employers and employees endeavor to come to some agreement on suitable rates and present a joint application to the Board. Dissatisfied with this decision, the union at Sault St. Marie conducted a strike vote although there was no legislation authorizing such action. The vote was overwhelmingly in favor of a stoppage of work. In order to deter the strike, the Government of the Dominion, on September 1942, appointed a Royal Commission under the Inquiries Act,¹¹ to examine the situation. The Commission was instructed to report "as to what wage adjustments, if any, would appear justified under the wage control regulations, in the case of the employees of the Algoma Steel Corp. Ltd. at Sault St. Marie and the Dominion Steel and Coal Corp. Ltd. at Sydney, N.S." ¹²

The Royal Commission finally made its report on December 28, 1942, the majority recommending that there be no change in basic wage rates.

From a careful study of these rates which constitute a fair cross section of the basic wage rates for unskilled labour prevailing throughout Ontario and Nova Scotia, it is quite clear that the basic wage rates for unskilled labour of $50\frac{1}{2}$ cents and $52\frac{1}{2}$ cents (including cost of living bonus) paid by the Algoma Steel Corporation Limited and Dominion Steel and Coal Company Limited respectively are not substandard but in fact above the average rates generally prevailing for that class of labour. 13

The Commission did, however, recommend, among other matters, an increase in pay for maintenance men and time and a half when employees were required to work a seventh day during the week. A minority report of the Commission recommended an increase in basic wage rates, maintaining that it was justified because of the peculiar arduousness and hazard of the work in the steel plants and because of exceptionally long hours. 14

Three days after receiving the report of the Royal Commission, 5,200 employees of the Dominion Steel and Coal Co. Ltd. at Sydney went out on strike. Two days later, 3,786 workers at the Algoma Steel Corp. quit work together with 2,675 employees of four steel plants in Trenton, Nova Scotia. The Trenton workers went on strike in sympathy with the other strikers and demanded basic wage rates as recommended by the minority report of the Royal Commission. In an attempt to settle the dispute, the Government began meeting with union and employer representatives in Ottawa during January 1943. 15

In the face of the stoppage of steel production, the Government withdrew from its position that basic wage rates must be maintained without exception at the stabilized level. In the event of the steel workers returning to work immediately, the Government offered to pass an Order in Council fixing 55 cents an hour as the minimum wage in the Sydney and Sault St. Marie steel plants. This wage rate, which would be understood as including the cost of living bonus, was also to apply to those operations in the Trenton plants immediately related to the production of basic steel. The Government also agreed that immediate effect would be given to the minor recommendations of the majority report of the Royal Commission and that basic steel would be recognized as a national industry in order that the workers might present their case "de novo" before the National War Labour Board rather than before the Regional Boards. In order that the National Board would be completely unbiased, it was agreed that the Minister of Labour would, at his own suggestion, be relieved from his duties as chairman.¹⁶ The union, however, was unwilling to accept this offer and the Government was forced to move even further away from its established policy. It was finally agreed that the 55 cent basic wage rate, inclusive of the cost of living bonus, would be retroactive to November 1942 and that, in the event of a reduction in the cost of living, this basic wage would not be reduced but would be augmented by any further increase in the future.¹⁷

In accordance with the agreement, it was announced on February 4th that the National War Labour Board had been re-organized and that Justice C.P. McTague would be chairman.¹⁸ After hearing the petitions of the unions and employers, the reconstituted Board presented its decision on the Steel Workers Industrial Dispute on March 31, 1943. The unions had requested that the minimum wage as set forth in the government agreement be declared the basic wage for the industry, the 55 cents per hour to be no longer considered as being inclusive of cost of living bonus but that the full cost of living, calculated on the rise since 1939, be added to it. As the War Labour Board had recently been authorized by P.C. 2370 of March 23, 1943 to make adjustments in the cost of living bonuses, it was able to find a compromise between labor's demand and the agreement with the Government. This new authority enabled the Board to remove some of the anomalies of the cost of living regulations as described above.¹⁹ In the Steel case the Board found that, although by agreement the basic wage, including the cost of living bonus, was set at 55 cents an hour, because the cost of living bonus was set at 5 cents an hour at Algoma, the actual wage was only 50 cents per hour in that plant. In the case of the Sydney works, the cost of living bonus was set at 9 cents so the true wage was only 46 cents. The Board, in final solution of the dispute, set the base pay in both plants at 50 cents an hour and the cost of living bonus at 9 cents.²⁰

3 Implications for Family Allowances of the Steel Dispute and the General Attitude of Labor toward Stabilized Sub-subsistence Wages

The Steel Workers Industrial Dispute made very apparent the dilemma in which the Government found itself as a result of its wartime wage stabilization policy. The wages as stabilized were perhaps sufficient for a single person or one with a very small family, but below subsistence level for even a moderately large family. This situation was explained in a convincing manner by Eugene Forsey of the Canadian Congress of Labour.

The Dominion Department of Labour, early in 1941, stated that a pre-war wage of \$25 a week would leave the average family "practically no margin for anything but the basic necessities". At present prices, this would be equivalent to \$29.43. An Algoma steel worker on base rate, working 48 hours a week, gets a wage of \$21.84 and bonus of \$2.53 or a total of \$24.01; working 56 hours, a total of \$28.01. A Sydney worker on base rate, working 48 hours, gets \$20.88, plus bonus of \$4.25, or a total of \$25.13; working 56 hours in a continuous process department (no overtime), he gets \$24.36, plus \$4.96 bonus, or a total of \$29.32; working 56 hours in other departments he gets a total of \$31.06.

The Union's contention, supported by the official statement of the United States Government and by a number of careful studies by impartial authorities (e.g., the Industrial Relations Sections of Princeton University), is that a 48 hour week is long enough. A man should be able to earn enough in 48 hours to maintain health, efficiency, and decency. 55 cents an hour for 48 hours comes to \$26.40; with full cost-of-living bonus of \$4.25, total remuneration of \$30.65. This is a little over the Labour Department's minimum; but that

minimum is utterly inadequate. The official cost-of-living index is based on a weekly budget which at present prices amounts to about \$31.60, and this budget makes no pretence of being a health and decency minimum.

The Toronto Welfare Council's health and decency budget for a family of five whose head is doing only "moderately active work" (hardly a description of work in a steel plant!) comes to about \$33.00 a week. A budget based on the official Tisdal report on food for relief recipients comes to about \$34.00 to \$37.50. A budget based on the Canadian Medical Association's "Food for Health" comes to about \$33.80 to \$37.90. Judged by these standards, 55 cents an hour, plus full cost-of-living bonus, is a very modest proposal. Anything less simply cannot provide the physical conditions necessary for health, efficiency and good morale, and hence for maximum production. 21

The implications of this situation, as created by the wage stabilization program, must have been quite apparent. Obviously the Government could not continue to insist that below subsistence wages must be paid without making some provision for those workers with at least moderately large families. To do so would not only lower the health and morale and hence the efficiency of the workers, but it would also make it difficult, if not impossible, for the Government to enjoy the full cooperation of organized labor in the war effort. There were two alternatives from which the Government could choose. It could either raise the wages of the lowest paid workers by permitting collective bargaining or by stabilization at a higher level, or it could provide some sort of family allowance. Family allowances would probably

have been preferable considering the Government's strict anti-inflation policy as they would affect only those workers with families and in proportion to the number of dependents. The additional income, being spent on necessities, would not tend to raise prices greatly. Were the allowances to be paid by the employers, they would add less to the cost of production than would a general wage increase.

It was not only the Canadian Congress of Labour which opposed this aspect of wage stabilization during 1943. The Trades and Labor Congress of Canada, in its legislative proposals to the Dominion Government in 1943, recommended that: "where workers are earning less than \$25 per week or 50 cents per hour they should not be restricted by legislation from negotiating and securing an increase in their wages to this rate as stated and which the Government has accepted as a minimum necessary to maintain a decent standard of living".²² During the same month, the Canadian and Catholic Confederation of Labour requested the Government to amend the wages control order "to give more powers to the War Labour Boards and to abolish the comparison bases in cases of salaries too low to enable a workman and his family to live decently".²³ The Confederation, consisting primarily of French-Canadian workers, actually stated that they believed that the wage stabilization order should provide for the institution of family allowances.²⁴ This recommendation was fulfilled in

the Province of Quebec with the passage of the family allowances amendment to the Collective Agreement Act.

4 The Quebec Family Allowances Act of 1943

On June 23, 1943, the Collective Agreement Act of the Province of Quebec ²⁵ was amended to provide for the payment of family allowances if agreed to by the parties to a collective agreement. ²⁶ Although this Act of Quebec cannot be considered as precedent for the Dominion Family Allowances Act of 1944, a description of it is included here because, presumably, it resulted from the anomalies of the wage stabilization program, and because it was the first true family allowances law, albeit according to the pattern generally followed on the European continent, ever enacted by a government in Canada.

The Quebec Collective Agreement Act, assented to in 1940, provides that, where a collective agreement has been entered into by an organization of employees and one or more employers, either party to the agreement may apply to the provincial Minister of Labour to have the terms of the agreement which concern wages, hours of labor, apprenticeship, and certain other conditions, made mandatory throughout the province or within a certain area for all employers in the trade or industry covered by the agreement. After notice of application

is published, thirty days are allowed for the filing of objections. Following this waiting period, an Order in Council may be passed granting the application with or without changes as considered advisable by the Minister. These agreements, as promulgated by Order in Council, are administered by a joint committee of employers and employees. This administrative group is generally called a "parity committee".

The family allowances amendment to the Collective Agreement Act provides that, in addition to terms of an agreement concerning wages, hours of labor, apprenticeship, and other less important conditions being enforceable within an industry throughout the province or a particular district, provision for the payment of family allowances may also be part of such agreement and enforceable by Order in Council. The amendment states first that the word "wages" in the Collective Agreement Act does not include family allowances. Part 2 of the amendment provides that the Government may render obligatory, with or without amendment, the provisions of any agreement respecting family allowances. Section 3 provides that if the decree, which renders obligatory the collective agreement, provides for family allowances, the parity committee administering it must collect the necessary contributions, pay the allowances either directly to the beneficiary or through the employers, verify the existence of workers' dependents for whom allowances are payable and

finally determine, by resolution, the person to whom any allowance is to be paid. ²⁷

We have in this provincial Act, which remains on the Statute Book and can be implemented at any time, a family allowances law of the type employed in France, Belgium, and other countries as described in Chapter II. As will be remembered, these family allowances schemes have usually provided for an equalization fund into which the employers contribute and which pays the allowances to the eligible employees. Under the Quebec Act, the parity committees would assume the functions of such equalization funds. As stated by the Deputy Minister of Labour of the Province, "The contributions to such family allowances would have been paid by the employers exclusively and collected by the joint committees having the responsibility to enforce a decree under the Collective Agreement Act. A flat percentage on the payroll, let us say about 3% would have been collected and allowances would have been paid to the employees in proportion with the number of their children." ²⁸

It is not possible to describe the actual administration of the Quebec Act or to assess its effect upon the competitive position of Quebec firms paying allowances. According to the Deputy Minister of Labour, "the amendment was never resorted to because a few months after, the Federal Government passed its Family Allowances Act". ²⁹ It is doubtful whether the passage of the Dominion Act was the only reason for never

inserting a family allowances provision into a collective agreement. Actually, the Federal Family Allowances Act was not passed for one whole year following the date on which the Quebec Act was assented to and was not put into effect until two years following. More plausible reasons would perhaps be that all organized labor, with the exception of the Canadian and Catholic Confederation of Labour, objected to the payment of family allowances in any form which might be suspected of being in lieu of wage increases, and that the employers feared that their competitive position, in relation to other employers throughout the Dominion, might be compromised, especially during the postwar period when they would no longer be receiving contracts from the government on a "cost plus" basis. Many other disadvantages of a purely provincial system of family allowances were certainly apparent at this time as they were to the Quebec Social Insurance Commission in 1931.³⁰ Miss Charlotte Whitton in The Dawn of Ampler Life went to the extent of saying that the amendment itself betrayed the thought and study given to the problem by the commission.³¹ There was also some opposition to the amendment in the press, the Montreal Gazette claiming on June 10, 1943 that it would create a privileged class because it affected only organized labor, and that actually the low paid workers in the province would not receive the benefits of the legislation as they were not generally among the ranks of

organized labor.³² The Act was also criticized because it lacked any provision for consistency and uniformity of allowances and eligibility throughout the province.

5 National War Labour Board - Public Inquiry into Labour Relations and Wage Conditions

The results of the National War Labour Board's inquiry into Labour Relations and Wage Conditions were not made public until January 28, 1944 when the Report was tabled in the House of Commons.³³ On the day previous, it was announced in the Speech from the Throne that the Parliament would be requested to approve the institution of a system of family allowances. The Report is considered here, however, because it was submitted to the Government sometime prior to September 1, 1943,³⁴ and it appears that the findings of the majority group greatly influenced the Government's policy on wage questions from that day forward .

This public inquiry was ~~ann~~ounced by the National War Labour Board on April 8th in the shadow of the Steel Workers Industrial Dispute, other major work stoppages, and the insistent demand by organized labor for a revision of the wage control order. As described by the Board:

The situation prevailing in Canada today in respect to labour matters generally, and having particular regard to the existing war emergency, makes it appear necessary and advisable that an inquiry of this kind should be instituted at once.

The Board will conduct public hearings which will afford an opportunity to all public bodies and to individuals, whether representing industry, labour, or other interested sections of the community, a full opportunity to present their views and proposals on these matters upon which the Board might formulate a report with constructive recommendations for a coordinated program on labour relations and wage matters.³⁵

Both the majority report, generally known as the "McTague Report", and the minority report written by J.C. Cohen, labor representative on the Board, are concerned primarily with the questions of collective bargaining and wage control. We will discuss here only their considerations concerning wages.

A The McTague Report

In introducing their discussion of the wage stabilization program, the majority element of the Board remarked that: "Generally speaking, labour advances the argument that there is no logical or necessary relationship between wage control and price control."³⁶ Labor argued that "wages could be left to collective bargaining and if purchasing power is thus unduly enhanced it can be taken up by more rigid and extended rationing system, by taxation, compulsory savings, and investment in government securities".³⁷ The Board maintained that wage stabilization was an economic necessity and was in the interests of labor. Were the policy to be abandoned "some considerable time would have to elapse to enable new

methods and extension of existing means to absorb enhanced purchasing power". 38

The majority group, however, was impressed with organized labor's recommendation that there should be freedom of collective bargaining without control up to 50 cents an hour. With the problems arising from the Steel Dispute, which it had recently adjudicated, certainly in mind, the Board said:

There is a great deal of merit in such a proposition. Statistics as to the amount of money required for bare necessities in an average family clearly demonstrate that the head of a family on a wage of 50 cents an hour for a 48 hour week (24.00 weekly) cannot provide his family on the standard necessary for normal health. Rigid control at such a level of earnings in the case of a family is hardly defensible, politically and morally. Even in a war economy a policy which consigns human beings to economic serfdom when a large portion of the community escapes it is incompatible with the ideals on behalf of which we are waging war. 39

The McTague Report visualized two possible solutions to the dilemma: accede to labor's proposal to leave workers earning up to 50 cents an hour free to bargain collectively without controls; or a system of family allowances should be instituted and paid for by the Dominion Government. An inequitable aspect of the first alternative was recognized, i.e., it assumed that each worker was the head of a family while, in fact, many wage earners had no families to support and often there was more than one wage earner in the family. In regard to family allowances, the majority of the Board stated that it realized that the administration of such a

proposal would be difficult and they were "aware that family allowances usually find their place in a general program of social security, rather than as part of a wage control policy".⁴⁰ They concluded, however, that "substandard wages are indefensible at all times; and if the authorities having the responsibility of policy with regard to fiscal matters and cost-price relationships do not see their way clear to remove during the war emergency the control of wages below the level of 50 cents, then we can think of no other solution for the case of a head of a family who is receiving a substandard wage, than a system of family allowances".⁴¹

The majority report also treated two other problems in the area of wage stabilization: cost of living bonuses and the power of the War Labour Boards to adjust wages. The contradictions and injustices of the cost of living bonus policy have been treated elsewhere. During the Inquiry, organized labor recommended that all bonuses be computed from August 1939, regardless of when the last collective agreement concerning wages went into effect. The majority believed that such a solution might work too great a hardship on many employers and on some elements of organized labor⁴², and it recommended instead that all cost of living bonuses be converted into the base rate. As has been described, the War Labour Boards were empowered to adjust wages only in relation to wages paid for comparable jobs in the same locality or in comparable localities. The general result of this policy had been a continuing upward revision of wage

rates as the War Labour Boards tended to be casual when authorization for wage increases was requested by employers or when the parties were in agreement. There also resulted gross inequalities and injustices in the case of workers whose employers did not agree to a wage increase. To offset this situation, the report suggested that the War Labour Boards be granted power to adjust inequalities and injustices without reference to the locality principle.

B Minority Report

The minority report, submitted by Mr. Cohen, will not be discussed here in detail as his recommendations do not appear to have affected government policy. His attitude towards family allowances, however, is presented fully as it indicates organized labor's general approach to the subject.

Like the majority group, Mr. Cohen requested that the War Labour Boards be permitted to authorize wage increases if the increase were justified by greater productivity, if the wage were substandard or inequitable, or if an increase were justified by manpower needs. Opposed to the majority recommendation, Mr. Cohen requested that a uniform cost of living bonus, which would rise and fall with the official cost of living index, be paid to all workers.

Like the majority, Mr. Cohen recommended that the full right of collective bargaining, free from controls, should be permitted with respect to wages of 50 cents per hour or

less. He was unwilling, however, to accept the alternative of family allowances. Apparently in accord with the general point of view of labor, he stated:

I am utterly opposed to the alternative proposal of my colleagues of some plan of family allowance as a substitute for a floor to the Wage Control Order; the two matters have no conceivable relationship. My colleagues appear to base their proposal upon the assumption that families are adequately taken care of in the case of wages above 50¢ an hour, or that a married man without children or even an unmarried person is not entitled to receive a wage rate of at least 50¢ per hour. The first proposition is wrong, in fact, unless we get into a bracket considerably higher than 50¢ an hour. The second proposition is wrong in principle and would be unworkable. The proposal to substitute some family allowance relief measure instead of correcting substandard wages ignores the true character of wages. Wages constitute the incentive for production by the worker and the means by which he receives his share of the value of the goods he has worked upon. To freeze substandard wages and supplement large families implies application of the "iron law" theory of wages, that wages need only cover mere subsistence and replacement. Furthermore, the proposition denies the principle of equal pay for equal work. It ignores the fact that unmarried workers may have dependents or that they are entitled to provide for a future in which they can support dependents. The principle of family allowances in a general program of social security is commendable, if it is available for all sections of society, rural as well as urban, but to put it forward as a substitute for the correction of substandard wages means to force all families, now in the substandard wage area, to become permanent wards of the state for the whole period during which the Order in Council would remain operative. It would create a situation in which part of our employee population would be economically free and able to support itself by its wages, while another part, and a great part, would be economically enslaved, dependent upon Government relief and bounty. 43

It is interesting to note that Mr. Cohen, again reflecting the ideas of organized labor, would have been willing to accept a system of family allowances if part of a general program of social security. As will be seen below, this point of view permitted the Government to establish family allowances. The Government appears to have pretended that they were only part of an overall social security program, while, as will be evident, it was planned that, at least during the war period, they would serve to ameliorate the wage situation as recommended in the McTague Report.

6 A New Wage Control Policy

The reports of the War Labour Board's public inquiry were made available to the Government sometime during the summer of 1943. As these reports were reputed to be of utmost importance to the position of organized labor and to an understanding of the wages and collective bargaining policies of the Government, it was generally believed that they should be made public as soon as possible. The importance of publishing them was emphasized by Mr. Cohen speaking before the Convention of the Trades and Labor Congress on September 1, 1943.

It is therefore a matter of particular regret to me and I am sure to you and the public generally, that we are assembled here today without the advantage of publication on the Enquiry Reports which have at long last been filed.....I deplore and I regret the failure to publicize these reports. There is no sound reason why this important assembly, to say nothing of the Canadian public generally, should not have available for its enlightenment and deliberations, at this very moment, the complete text of the Reports and the Recommendations which have been submitted. 44

At the same convention, the Hon. J.L. Ilsley, then federal Minister of Finance, said, "I know you would like to have my opinions on these reports which have now been submitted, but as yet I have not had an opportunity even to read, much less to study them, and it is obvious that the Government must give the most careful consideration to them before coming to a decision on the important recommendations which I understand they contain". 45

Rather than make the reports public immediately, however, it appears that the Government preferred to send forth a "trial balloon", attempting to determine public reaction to the McTague Report recommendations. On September 17th, the newspapers carried a story to the effect that: "Family allowances for all Canadians, perhaps on a scale of \$9 per month per child which is the basis of present income tax exemption, are receiving the earnest consideration of the Dominion Government at the present time, and a decision may be expected in the near future. Present likelihood is that they will be adopted". 46 The story went on to say that,

in all probability, the cost of living bonus, after one last upward adjustment, would be abolished as such and merged with the general wage scale. Thus two important recommendations of the McTague Report were accounted for, only their suggestion that the War Labour Boards be given more freedom of action was omitted. The Montreal Gazette indicated that all in Ottawa were not in agreement, despite the fact that both Mr. Ilsley and Donald Gordon of the War Prices and Trade Board were satisfied that the family allowances scheme could be fitted into the control picture without disastrous results. It reported that:

There is a disposition among both friends and foes of the family allowances scheme to regard it as insufficient in itself. Family allowances, these critics say, are a laudable measure of social security recommended as such by both the Beveridge and Marsh plans, but they are no solution to inequities in the wage structure. Some ministers and high officials say they are willing to accept family allowances but not as a substitute for wage adjustments. 47

Having in mind the demand of organized labor for a "free bargaining area" within the wage control scheme and their traditional attitude toward family allowances in lieu of wage increases, their reaction to this informal government proposition might certainly have been anticipated. Ill-advisedly, from the Government's point of view, this newspaper announcement appeared on the day that the Canadian Congress of Labour was holding the final session of its annual convention. The delegates responded immediately, passing an emergency resolution as follows:

Whereas press statements have recently appeared indicating that the Federal Government is considering the inauguration of a system of family allowances instead of acceding to labour's demand that wage rates under fifty cents per hour be removed from the operation of wage control legislation and left to the determination by collective bargaining; and

Whereas, such action by the Government without first making available the reports of the National War Labour Board following its inquiry, and without consultation with organized labour, can be regarded only as adding insult to injury; and

Whereas in the opinion of the Congress, the proposal referred to has been initiated by the controllers of finance in Canada:

Therefore be it resolved that the incoming executive committee be instructed to protest vigorously against this proposal, and to take whatever action is necessary to prevent its adoption. 48

The Trades and Labor Congress was also disturbed by the Government's considering the establishment of family allowances specifically in lieu of wage increases. They appear, however, to have made no official declaration to this effect until they presented their annual Memorandum to the Dominion Government in February 1944. It said, in part, "We cannot agree with the substitution of a system of family allowances for decent wages". 49 The Congress, however, during the autumn of 1943, did carry on an intensive campaign to influence public opinion against the Government's suggestion. 50 As would be expected, the President of the Confederation of Catholic Workers of Canada, speaking at their annual convention, emphasized that they would be able

to accept a strictly provincial family allowances scheme. ⁵¹

In the face of this opposition to its tentative suggestion, it seems that the Government decided that family allowances as recommended by the McTague Report would not be acceptable, and that, if they were to be instituted, they would have to be declared as being for some purpose other than wage adjustment. On September 27, therefore, press announcements appeared to the effect that family allowances were no longer regarded in Ottawa as a wage curb and that any program which might be established would be completely divorced from wage control policy. ⁵² The Montreal Gazette indicated that interests other than organized labor had also opposed the earlier suggestion.

Adverse reponse to this suggestion has been considerable, and - significantly - has come from quarters which might have been expected to support a family allowance plan. Social workers, liberal economists, and others of similar views, as well as organized labor, were unanimous in insisting that family allowances must be wholly divorced from the matter of wages. ⁵³

Without making public the McTague and Cohen Reports, the Government announced its decision concerning wage control policy on December 4, 1943 when Prime Minister King gave a radio address entitled "The Battle Against Inflation". Emphasizing that it would be impossible to hold the price ceiling if wages generally were allowed to rise, and **implying** that a rise in wages in the lower brackets would result in a demand for wage increases at other levels until the earlier

relationships were re-established, the Prime Minister announced that two changes in the wage control scheme had been agreed upon. First, the War Labour Boards, in dealing with applications for wage adjustments, would no longer be bound to apply a standard of comparing wages in one plant or industry with wages in other plants or industries. Instead, the standard of adjusting wages would be the removal of inequalities and injustices. Second, the cost of living bonus, as it existed at that time, would be added to and become part of the basic wage rates. It would be the policy of the Government to ensure that the cost of living was kept at existing levels so that no future bonuses would be necessary. 54

It is apparent that these changes in the wage control policy were completely in accord with two of the three primary recommendations of the National War Labour Board. Missing was the institution of a system of family allowances or the provision of a "free bargaining area" for those workers who were earning less than 50 cents per hour. It may be assumed that the Government was cognizant of this omission and knew that no wage control policy could be successful without providing some improvement in the position of the low paid worker. Believing that a "free bargaining area" would lead to a general wage increase, it accepted the alternative proposal of the McTague Report and, in the Speech from the Throne, which opened the next Parliament on January 27, 1944, declared that it favored the immediate provision

of family allowances. They were, however, to be part of a general program of social security, no intimation being given of their relation to wage control policy.

7 Conclusion

In light of the description of events in the area of labor relations prior to Prime Minister King's radio address of December 1943, it is certainly possible to doubt the truth of the statement made by him following the introduction of the Family Allowances Act that "There was never a thought to have family allowances as a substitute for fair wages".⁵⁵ Although the wage supplementation aspect of family allowances was certainly not the only motive for introducing the measure (nor is there conclusive evidence that it was even the principal one), the Government undoubtedly considered seriously the fact that a system of family allowances would soften the most insistent objections to the wartime wage control policy. In fact, it might quite plausibly be argued that although the Government intended that the family allowances scheme would be the basis of postwar social security and would assist in maintaining postwar full employment, it was introduced and passed during wartime as part of the overall policy of wage and price stabilization and control.

The evidence unquestionably substantiates such an argument. The similarity of the proposals made by the Majority group of the National War Labour Board and those of the Prime Minister made during his address "The Battle Against Inflation" and in the Speech from the Throne a month later surely cannot be denied. The Majority Report recommended that the cost of living bonus should be incorporated into the basic wage rates, that the War Labour Boards be granted power to adjust wage inequalities and injustices without reference to the locality principle, and that the problem of how to improve the lot of workers receiving wages which by all standards were below subsistence level be solved either by permitting collective bargaining by workers receiving less than 50 cents per hour or by establishing a national system of family allowances. The Prime Minister in his radio address, without first making public the McTague or Cohen reports, stated that "I am now in a position to say that the government is prepared to accept, as a basis for a revised labour policy, the main proposals on which the Majority and Minority Reports agree".⁵⁶ The cost of living bonuses were to be incorporated into the basic wage rates and the standard in adjusting wages was to be the removal of gross inequalities and injustices. Mr. King did not mention, however, the anomaly of workers earning less than an amount necessary for subsistence as the government could not accept the solution on which both reports agreed, namely: the granting of rights

of collective bargaining to those earning less than 50 cents an hour. Had the reports of the War Labour Board's inquiry been made public, his omission would have been obvious to all. Those considering the matter seriously undoubtedly recognized the illogicality of the revised wage control policy.

There is no question but that the Government realized that some provision had to be made for workers, especially those with families, who were earning less than an amount necessary for subsistence. If, as one civil servant informed the writer, "busy government officials don't have time to read reports", the force of the Steel Workers' Industrial dispute and the concessions which the Government was forced to make must have impressed even busy cabinet ministers with the seriousness of the problem. As a specific remedy for the wage control ills it appears that the Government would have preferred to establish a family allowances program within the general wage stabilization scheme and presumably only for the duration of the war emergency. It believed that a rise of wages in the lower brackets would continue through the wage structure until the earlier relationship was re-established and that if "wages generally were allowed to rise, it would be quite impossible to hold the price ceiling".⁵⁷ It was patent, however, that organized labor and many other influential elements of the community could not accept family allowances in lieu of wage increases. As the steel

dispute made the need apparent so did the family allowances "trial balloon" described above make political reality of the opposition to family endowment as a substitute for wage increases. By introducing the Family Allowances Act as a social security measure, the opposition of labor and other groups was assuaged and the requirements of wage and price control fulfilled.

NOTES TO CHAPTER VI

- 1 Labour Gazette, March 1944, Page 365.
- 2 Wartime Work of the Labour Department, Issued as a supplement to the Labour Gazette November 1943, Page 10.
- 3 Canada, Revised Statutes 1927, Chapter 112.
- 4 Wartime Work of the Labour Department, Page 10.
- 5 Ibid.
- 6 For example of application of this principle see: In the matter of the Royal York Hotel (Canadian Pacific Railway Company) and in the matter of an application for increase of wage rates paid to bell boys. Decision of the National War Labour Board reported in Labour Gazette September 1943, Page 1254.
- 7 Labour Gazette, April 1943, Page 438.
- 8 Report of the National War Labour Board arising out of its Public Inquiry into Labour Relations and Wage Conditions together with a Minority Report Printed as a supplement to the Labour Gazette February, 1944.
- 9 Only the wage aspects of the dispute are discussed here. Another important aspect was jurisdictional, the union demanding that basic steel production be considered a national industry and that working conditions and wages be uniform across the country within the industry.
- 10 Labour Gazette, January 1943, Pages 53 and 54.
- 11 Canada, Revised Statutes 1927, Chapter 99.
- 12 Labour Gazette, January 1943, Page 54.
- 13 Ibid., Page 55.
- 14 Ibid.
- 15 Labour Gazette, February 1943, Page 192.
- 16 Ibid.
- 17 Ibid.

- 18 One cause for this change was that the Minister of Labour was generally unpopular with organized labor. See "An Unsatisfactory Record" Canadian Unionist November 1942.

For a discussion of the effect of the Steel Worker's Industrial Dispute in bringing about the reorganization of the National War Labour Board see: "Reorganization of the National War Labour Board" Canadian Unionist February 1943, Page 217.

- 19 Labour Gazette, April 1943, Page 438.
- 20 Labour Gazette, April 1943, Page 443.
- 21 Forsey, Eugene "The Background of the Steel Strike" Canadian Unionist January 1943, Page 195.
- 22 Labour Gazette, March 1943, Page 377.
- 23 Ibid., Page 383.
- 24 Ibid.
- 25 Quebec, Revised Statutes, 1941, Chapter 163.
- 26 Quebec, Statutes, 7 George VI, 1943, Chapter 29.
- 27 See Appendix B for copy of Act.
- 28 See Appendix C for letter from Deputy Minister of Labour of the Province of Quebec.
- 29 Ibid.
- 30 See discussion of Quebec Social Insurance Commission above Chapter IV, Section 1.
- 31 Whitton, Charlotte The Dawn of Ampler Life, Toronto, MacMillan Co., 1943, Page 22.
- 32 Montreal Gazette Editorial - "A Travesty of Family Allowances", June 10, 1943, Page 8.
- 33 Canada, Journals of the House of Commons, 5th Session of 19th Parliament, January 28, 1944, Page 35.
- 34 Speech by Hon. J.L. Ilsley, Minister of Finance, Report of Proceedings of the 59th Annual Convention of the Trades and Labor Congress of Canada 1943, Page 250.
- 35 Labour Gazette, April 1943, Page 437.

- 36 National War Labour Board, Majority Report, Page 8.
- 37 Ibid.
- 38 Ibid.
- 39 Ibid.
- 40 Ibid.,Page 9.
- 41 Ibid.
- 42 Ibid.
- 43 National War Labour Board, Minority Report, Page 27.
- 44 Report of the Proceedings of the 59th Annual Convention of the Trades and Labor Congress of Canada 1943, Page 214.
- 45 Ibid.,Page 250.
- 46 Montreal Gazette, September 17, 1943, Page 1.
- 47 Ibid.,Page 6.
- 48 Labour Gazette, October 1943, Page 1444.
- 49 Memorandum Presented to the Dominion Government by the Trades and Labor Congress of Canada Friday, February 25, 1944, Page 7.
- 50 Wismer, Leslie Director of Public Relations, Trades and Labor Congress, Interview Ottawa, July 1949.
- 51 Montreal Gazette, September 20, 1943, Page 13.
- 52 Montreal Gazette, September 27, 1943, Page 1.
- 53 Ibid.,Page 7.
- 54 Labour Gazette, December 1943, Page 1600.
- 55 Labour Gazette, March 1944, Page 365.
- 56 Labour Gazette, December 1943, Page 1601.
- 57 Ibid.,Page 1600.

CHAPTER VII

FAMILY ALLOWANCES AS AN INSTRUMENT OF FISCAL POLICY IN CANADA

It is generally conceded that financial and fiscal considerations were important in bringing about the acceptance by the Government of the proposed family allowances program. It is impossible to determine, however, whether those responsible for Canadian public finance supported the measure primarily because of its bearing on wartime wage and price control policy or because of its value as part of a post-war scheme for realizing full employment. It is highly improbable that the measure would have been supported solely because of its propensity to increase or stabilize consumption since the most difficult fiscal problem faced by the Government during the war was the limitation of consumption in order to control inflationary tendencies. On the other hand, a program for the redistribution of income as drastic as the Family Allowances Act could not be considered as merely a short term measure since it is perhaps axiomatic that social security measures when once enacted and benefits distributed are, from the standpoint of party politics, difficult if not impossible to repeal.

The discussion of the Beveridge and Marsh Reports in Chapter V indicated that family allowances were an integral part of their plans for universal social security. In connection with those reports it will be remembered that full employment was considered as a basic assumption to the successful operation of the proposed measures. Chapter III, Section 3 describes the major premises of the "Neo-Keynesian" theory of business cycles and the remedial fiscal policy which, it is maintained, will lead to continuous full employment. The purpose of this chapter is to substantiate the claim that persons who were influential in Canadian public finance circles were interested in promoting a program leading to full employment along Keynesian lines prior to 1944, their aspirations receiving official statement during 1945 with the White Paper Income and Employment¹ and the Proposals of the Government of Canada to the Dominion-Provincial Conference on Reconstruction.²

Although the official statements of the Government mentioned above concerning post-war economic policy were not published until the Spring of 1945, one year after the passage of the Family Allowances Act, there are indications that government officials had been thinking in such terms for several years previous, especially at the time of the appointment of the Advisory Committee on Reconstruction by Order in Council during September of 1941.³ Reporting on the results of the early deliberations of the Advisory

Committee, the Chairman, F. Cyril James, informed the Special Committee of the House of Commons on Reconstruction and Re-establishment that three basic assumptions were underlying their thinking and proposals. First, the economic objective for Canada in the post-war era should be the achievement of full employment; "every individual who is able to work and wishes to work, should have a decent opportunity to work. All our financial, fiscal, political, economic, agricultural and other policies ought to be designed to produce that ultimate and the appropriate policies should, of course, incorporate solutions for the problems of demobilization as well".⁴ Secondly, reconstruction procedure must grow out of the policies pursued during the war and before. Finally, it was the aim of the committee "to preserve as far as we may, compatibly with the attainment of full employment, the basic Canadian tradition of free enterprise and personal initiative in both political and economic life".⁵

Reviewing Dr. James' statement before the committee of the House of Commons, A. Brady, writing in the Canadian Journal of Economics and Political Science, had this to say:

Full employment as a term has a dual function. It can be readily bandied about with emotive effect in political discussion without any specific meaning other than to convey to wage earners the comfortable feeling that they will have jobs. In this usage it will serve the same purpose as the "full dinner pail", "work for all", and numerous other electoral slogans of the past. Whatever party holds the reins in Ottawa after the war it is likely to find abundant use for the term. Dr. James, however, applies it in the more specific sense in which

it has been adopted by certain modern liberal economists with leanings towards collectivism, notably on this continent Alvin Hansen..... From the rather general statements of Dr. James it is not clear how fully he accepts the more recent prescriptions of policy by Alvin Hansen. At any rate, he does not answer the question whether full employment doctrine is applicable to the peculiar economy of Canada, geared as it has been much more than the economy of the United States to producing primary products for export. 6

The answer to Mr. Brady's question may be found in the Final Report of the Advisory Committee on Reconstruction. 7 That report recommends that Canada pursue the more important items of anti-cyclical policy as recommended by Hansen for the United States. The similarity of the recommendations will be quite apparent to the reader as they are set forth below.

While describing the need for stimulating private investment after the war the Committee follows closely the savings and investment thesis of Keynes and his disciples.

In theory, therefore, that portion of the national income which is not spent on consumption automatically becomes available for expenditure on capital goods of one kind or another. Unfortunately, however, all of these savings are not automatically spent for this purpose, since the decision to purchase new capital equipment is made by the business enterprise or government on the basis of a careful survey of many factors. The availability of funds from savings is only one factor in that consideration, and not the most important, so that the aggregate expenditure on capital goods may differ greatly in any single year from the aggregate amount of savings made available out of income..... These fluctuations are among the most important causes of business cycles, and careful investigation tends to emphasize the fact that the maintenance of

full employment, in Canada or in any other country, demands greater stability in the level of capital formation from year to year. 8

To offset the effect of such fluctuations and the possibility of economic depression, the committee, like others of the Keynesian-Hansen school, recommended that every business enterprise be encouraged to develop a long range program of capital expenditure ⁹ and that the Government embark on a compensatory fiscal policy.

In a nut shell, the proposition can be stated simply. Corporate policies of capital formation are motivated by the expectation of net earnings, and the amount of taxes that must be paid in the predictable future obviously diminishes the net earnings available for distribution to shareholders. If the government wishes to stimulate private investment, it can do so by reducing the rate of taxation on corporate profits and increasing the amounts that may be deducted from corporate earnings to cover obsolescence and depreciation of plant and equipment. If the circumstances of a given period demand that private investment be curbed, governmental policy should provide for an increase of tax rates and a reduction of depreciation allowances. 10

The Advisory Committee on Reconstruction also believed that each unit of government should immediately start planning post-war public investment which would supplement private capital spending when necessary. These projects would be divided into two groups: those which are postponable and those which must be initiated immediately following the cessation of hostilities for the good of each community and the nation. The postponable projects would be held in reserve to be instituted when and if the need arises. In the words of the committee:

If the aggregate level of capital formation resulting from private investment should fall below the appropriate proportion of national income,.....the resultant unemployment and wastage of materials would inevitably produce an economic depression. In such circumstances, a well planned policy of public investment, by providing employment opportunities and utilizing available resources, tends to augment the national income and contributes to the stability of economic activity throughout the Dominion. 11

To implement such a policy the Committee recommended that a master plan be prepared for every community in the Dominion and that a National Development Board be set up to make surveys and coordinate their efforts with the provinces and municipalities. As a corollary to such planning, they suggested that all governmental units study the machinery of cyclical budgeting.

In regard to social security, the committee stated that their opinions had "already been published in The Report on Social Security for Canada which was prepared by Dr. L.C. Marsh after full discussion by the whole Committee". 12

The committee was emphatic concerning the fiscal aspects of social security measures believing that they involved more than matters of welfare and that they would constitute an important group of fiscal instruments which could be employed in the general economic strategy of recovery and stabilization.

It is essential, therefore, that the whole problem of social security should be studied, not in isolation, but as an integral part of a governmental program in which fiscal policy is designed to stabilize the process of capital formation and public investment is intended to supplement

private investment with a view to the maintenance of full employment. The development of mass unemployment, indicating the failure of the various policies already discussed, would make any system of social security unworkable. 13

With a discussion of Canada's position in regard to foreign trade and suggestions as to how this position might be improved following the war, the Advisory Committee on Reconstruction had accounted for all the variables which in aggregate constitute national income as described by Keynes and Hansen. By taking measures to increase or decrease, according to the needs of the economy, private investment, public investment, consumption, and the ratio of exports to imports, it was suggested that the federal government, in cooperation with the provinces and municipalities, would be able to maintain full employment without inflation. These recommendations were presented to the Government in September 1943 at the time when it was seriously considering embarking upon a program of family allowances as a result of the recommendations of the majority group of the National War Labour Board. 14 Certainly the recommendations of the committee influenced the decisions of the Government at least to the extent of their being able to visualize the favorable position which family allowances might assume as part of a post-war economic policy in addition to helping them solve the wage control problem. As the Advisory Committee on Reconstruction had been instructed by Order in Council to cooperate and coordinate their activities with the Advisory

Committee on Economic Policy which consisted of senior civil servants, it may perhaps be assumed that their recommendations reflected the general tenor of thinking concerning post-war economic policy.¹⁵ This assumption is substantiated by the recommendation of the Advisory Committee on Reconstruction that "the functions and responsibilities of the Advisory Committee on Reconstruction be merged with those of the present Advisory Committee on Economic Policy and that this latter committee be charged with the duty of general planning in addition to its present work in coordinating the reconstruction planning of the several government departments".¹⁶

The Advisory Committee on Economic Policy, being composed entirely of civil servants, did not issue a report of its deliberations but presumably transmitted the results of their thinking and investigations directly to the political leaders. Only two members of the committee, however, were from agencies concerned exclusively with matters of economic policy. Their ideas undoubtedly greatly influenced the thinking of the other members, their reports to cabinet ministers, and their plans for post-war activities in their own departments. The Chairman of the Committee was W.C. Clark, Deputy Minister of Finance. Graham Towers, Governor of the Bank of Canada, was also a member. Controlling central bank policy and being at least partially responsible for the nation's economic well-being, his ideas undoubtedly

carried much weight. The writer has been unable to discover any published materials concerning the ideas of Dr. Clark concerning post-war reconstruction and full employment. What is known of Mr. Tower's conception of policies is discussed below. The secretary of the Committee was R.B. Bryce, a former student of John Maynard Keynes.

Graham Towers made known his ideas concerning post-war economic policy while testifying before the House of Commons Committee on Banking and Commerce in 1945. Although this testimony was given at a date subsequent to the passage of the Family Allowances Act, his ideas certainly had not altered to any great extent during that period. The remarks of Mr. Towers differ from the recommendations of the Advisory Committee on Reconstruction primarily in that the Governor of the Bank of Canada was less outspoken as to the specific means by which full employment might be attained and maintained in Canada and even appeared to be a bit dubious as to whether such a goal could be reached at all during peacetime. Remarking on the difficulty of the task and the fact that the Bank of Canada did not have a ready-made plan, he said:

It seems to me that there is a tendency to talk too glibly about full employment and that too much reliance is placed on the hope that this desirable objective will be reached automatically through the release of pent up demands after the war. It is often said that because it has been possible to attain full employment during the war, it should be just as possible and just as easy to do the same in peace time. This overlooks the fact that when we are at war our people are united

in the pursuit of one objective and there is no question but that it is up to the federal government to produce the necessary war program. In peace time we find we have a number of objectives and that the initiative is divided between governments, labour, farm and business organizations as well as the general public. There is not the same overriding impetus present in peace time. 17

In discussing the problem to be faced in attempting to maintain full employment and the means which must be employed, Mr. Towers spoke in terms of three economic activities - external trade, capital investment, and domestic consumption. Within capital investment he grouped both public and private expenditure.

In the case of external trade, Mr. Towers stated that Canada must be prepared to extend credit to other countries during the post-war period. He doubted, however, whether they would consent to the indefinite piling up of international debt. "The moral is that if we wish to maintain our exports at a level which will really help to achieve high national income and employment, we must be prepared to import on a corresponding scale." 18

In regard to capital investment he was equally pessimistic. "Because of the amount involved the question which immediately comes to mind is whether or not public and private investment taken together can reach the desired level." 19 Since the amount spent for private investment is contingent upon the expectation of future profit, a system of taxation should be devised which would not have the effect of discouraging

initiative. He was especially skeptical concerning the possibility that public works would be of much value.

Reminding his listeners of the length of time which it takes to prepare such projects and the many problems of intergovernmental jurisdiction and responsibility involved, he said, "I believe that it is easy to overestimate the practical scope of this type of activity and, therefore, the degree to which public works construction can be counted upon to solve the problem of achieving full employment".²⁰

Mr. Towers was, however, strongly in favor of any measure which would raise the level of consumption remarking that, "Under any circumstances, great importance must be attached to raising the level of domestic consumption. That level, and through it the volume of employment, is greatly affected by the distribution of the national income, in which connection both taxation policy and social security measures are important."²¹ On the basis of this statement it is perhaps permissible to assume that Mr. Towers was willing to recommend the Family Allowances Act as a post-war measure for the redistribution of income as, of all suggested social security measures, ¹⁷ ~~they are~~ ¹⁸ undoubtedly the most efficient in that respect.

Another official of the Bank of Canada, J.R. Beattie, writing in the Canadian Journal of Economics and Political Science,²² was much less hesitant than Mr. Towers in accepting the tenets of Keynes and Hansen with little

qualification. He did not fear that post-war exports would not reach the desired level. His solution appeared simple. "If our post-war exports do not reach a satisfactory level, the same kind of domestic policies will need to be applied, but all the more vigorously." ²³ Even assuming that all possible methods of stimulating private investment were employed, Mr. Beattie did not think that there would be the slightest chance that private capital expenditure alone would be able to offset the saving that would be produced by full employment. He suggested the usual two remedies. The Government can either accept the saving and spending habits of the community as it finds them and seek to fill the gap by expenditures on public account or it can try to narrow the gap by adopting policies which would reduce the community's propensity to save and increase its tendency to spend for consumption purposes. ²⁴

Mr. Beattie was enthusiastically in favor of the latter alternative. He stated, in fact, that "It is sometimes said that social security will be impossible without full employment. It would be more correct to say that full employment may be impossible without social security expenditures". ²⁵ Social security payments had a number of advantages, in his mind, over public investment. "On the basis of any reasonable assumptions which are likely to be made in this regard, social security payments would provide more total man-hours of employment than the same amount of expenditure on public investment. Put in another way, social security payments

cause a more marked redistribution of income than public investment expenditure, and therefore do not have to be initiated on as large a scale in order to promote a given increase in aggregate spending." ²⁶ Social security payments would also be more simple administratively in the sense that fewer matters would have to be decided arbitrarily by the administrative organization.

Conclusion

There was, of course, much loose talk during the war about the prospect of full employment in the post-war era, it being generally believed that if full employment was being maintained during wartime then it certainly could be during peacetime. There was also a tendency to accept, without adjusting them to the particular Canadian economic conditions, prescriptions of policy designed for the United States. The term itself became popular in its meaning of jobs for all and was quickly adopted by the major political parties as evidenced by the platform of the Progressive-Conservative Party and by the Speech from the Throne in both 1943 and 1944.

This chapter has shown that government officials at least did not accept the popular concept of full employment but were thinking of the term in the sense proposed by Keynes and Hansen. All did not accept the recommended policies in their totality but each was at least agreed that domestic

consumption must be increased and that the most efficient and socially desirable method of bringing about such an increase was through the payment of social security benefits. As was explained in Chapter III Section 3, family allowances, of all proposed social security measures, are the most effective in bringing about a redistribution of income. Those responsible for public finance policy in Canada undoubtedly welcomed the suggestion that family allowances be paid, not only because they would help to solve the problem of wartime wage and price control but also because they fitted so neatly into their post-war plans for full employment. It is not surprising that it was reported in Maclean's Magazine on August 1, 1944 that:

Another big news item around Ottawa is the support which the Government's financial experts and advisers are giving to the baby bonus plan.

You would think it would be the social workers and planners who would be throwing their weight behind family allowances.But in and around Government circles it is the top flight economic and financial advisers who are chiefly pushing the plan. 27

NOTES TO CHAPTER VII

- 1 Income and Employment Paper presented to the Parliament of Canada, Ottawa, King's Printer, 1945.
- 2 Proposals of the Government of Canada Dominion-Provincial Conference on Reconstruction, Ottawa, King's Printer, 1945.
- 3 P.C. 6874 (September 2nd, 1941) Reproduced in Appendix D of Report of the Advisory Committee on Reconstruction, 1943, Ottawa, King's Printer, 1944.
- 4 Minutes of Proceedings and Evidence, Canada, House of Commons, Special Committee on Reconstruction and Re-establishment Nos. 2 and 3, Ottawa, King's Printer 1942, as quoted in Brady A. "Reconstruction in Canada - A Note on Policies and Plans" Canadian Journal of Economics and Political Science Vol. VIII August 1942, Page 465.
- 5 Ibid.
- 6 Ibid.
- 7 Canada, Advisory Committee on Reconstruction Report 1943, Ottawa, King's Printer, 1944.
- 8 Ibid.,Page 14.
- 9 Ibid.
- 10 Ibid.,Page 24.
- 11 Ibid.,Page 27.
- 12 Ibid.,Page 32.
- 13 Ibid.,Page 33.
- 14 See Chapter VI, Section 5A above.
- 15 For list of members of the Advisory Committee on Economic Policy see P.C. 608 (January 23, 1943) as reproduced in Appendix D of Report of the Advisory Committee on Reconstruction.

- 16 Advisory Committee on Reconstruction Report Page 40.
- 17 Canada, House of Commons, Standing Committee on Banking and Commerce Proceedings, 5th Session of the 19th Parliament, 1944, Ottawa, King's Printer, 1945, Page 80.
- 18 Ibid., Page 81.
- 19 Ibid.
- 20 Ibid.
- 21 Ibid.
- 22 Beattie, J.R. "Some Aspects of the Problem of Full Employment" Canadian Journal of Economics and Political Science Vol. 10 1944, Page 328.
- 23 Ibid., Page 329.
- 24 Ibid., Page 333.
- 25 Ibid., Page 337.
- 26 Ibid., Page 338.
- 27 McLean's Magazine August, 1944.

CHAPTER VIII

FAMILY ALLOWANCES AS AN IMPLEMENT OF PARTY POLITICS IN CANADA

The suggestion that an allowance be paid to all children in the nation regardless of the financial ability or employment status of their parents is certain to bring forth charges of political bribery in any constitutional democracy. Such charges were widespread in Canada during 1944 when the Family Allowances Act was being considered by the public and Parliament. It was implied or charged directly by the opponents of the legislation that the Liberal Party was attempting to regain the support of Quebec voters. Their support had been lost as a result of several legislative measures considered necessary for the successful prosecution of the war by the Dominion but regarded by persons in Quebec as being antagonistic to the best interests of the province. Family allowances would be especially beneficial to Quebec residents as French Canadian families tend to have large numbers of children. From the standpoint of party politics there appear to have been two other possible considerations favoring family allowances. The control by the Liberal Party over the province of Saskatchewan was being threatened by the growing influence of the Cooperative Commonwealth Federation. In fact, in June 1944, one month

prior to the passage of the Family Allowances Act, the Liberal Party was overwhelmingly defeated in that province by the C.C.F.¹ in what one commentator called the "great retreat from Regina". The Liberals may have believed that the redistribution of income aspects of the Family Allowances Act would rescue some of those who were attracted by the socialistic tenets of the C.C.F. This belief would have been applicable throughout the Dominion as the relatively new party was gaining adherents in all the nine provinces. The third consideration was perhaps the hope that their major opponent on the federal scene, the Progressive-Conservative Party, would strongly oppose the institution of family allowances and thereby provide an issue for the general election to be held in 1945 which would be to the advantage of the Liberal Party.

It cannot be definitely ascertained whether or not the Liberal Party had any thoughts of taking political advantage of the family allowances legislation or that political considerations prompted its introduction. We have discussed above the many other possible motives which were certainly sufficient within themselves to bring about the passage of the Act. Nevertheless, considering the circumstances of the times and the very nature of family allowances, it is almost impossible to believe that Prime Minister King did not intend to reap political as well as social and economic harvest. An examination of election dates alone is sufficient

to arouse suspicions. The legislation was announced in the Speech from the Throne in January 1944. The elections in Saskatchewan were scheduled for June 1944. The Act became law at the end of July 1944 - one month prior to the provincial elections in Quebec. Although a definite date for the Dominion general election had not been set at the time of the passage of the Act, it did occur on June 11, 1945. A provincial election in Ontario was also anticipated and held on June 4, 1945; one week prior to the federal polling.²

It is certainly questionable whether the institution of family allowances as part of a long range program of universal social security and of an equally long range policy to maintain full employment was a logical step to take during wartime when peace was nowhere in sight. On the other hand, if the only purpose for paying allowances during the war was to assist in maintaining the wage and price structure one wonders why the Government waited until the end of the 1944 session of Parliament before introducing the measure for consideration. If the only motive were wage stabilization the measure would certainly have been taken up as soon as possible after the Prime Minister's radio address of December 1942 "The Battle Against Inflation".³ Plans for administering the Act would have begun to be made immediately when the decision was taken. As a wage control measure there was no reason for setting July 1945 as the month during which the first allowance would be paid. The argument that the payment

of allowances was deferred until that date in order that the war might be over and that they might be part of the post-war reconstruction program has little validity considering that the Act was passed during the month following the invasion of Normandy when there was still no sign of peace in Europe much less in the Far East. Granted that perhaps it was necessary that a full year be taken in setting up the machinery for administering the Act, payments certainly could have been made sooner if it had become law in February rather than in July. It is indeed difficult to escape the conclusion that the Family Allowances Act was passed during the particular month of July, 1944 in order that it might have the greatest possible influence on the Quebec elections to be held the next month, and that allowances were not paid until July 1945, one month following the Dominion general election, in order that the Liberal Party could not be accused of directly and overtly bribing the voters, and the public would hesitate supporting the opposition for fear that they might repeal the measure.

In order to substantiate such a conclusion it is necessary to examine the political situation in Quebec in order to determine why the Liberal Party would be impelled to so time the passage of the Family Allowances Act that it would coincide with the provincial election and to inquire into the political picture in general throughout the Dominion to learn why they might have believed that a social

security measure passed at that time would be advantageous.

1 The Political Situation in Quebec

Large portions of the French population of Quebec began to lose faith in the Dominion Government and the Liberal Party when a national plebiscite was held in 1942 on the question of conscription for overseas service. It is not necessary here to go into detail as to why the French-speaking Canadians were opposed to conscription and foreign wars in general. Suffice it to quote Louis St. Laurent speaking in the House of Commons.

It is not ^{the} word ^{which} they are opposed to; it is the thing which the word "conscription" has come to symbolize in their minds. In their minds, conscription is the theory that they can be forced to enroll, train, fight, and die for some other cause than that of their own country. 4

Considering the attitude of the French Canadians as described above, their failing support for the party in power which was prosecuting the war is understandable. It was not only conscription which antagonized them but also wage and price control, manpower mobilization, shortages, and restrictions.

Prior to these wartime measures Quebec had been considered as a Liberal stronghold nationally and provincially. As recently as 1939 the Liberal Party under M. A. Godbout returned to power after defeating the Union Nationale of

Maurice Duplessis in a provincial election. But conscription and other war measures brought about the strengthening of a third major Party, the Bloc Populaire. The membership of this group was composed of dissenting federal Liberals, a left wing group which had broken with M. Duplessis during the latter years of the depression, and a group of young nationalists. 5

The Bloc Populaire, in addition to nationalistic aspirations, demanded extensive social reform including family allowances. 6

It was this situation in Quebec which the Liberal Party faced in the provincial election of 1944 and the Dominion general election of 1945. The wartime measures of the federal Liberal Government had alienated its supporters in Quebec who believed that the administration had betrayed their interests. The Bloc Populaire, in addition to the Union Nationale, now opposed any Liberal candidate. It is possible that the Liberal Government in Ottawa believed that the Family Allowances Act would be attractive to Quebec voters not only because of the prevalence of large families but also because its social reform aspects would appeal to persons who might otherwise vote for the Bloc Populaire or the C.C.F.

An editorial in Le Devoir as early as September 1943 recognized such a motive in the Government's tentatively proposing family allowances at that time. Stating that they

did not believe that Mr. King was the man to attempt to govern without the support of Quebec they continued as follows:

Mr. MacKenzie King has but one thing to do - try to recover the confidence of the Quebec elector, a task which is not too easy. Mr. MacKensie King is recalling, doubtless, after having forgotten it, that he is the chief of the Liberal Party, that is to say of the party favorable to social reform. For several years, especially at the beginning of his career as party leader, he had a reputation as a radical. What with the rise of the C.C.F., the success of the Bloc Populaire Canadien and the transformation of the Conservative Party into the Progressive Party, he has perhaps reflected upon his sins of omission and commission. He thinks the moment has arrived to become truly liberal once more, to transform words to acts, to institute reforms. Hence his project for granting family allowances on a basis of from \$4 to \$9 per child, even if this should cost the country \$180,000,000 a year. "If I have to be radical in order to gain the voter's favor" the Prime Minister said to himself "I can be as radical as anyone else and more so". 7

The editorial went on to say that they could not believe that the Prime Minister had suddenly perceived the injustice of his "iniquitous" regime on large families since the beginning of the war and that "If Mr. King hopes, in the Province of Quebec, to have his foreign policy accepted by means of family allowances, he greatly deludes himself. The Province of Quebec is not in the same dilemma as Mr. King. He has to choose between governing without our province or governing with her support. The Province of Quebec showed in Stanstead and Cartier that she has decided already to dispense with the services of the Liberal Party." 8

In 1945 C.E. Silcox wrote a rather notorious pamphlet entitled The Revenge of the Cradles which was published by the Ryerson Press as part of the Canada Must Choose series.⁹ It was a companion piece to a pamphlet by Charlotte Whitton called Baby Bonuses: Dollars or Sense¹⁰ which raised the same questions concerning family allowances as were included in her The Dawn of Ampler Life and will not be repeated here. Mr. Silcox was very outspoken concerning the political aspects of the Family Allowances Act believing that, because of pressures resulting from the defection of Quebec, the federal government was knowingly or unknowingly cooperating in a nefarious scheme, fostered by the Roman Catholic Church, to so increase the birthrate among French Canadians that they would soon outnumber the English Protestants in Canada. His arguments were, of course, of most doubtful validity but they do illustrate how one segment of English speaking Canadians felt about the Act and, ignoring the charges of conspiracy by the Roman Catholic Church, there was undoubtedly much accuracy in his charge of political opportunism. Summing up the political nature of the measure he said:

As a population measure it deserves to be ranked with the famous Millar will which initiated a stork derby in the Province of Ontario. Moreover it was definitely intended to pacify Quebec where there had been a clamour for family allowances for some years, although the one member who was bold and truthful enough to say that it was essentially a bit of bribery in the light of a forthcoming election in Quebec and refused to take it back was denied the privileges of the house for one day! To any careful student of

social welfare, it was the most disgusting exhibition of political chicanery and economic ignorance parading in the pious vestments of concern for the common man. 11

Mr. Silcox maintained that the French have always cherished the hope of outbreeding their Anglo-Saxon conquerors by their "natural virility" and have spoken openly of "la revanche des berceaux". By overtly subsidizing this conspiracy the Dominion would only heighten the conflict between the French and English. He visualized that in another decade or so the population of Canada would be predominantly French. If the Family Allowances Act were to be made effective, he believed that process of French population growth would be hastened by subsidies paid for mainly by Anglo-Canadian Protestants and Anglo-Canadian Catholics. In the final analysis, this dreadful finale, i.e., a nation predominantly French Catholic, would be accomplished by "a desperate effort to carry a badly disintegrating Quebec both in Provincial and Dominion elections". 12

There are some who say that Prime Minister King could not have had the Quebec election in mind nor did he intend to obtain any political advantage in Quebec when he introduced the Family Allowances Act. They base this contention on the Proviso of Section 3 of the Act which states in part:

The allowance payable shall, in respect of a fifth child maintained by the parent, be reduced by one dollar and in respect of a sixth child and a seventh child respectively so maintained by two dollars and in respect of an eighth child and each additional child respectively so maintained, by three dollars. 13

The political situation in respect to social security proposals during 1942, 1943 and 1944 bears out such an analysis. The C.C.F. was the first important political party to demand unequivocally a universal and comprehensive scheme of social security.¹⁵ Since 1933 the C.C.F. had been gaining ground throughout the Dominion but especially in the prairie provinces, reaching what appears to have been the height of its power in Saskatchewan when it conquered the Liberal Party in the provincial election of 1944. Although it was doubtful whether the C.C.F. would ever gain a majority in the Dominion Parliament, its rise certainly had an important effect on the two principal parties.

It is, however, difficult to ascertain how strong this influence of the C.C.F. was since an interaction of forces obtained. The selection of a midwestern Progressive as leader of the Conservative Party may perhaps be explained as an overt attempt to appeal to liberal agrarian groups then championed by the C.C.F. On the other hand, the very growth of the C.C.F. may be attributed to a general increase in social consciousness and demand for collectivistic measures brought about by the suffering during the depression of the 1930s, and receiving expression in the Atlantic Charter and in such reports as those of Beveridge and Marsh. With the change in accepted social philosophy came the necessity for the major political parties to alter their tenets in accordance with it. It might well be said that the progress of the C.C.F.,

together with the Bloc Populaire in Quebec, and the Labour Progressive Party throughout the Dominion, represented the political reflection of a basic change in thinking regarding social and economic questions which hastened the change in the platforms of the major parties.

This change in thinking and its effect upon the Liberal and the Progressive-Conservative Party was well recognized during 1944 and 1945 as may be attested from the statement of ^acontemporary observer repeated below.

Both historic parties are firmly committed to a series of far reaching radical reforms, which five years ago they would have regarded as perilous and expensive experiments, involving burdens of taxation far beyond the capacity of the Canadian people to carry. We have now more spacious ideas about our ability to bear taxation, and the excuse that money cannot possibly be found for desirable social reforms no longer holds water. But the sudden conversion of the older parties to a zeal for economic and social reforms can be attributed partly to the general awakening of the public conscience about proven flaws in our social order, which the war has produced, and even more to the emergence of the C.C.F. as a national party with formidable voting strength behind it. Its prospects of securing a clear majority in the next general election, at the best slim, are thought by political pundits to have receded in recent months. But long before it attains office, it may have the satisfaction of seeing a large part of its programme put into effect by its senior rivals, whether united by merger or preserving their ancient rivalry. 16

In light of the discussion above, two more political motives for the passage of the Family Allowances Act may be hypothesized. First: As suggested by the Le Devoir article quoted above, Mr. King may have looked upon the rise of the

C.C.F., the success of the Bloc Populaire, and the transformation of the Conservative Party into the Progressive Party, and, reflecting upon his "sins of omission and commission", said "If I have to be radical in order to gain the voters' favor, I can be as radical as anyone and more so".¹⁷ Second: Having accepted the change in social philosophy and having promised some measure of social security in the Speech from the Throne in 1943, he chose in 1944 to enact that measure which would affect directly the greatest number of voters and would not demand consultation with the provinces or questioning as to its constitutionality.

C.E. Silcox summed up the overall political potentiality of the Act with a bit less delicacy.

The standard bearers of the C.C.F., even the more intelligent among them, were badly confused, since the measure was decked up as social welfare, so dear to their hearts, and Satan was parading as an angel of light! Even the Progressive-Conservatives who alone seemed to smell the fetid rat and urged that the Act be referred to the courts for a decision as to its constitutionality, seemed afraid to vote against the measure lest it cost their carefully guarded corporals' guard votes in northern New Brunswick ridings, or some wild-eyed Utopian point the finger of scorn at them and shout "fascist" if not "Tory".¹⁸

3 Conclusion

It appears rather improbable that the Liberal Party did not intend to gain any political advantage from the Family Allowances Act and that it was purely coincidence

that the law was passed just a few weeks prior to the election in Quebec and that it was to come into effect a short time following the Dominion general election. As has been described in the preceding three chapters, however, there was a plethora of reasons for enacting the legislation and perhaps an additional political incentive was not required. In defence of the Government's action it is only fair to repeat here in full the statement of innocence made in the House of Commons by Prime Minister King when he realized that he was being accused of bribing the electorate.

Anyone who claims that the motive behind this measure is bribing in any form whatever, especially after mention of the measure in the speech from the throne, first of all reflects on every hon. member of this house - that I wish clearly understood. Such an accusation is an insult to the intelligence of the electorate. It reflects more upon the integrity of Canadian citizens. When it is suggested that the people of Canada will be governed in the appreciation of the laws of this country by bribes offered to them, a pretty serious charge is being made and one I believe that will be deeply resented by the people of Canada. 19

Having given the greater part of my life to an honest endeavor to improve the lot of my fellow men in Canada, I do not propose now that I am in my seventieth year to begin a career of bribery to further this end. I have gained the confidence I have from the people of this country, not from any thought in their minds that I was seeking to bribe them in measures for which I have always stood. I have gained the support of the people of this country in larger measure than any other man in public life of Canada in this past quarter of a century. I have remained in public life and gained the confidence of the people of Canada because they knew that I was standing for principles and policies in which I believed, and that I would stand and fight for them at every opportunity that presented itself. I have fought for measures of

social security and national well being in season and out of season, in parliament and out of parliament, in this country and in other countries. I have fought for them wherever the opportunity presented itself, and win or lose in the future, I intend to fight for them to the end of my days. When that moment comes there will not be any thought of bribery associated with my name in this country, if I can leave nothing else to my fellow men, I will at least leave to my party and to my country an honourable name. 20

Mr. King also attempted to justify, in the House of Commons, the timing of the Family Allowances Act which suggested political manipulation as discussed above. The Prime Minister maintained that the time of introduction of the measure had nothing to do with the Quebec election for it was necessary to first have the debate on the Speech from the Throne, then consideration of war appropriations, the budget, and other important matters. "So far as my knowledge of the situation went, I did not know when the Quebec elections were to be held at the time the speech from the Throne was read. As I have said the measure was brought up in ordinary sequence." ²¹ He went on to say that the date for bringing the Act into effect was set at July 1, 1945 because of the necessity for coordinating with the income tax. In making calculations and adjustments the Department of Finance must take certain periods as bases - either the middle or the beginning of the year. January 1945 would have allowed too short a time to set up the administration.

It was certainly not necessary for the Liberal Party to have had any purely political motives for enacting the

Family Allowances Act considering the several other bases on which the Act might be considered desirable. However, having in mind the nature of family allowances, at least the Liberals did not object to the fact that they would accomplish a bit of necessary "fence mending".

NOTES TO CHAPTER VIII

- 1 Canada Year Book, 1943-1944, Ottawa, King's Printer, 1944, Page 1044.
- 2 Canada Year Book, 1945, Ottawa, King's Printer, 1945, Page 1150.
- 3 See Chapter VI, Section 6 above.
- 4 Canada, Debates of the House of Commons, 3rd Session, 19th Parliament, 1942, Page 3341.
- 5 Quinn, H.F. The Quebec Provincial Election of 1944, McGill University Thesis, Typewritten, 1946. Page 12.
- 6 Ibid., Page 17.
- 7 "Mr. MacKenzie King's Dilemma" reprinted from Le Devoir in the Montreal Gazette, September 24, 1943, Page 8.
- 8 Ibid.
- 9 Silcox, C.E. The Revenge of the Cradles, Toronto, Ryerson Press, 1945.
- 10 Whitton, Charlotte Baby Bonuses: Dollars or Sense, Toronto, Ryerson Press, 1945.
- 11 Silcox, C.E. op.cit. Page IV.
- 12 Ibid., Page 24.
- 13 Canada, Family Allowances Act, 1944, Section 3.
- 14 Dawson, R.M. The Government of Canada, Toronto, University of Toronto Press, 1947, Page 511.
- 15 Cooperative Commonwealth Federation Planning for Freedom, Toronto, 1944, Page 137.
- 16 "Topics of the Day", Dalhousie Review, Volume XXIV, 1944-45, Page 88.
- 17 "Mr. MacKenzie King's Dilemma" reprinted from Le Devoir in the Montreal Gazette, September 23, 1943, Page 8.

- 18 Silcox, C.E. op.cit. Page 24.
- 19 Canada, Debates of the House of Commons, 5th Session,
19th Parliament, Page 5338.
- 20 Ibid., Page 5339.
- 21 Ibid., Page 5331.

CHAPTER IX

THE DEBATE IN THE HOUSE OF COMMONS ON THE PRINCIPLE OF THE FAMILY ALLOWANCES ACT

In this chapter an attempt is made to set forth the positions taken concerning the Family Allowances Act of 1944 by both the Government and the opposition parties in the arena of the House of Commons. From even a cursory reading of these debates it is apparent that their purpose was to describe to the electorate the position which the political parties wished them to believe they had taken. The basis for the Family Allowances Act as presented by the Government in Parliament bears only slight resemblance to the motivations described in the four preceding chapters. The position taken by the Progressive-Conservatives was interesting if not "amusing" as it was described by Prime Minister King.¹ As the debate took place during the closing days of the parliamentary session and since it was not definitely known whether another session would take place prior to a general election, all members must have been aware that their stand on this measure for social betterment would either be remembered by the voters or brought to their attention by the opposing candidates.

A discussion of the debates is included here not because it offers fresh insight as to why the family allowances

legislation was instigated but to illustrate how the very complicated background of the Act was simplified for consumption by the general public and cleansed of some of its less attractive aspects. The debates also make clear the political power of the legislation. Following the lead of John Bracken who described the law as an overt bribe, the Progressive-Conservatives objected to the Act on nine counts during the first day of debate. Before the division on the second reading of the bill, in which all members present voted for the measure, the Progressive-Conservatives were making such statements as "no one member of this house has a heart which is very much larger or very much smaller than that of any other hon. member" and "the love of children is one of the strongest and noblest instincts in man or woman".²

The debate which is described here is that which followed the motion of the Government that the Bill be read for a second time. The discussion, therefore, concerns only the principle of the legislation and is not concerned with the detailed provisions. For convenience and clarity this exposition of the debates is divided into two sections. The first is limited to the remarks of the Government and the opposition parties concerning the principle involved in the Family Allowances Act excluding, as far as practicable, statements concerning its constitutionality. The second section is concerned exclusively with the discussion of

whether the Act was constitutionally within the powers of the Dominion Parliament. It is only at this point in this study that the constitutionality of centrally administered family allowances will be considered as the arguments presented by the Minister of Justice, Louis St. Laurent, appear to be reasonable and can be disproven only by reference of the legislation to the courts at some future date.

A The Debate on the Principle of Federal Family Allowances

Following the first reading of the Family Allowances Bill on July 17, 1944³, the debate on the motion that the Bill be given a second reading was instituted by Prime Minister King on July 25, 1944.⁴

The Speech from the Throne on January 27, 1944 had introduced family allowances in the following manner: "The family and the home are the foundation of national life. To aid in ensuring a minimum of well-being to the children of the nation and help gain for them a closer approach to equality of opportunity in the battle of life, you will be asked to approve a measure making provision for family allowances."⁵ Mr. King's opening remarks concerning the Act generally followed this approach making no mention, of course, of the place of family allowances in the Government's wage control policy and touching only incidentally on their function as part of a full employment program. He also omitted a discussion of the part which children's allowances

might play in a program of universal social security, that angle being covered later by Mrs. Cora T. Casselman, and the Messrs. Brooke Claxton and Paul Martin. The remarks of the Prime Minister are summarized below in some detail as they set forth specific facts concerning the social and economic position of children in Canada along the lines described by Eleanor Rathbone in respect of Great Britain. Mr. King placed primary emphasis on the inequality of existing income tax deductions for dependents, the inequality of wages based only on production, and the need of the nation for healthy and well nourished children. In fact, he concentrated on just those aspects of family allowances concerning which there could be little dispute.

As mentioned in Chapter V above, the Marsh Report appears to have first recognized that the income tax deductions for dependents discriminate against those with incomes so small that there is no tax payable.⁶ The Prime Minister made an important point of this, implying that it was one of the principal reasons for introducing the Act. He said that "the adoption of family allowances means the recognition as the right of children of poor families of what is already recognized as the right of children whose parents are in more fortunate circumstances".⁷ Continuing Mr. King stated that it was estimated that, of the approximately 1,500,000 families in Canada with children, about one third receive the full income tax allowance, one third receive a partial

benefit, and one third receive nothing. Probably well over half of the children get little or no benefit from income tax allowances. This appears to be especially true when it is considered that presumably there are many more children in the low income third of Canadian families than in the middle or high income groups.

Mr. King reminded his listeners that because wages are paid solely on the basis of production, one fifth of the working population is responsible for raising the next generation and perpetuating the Canadian people without financial assistance to ease the burden. He stated that "next to defending our country from external foes, this one-fifth of our working population are performing the greatest of all national services by ensuring the survival of the nation. It is only fair that the financial burden of this national service be shared by all." ⁸

In regard to the health of the Canadian people, the Prime Minister seems to have been particularly upset by the large number of men who had been rejected for medical reasons when they had enlisted in the armed forces or reported under the National Resources Mobilization Act. In the six months from April to September 1942, 31.8 percent of those who had enlisted and 21.1 percent of those who had been called up under N.R.M.A. were rejected. "In other words, 27.6 percent of the numbers were rejected as being unequal to the tasks which participation in war would have involved." ⁹

Mr. King believed that this poor record was the result of the fact that the greatest proportion of the nation's population comes from large families "where they have not had, in many cases, the same opportunities for nourishment, care, and development afforded those in smaller families".¹⁰

The Prime Minister emphasized that the Family Allowances Act was intimately related to the three immediate post-war aims as set forth in the Speech from the Throne, i.e., demobilization and re-establishment, establishment and maintenance of full employment, and the fostering of human health and well-being. In regard to demobilization he believed that the returning veterans would welcome a measure "which makes provision for the children of all families in a manner which helps to safeguard their economic and social needs".¹¹ (The opposition neatly countered that argument by asking whether it was the intention of the Government to give veterans jobs which pay amounts which would be below the income tax level in Canada.¹²) As an aid to maintaining full employment, family allowances would create a demand for goods and "thereby, a demand for labour for the production of those things that are in daily use in all parts of the country".¹³

The address introducing the debate was concluded with a statement denying the charges that the Act constituted legal bribery as discussed in Chapter VIII and that the allowances could be considered as a substitute for increased

wages. "I have heard it said that some labour leaders are opposed to this measure, that they do not wish any substitute for higher wages, that they fear that may be the effect of family allowances. Family allowances have never been intended as a substitute for higher wages nor will they serve as such." 14

The initial position of the Progressive-Conservative Party was outlined by Mr. Gordon Graydon who was acting as leader of the opposition in the absence of John Bracken who did not have a seat in the House. After reminding his fellow members that the Prime Minister could not lay claim to a monopoly of finer feelings, Mr. Graydon stated that his party supported "wholeheartedly and without reservation the purpose and object of this bill, namely, the raising of the standard of family life in the lower income groups and the strengthening of all family life in this country, but we are convinced that this bill in its present form cannot achieve that purpose and object". 15 He presented nine points of opposition to the measure. They are set forth below as they summarize all the objections made to the Bill not only in the House of Commons but throughout the Dominion.

1. The Act is unconstitutional as it invades the legislative sphere of the provinces.
2. It endangers the setting up of minimum wage standards in Canada and may be considered in many instances as being a substitute for higher wage levels.

3. Such family allowances on a federal basis will put further strain on national unity. "A proportionately lower revenue provider receiving a proportionately higher subsidy can scarcely make for greater unity at this stage in our national life." ¹⁶
4. Family allowances disregard the whole question of need in family life and child welfare. Following the cue of Miss Charlotte Whitton, Mr. Graydon said: "It is a direct threat to a more comprehensive social programme where cash grants to those in need and adequate health, educational, housing and general welfare provisions would take their place". ¹⁷
5. The Bill itself, constituting the barest authority upon which orders in council can be based, foreshadows the building of a giant peacetime bureaucracy with its inevitable controls.
6. Because it is "blank cheque legislation" ¹⁸ the people of Canada will be spectators rather than participants.
7. Since the Act provides for the creation of a system of committees, boards, tribunals, and agents with undefined powers "it attacks the very basis of our system of justice". ¹⁹
8. The proposed legislation would result in a costly duplication of existing services.
9. Family allowances deny the "basic principles of social justice". ²⁰ Such justice does not call for

the mass treatment of people but for the alleviation of need and suffering on an individual basis.

Because of the objections listed above, Mr. Graydon moved that the Family Allowances Bill not be read for the second time but referred to the Special Committee on Social Security with instructions that it be studied and redrafted after consultation with the provinces. The redrafted Bill would necessarily provide that the contributions made by the Dominion to the provinces would be conditional on "the federal Minister of Labour certifying that the standard of wages in that province is not lower than the average standards of wages for similar work in other provinces". ²¹

This amendment was ruled out of order in compliance with House Standing Order 75 which states that a bill must be read a second time before committal or amendment. ²²

The position taken by the Cooperative Commonwealth Federation was as might be expected, Mr. M.J. Coldwell saying, "We of this party welcome heartily the introduction of this measure. However, I wish it were part of a wide social security programme much more comprehensive than any of the measures that have been placed before this house up to the present time, or perhaps I should say, up to this stage of the session". ²³ He emphasized that the measure should never be considered as a floor under either low wages or low farm prices. He objected to the Act's being administratively so complicated and to the allowances'

decreasing after the fifth child. He suggested that the age limit be raised to eighteen years and that all provisions for supervising the expenditure of allowances be deleted.

The first break in the Progressive-Conservative opposition to the Bill came on July 27 in response, undoubtedly, to the realization that continued opposition to the measure would constitute a form of political suicide. In contrast to the earlier remarks of Mr. Graydon, those of Mr. J.G. Diefenbaker illustrate a remarkable and rapid conversion. He appears to have stated the new party position when he remarked as follows:

With the objective provided for in this bill there can be no disagreement, for if I understand it aright it means that through this measure an endeavor will be made to achieve equal opportunity particularly for those in the lower income brackets, and to give many who today are denied freedom from fear and freedom from want the hope of something better in the future than this world and this country have seen before. I realize that to achieve these objectives planning must be done now and with the objective in mind I agree and in the aims and purposes that it has, I concur. 24

It is apparent from Mr. Diefenbaker's remarks, however, that, although the Progressive-Conservatives were willing to agree with the principle of the legislation, they did not yet fully accept the methods which were proposed. The opposition continued to insist that the Act be referred to the Supreme Court for a judgement as to its constitutionality, stating as precedent the reference by a Liberal Government of the Bennett "New Deal" legislation of 1935.

The final and complete capitulation of the Progressive-Conservatives is recorded in the speech of Mr. H.C. Green quoted below.

There has been a good deal of political bickering about this bill. That, of course, is very difficult to avoid in connection with any bill. But if we look at this question in a sensible light, which I am sure all hon. members can do, it cannot be disputed that no one member of this house has a heart which is very much larger or very much smaller than that of any other hon. member, and that no one party or group have more concern for the welfare of the children of Canada than any others. The love of children is one of the strongest and noblest instincts in man or woman. If we keep these facts in mind and cooperate with each other in trying to make this measure a success, I believe we can hope to do what is set out in the resolution with which the bill was introduced, namely,

"ensure a greater measure of well being to the children of the nation and.....help gain for them an equality of opportunity". 25

The final division on the motion for the second reading of the Bill occurred on July 28th. All members of the House who were present voted for the legislation. Only one Progressive-Conservative stuck to his opposition guns but he was absent. Mr. H.A. Bruce paired with a Liberal member who favored the measure. Three days later Mr. Bruce was ejected from the House for refusing to withdraw this very unparliamentary remark: "I declare that this measure is a bribe of the most brazen character, made chiefly to one province, and paid for by the taxes of the rest." 27

B The Debate on the Constitutionality of Federal Family Allowances

The purpose of this section is not to analyze the ~~decision~~^{opinion} of the Minister of Justice, Louis St. Laurent, as to the constitutionality of the Family Allowances Act nor to search for evidence within the reports of the Supreme Court or of the Privy Council which might tend to disprove or substantiate his position. Mr. St. Laurent decided that the payment of allowances to all children in the Dominion was within the jurisdiction of the Parliament of Canada. This decision stands as the constitutional justification for enacting the legislation and will continue to be valid until challenged by a court of law. Such a challenge is quite improbable as it is difficult to imagine just who would institute the action as it would not be to the conceivable advantage of any party to do so, with the possible exception of some irate and stubborn taxpayer. For this reason there is included here only a summary of the reasons given by the Minister of Justice for considering the Act to be within the jurisdiction of the Federal Government and some indication of the bases on which the Prograssive-Conservative Party believed it to be unconstitutional.

Mr. St. Laurent stated that there has been some degree of finality reached in the extent to which the courts have declared restrictions resulting from the terms of the

British North America Act on the powers of the Canadian Parliament. He cited as specific justification for the Family Allowances Act the decision which was rendered by the Supreme Court and confirmed by His Majesty on the advice of his Privy Council in the case of the Employment and Social Insurance Act of 1935. This Act was declared unconstitutional because "in pith and substance the legislation did not have to do with the raising of a fund by means of taxation and the disposal of that fund but that it did have to do with contractual rights between employers and employees".²⁸ Because this Act was a measure to affect the civil rights as between employers and employees, the courts declared that it interfered with the exclusive jurisdiction of the provinces under Section 92, subsection 13 of the B.N.A. Act to make laws in relation to property and civil rights.²⁹

When rendering this decision, however, both the Supreme Court and the Privy Council, according to Mr. St. Laurent, stated what the Dominion Parliament could validly do in legislation not having the same direct purpose as the Employment and Social Insurance Act but somewhat the same large social objective. Both were agreed that "parliament could dispose of the property under its control by way of gifts, and even attach conditions to such gifts, provided that it was not a device for indirectly entering upon a field exclusively reserved to the provinces".³⁰ In support of

this interpretation of the decisions, the Minister of Justice quoted the Chief Justice of the Supreme Court as stating, "Parliament has authority to make grants of the public moneys to individual inhabitants of any of the provinces, for example, for the relief of distress, for reward of merit, or for any other object which parliament in its wisdom may deem to be a desirable one. The propriety of such grants, the convenience or inconvenience of the practice of making such grants, are considerations for parliament alone, and have no relevancy in any discussion before any court concerning the competence of parliament to authorize them." 31

In applying these opinions of the courts to federal family allowances, the Minister of Justice stated the classic defence of their constitutionality which has been quoted on frequent occasions in support of the measure. The Government's position in regard to the constitutionality of the Family Allowances Act of 1944 was set forth by Mr. St. Laurent as follows:

I am not for the moment discussing all the details of this bill but in principle it is a bill to allocate to every child maintained by a parent, up to the age of sixteen years, a certain monthly benefit, the only condition attached being that the person to whom the money is paid shall apply it for the maintenance and better upbringing of that child. There is nothing else whatever; no obligation of any kind imposed. The bill is not drawn up in such a way that if it were shown that a person had received an allocation and misapplied it, he would commit an offence. Offences are set out in the act, but that is not one of them. No

obligation is imposed upon anyone; no contractual right is interfered with; no family right is affected. This is merely a declaration by the Canadian Government, authorized by the Canadian parliament, that the Canadian people wish to contribute so much a month for the upkeep of each child, provided that the money is used for that purpose. That is all there is in the legislation and nothing can be found in any of the decisions to support the charge so lightly or so vigorously, according to the individual point of view, made this afternoon that this legislation is unconstitutional. 32

Recalling Lord Atkin's demand for caution in the Employment and Social Insurance case when he remarked that "assuming that the Dominion has collected by means of taxation a fund, it by no means follows that any legislation which disposes of it is necessarily within Dominion competence" 33, Mr. St. Laurent examined the legislation in light of other subsections of section 92 of the B.N.A. Act than that dealing with property and civil rights. Referring to subsection 16 he maintained that "the granting by federal authority of an allowance in respect of children under 16 years of age is certainly not something which is within provincial jurisdiction as being a matter of local or private nature within the province". 34 He also did not believe that subsection 7 of section 92 could possibly be construed in such a way as to limit the jurisdiction of the Dominion in this instance. Mr. St. Laurent said: "For the purpose of construing subsection 7 of section 92 we have to refer to what were known then as hospitals, asylums, charities, and eleemosynary institutions. Will any one contend that in

1867 there was anywhere in the world a provision known as a charity which involved the payment by the state of an allowance for the maintenance of children or for the better maintenance of the children of the nation?" 35

Mr. J.C. Diefenbaker explained the position of the Progressive-Conservatives on the question of constitutionality, insisting, as might have been anticipated, that the Family Allowances Act encroached upon the jurisdiction of the provinces since it dealt with matters of child welfare and social service organization. To support his contentions he referred to a statement made by Brooke Claxton and L.M. Gouin in their report to the Rowell-Sirois Commission on Dominion-Provincial Relations entitled Legislative Expedients and Devices Adopted by the Dominion and the Provinces. "It can hardly be doubted that the subject of old age pensions falls under provincial jurisdiction to legislate respecting property and civil rights. That was the opinion given by the Department of Justice and it does not seem to have been challenged". 36 According to Mr. Diefenbaker, the only difference between old age pensions and children's allowances is the matter of age.

Mr. Roebuck offered the final argument supporting the constitutionality of the measure. He suggested that if it is illegal to give money to parents for the benefit of children, then it is also unconstitutional to build homes for families including children. "I shudder at the

implications of the legal philosophy which we have heard across the floor of the house." ³⁷ He concluded that if it is ultra vires to pay family allowances to parents whose income is below \$1200 per year then it is equally ultra vires to give allowances to parents where income is over \$1200 by means of tax exemptions. ³⁸

NOTES TO CHAPTER IX

- 1 Canada, Debates of the House of Commons, 5th Session, 19th Parliament 1944, Page 5527.
- 2 Ibid., Page 5476.
- 3 Canada, Journals of the House of Commons, 5th Session, 19th Parliament, 1944-45, Page 556.
- 4 Canada, Debates of the House of Commons, 5th Session, 19th Parliament, 1944, Page 5328.
- 5 Ibid., Page 2.
- 6 See Chapter V, Section 3.
- 7 Canada, Debates of the House of Commons, 5th Session, 19th Parliament, 1944, Page 5329.
- 8 Ibid., Page 5331.
- 9 Ibid., Page 5332.
- 10 Ibid., Page 5332.
- 11 Ibid., Page 5333.
- 12 Ibid., Page 5340.
- 13 Ibid., Page 5333.
- 14 Ibid., Page 5336.
- 15 Ibid., Page 5341.
- 16 Ibid., Page 5342.
- 17 Ibid. ♣
- 18 Ibid.
- 19 Ibid.
- 20 Ibid.
- 21 Ibid., Page 5343.
- 22 Ibid., Page 5344.

- 23 Ibid., Page 5345.
- 24 Ibid., Page 5460.
- 25 Ibid., Page 5476.
- 26 Canada, Journals of the House of Commons, 5th Session,
19th Parliament, 1944-45, Page 708.
- 27 Canada, Debates of the House of Commons, 5th Session,
19th Parliament, 1944, Page 5677.
- 28 Ibid., Page 5350.
- 29 Ibid., Page 5350.
- 30 Ibid., Page 5351.
- 31 Ibid., Page 5351.
- 32 Ibid., Page 5352.
- 33 Ibid., Page 5351.
- 34 Ibid., Page 5352.
- 35 Ibid., Page 5352.
- 36 Ibid., Page 5463.
- 37 Ibid., Page 5468.
- 38 Ibid., Page 5469.

CHAPTER X

CONCLUSION TO PART ONE

Little or no interest in family allowances appears to have existed in Canada prior to 1943. It is true that a committee of Parliament and the Social Insurance Commission of Quebec did pay some attention to such a program, but their deliberations certainly cannot be considered as having any important effect on the decision of the Government to support a family allowances scheme in 1944. Prior to the Act's passage, few federal or provincial programs had made special financial provision for the cost of raising children. Even with the publication of the Beveridge and Marsh Reports there appears to have been no great interest engendered in family allowances specifically; in fact, the parliamentary Special Committee on Social Security, to which Marsh reported, concentrated its efforts upon a consideration of health insurance. This writer believes that the majority report of the National War Labour Board first caused the Government to give serious consideration to the possibility of instituting a program of family allowances, albeit as a wage control measure.

Family Allowances have usually been proposed as a measure to correct the inequalities resulting from wages paid only for production, as a basic element of a social security program,

as a means to increase consumption and so assist the maintenance of full employment, and as a birthrate stimulant. In regard to the last, family allowances are now generally considered as having very little influence on population growth.

Prime Minister King certainly believed that a system of social security appropriate to Canada should eventually be adopted and that such a program would greatly assist in maintaining full employment. But, as mentioned in the Introduction to this Part, the Act was passed in the midst of war, at a moment when peace was nowhere in sight. During this period full employment was a reality, the need for social security was at its lowest ebb, and the financial and administrative resources of the nation were already overburdened. In fact, the Prime Minister spoke as follows in the House of Commons on March 3, 1943 - just two weeks after the submission of the Marsh Report.

The immediate object of the united nations - I am quoting from the speech from the throne - is the defeat of the axis powers. Joint planning of operations on a world scale has accompanied preparations for intensive warfare. The united nations also aim at rendering aggression impossible in the future. Their governments, in addition to planning jointly for the prosecution of the war, have already entered into consultation regarding post-war problems. Achievement of their aims requires the establishment of conditions under which all peoples may enjoy equality of opportunity and a sense of security.

In other words, no solution of the question of social security can be effectively carried out so long as the axis powers continue to wage war against the free countries of the world. Until

the axis powers are defeated all other tasks must remain secondary. 1

Despite such a definitely stated resolve to postpone considerations of measures of social security until after the cessation of hostilities, the Family Allowances Act was passed during July, 1944 - one month following the invasion of Normandy by allied forces. There was certainly no sign of an early peace at that time. There might be some satisfactory explanation for Parliament's having passed such a measure during wartime if it were designed so as to come into effect only at war's end. The Act, however, designated July, 1945 as the month during which the first allowances would be paid. Perhaps the Prime Minister had a premonition that the war would be over by that date. As it turned out, of course, the war with Japan was still raging and plans were being formulated for shifting military forces from Europe to the Far East.

The only reasonable hypothesis as to why the Family Allowances Act was passed in 1944 would seem to be as follows. The Family Allowances Act was considered by the Government as being an integral part of its revised wage control policy; it was set forth as a social security program not only to guarantee the political support of elements in the community opposed to any measure which would pay allowances in lieu of wage increases but also because it was intended that, following the termination of hostilities, it would become the basis of a national social security scheme and assist in

the maintenance of full employment; the propitious effect which its proposal might have on the Saskatchewan election and its passage on the Quebec, Ontario, and Dominion elections reenforced the Government's resolve.

NOTES ON CHAPTER X

- 1 Canada, Debates of the House of Commons, 4th Session,
19th Parliament, 1943, Page 933.

PART TWO

The Administration of Family Allowances

CHAPTER XI

INTRODUCTION TO PART TWO

Part Two of this study is devoted to a description and analysis of the administration of the Canadian Family Allowances Act of 1944. It appears important to the writer that the details of the administration of particular Acts be set forth in an organized fashion in order to clarify the complexities and interrelations involved. The Family Allowances Act is especially interesting in this regard as its efficient administration involves the creation of harmonious working arrangements not only among departments of the Dominion Government but also between the Family Allowances Division of the Dominion Department of National Health and Welfare and provincial government departments and private agencies. Because the Family Allowances Act was passed so recently, persons now employed in its administration were, for the most part, present at its inception. This situation greatly facilitates the tracing of the evolution of administrative practices. A knowledge of the methods employed in paying Family Allowances would seem to be especially pertinent at present as this program constitutes the first attempt by the Government of Canada to pay allowances to all persons within a designated age group regardless of means and without reference to contributions

previously made to a social insurance fund. From all indications, the old age pensions program, which is now under consideration by the Dominion Parliament, will provide that allowances be paid on a similar basis.

This Part attempts to portray the relationships which have been developed among federal departments in the administration of Family Allowances, and between the Dominion and provincial governments, and between the Dominion government and private agencies. The significance of these relationships to all interests concerned is explored and variations are explained by tracing their evolution. The actual method of payment is also described and the major problems which have been encountered are defined. No attempt is made to measure the efficiency of the Family Allowances Division and the Treasury Offices attached to it. Since the greater part of the payment process is extremely routine, a detailed analysis of the organization and methods employed in each Regional Office would require prolonged time study and job analysis. Where important differences in method and organization among the Regional Offices studied are apparent, an attempt is made to account for them and to assess generally their relative effectiveness.

This study of the administration of the Family Allowances Act, therefore, makes no pretence at being exhaustive as it concerns every phase of the operation. It is, in a sense, a survey designed to reveal areas which

require further and more detailed investigation. A more detailed analysis of the administration of the Family Allowances Regional Offices is at present being carried on by the Organization and Methods Division of the Civil Service Commission. In order to indicate the scope of the investigation which they are pursuing, a copy of their recommendations in regard to the Quebec Regional Office is included in Appendix F.

Most of the material for this Part was obtained in 1949 during the writer's two months stay in Ottawa and one month spent in the Regional Offices of Ontario, Quebec, and Nova Scotia. During this period he devoted all his time to the discussion of Family Allowances administration with officials responsible for it and with persons whose departments or divisions are in some way related to it, to the inspection and study of procedure and organization, and to the analysis of reports and other documents. Unless otherwise indicated, therefore, the status of administration is considered as being as it was during 1949. Changes which have occurred since that date and have come to the attention of the writer are included when considered appropriate and the date of their initiation is specified.

In Chapter XII the Family Allowances Act, Regulations, and policy directives are summarized in order to provide a framework for the discussion of administration. Amendments to the Act and Regulations are set forth in order of their

enactment and possible motives behind them are suggested.

The Act is administered by the Family Allowances Division of the Department of National Health and Welfare. In order to fulfill the provisions of the Act, without duplicating existing services, the assistance of other divisions of the Department is required. Chapter XIII defines the extent of the cooperation enjoyed and the types of services rendered. The relationship of the Central Office of the Family Allowances Division to the Regional Offices is also portrayed emphasizing the extent of control exercised by the National Director and the means by which such control is maintained.

Departments other than that of National Health and Welfare are also involved in the administration of the Act. This situation results either from the fact that Allowances are paid to groups of children under the direct supervision of some other department (for example, Eskimos) or from the advisability of employing existing administrative machinery. Examples of the latter are the compilation of vital statistics information by the Dominion Bureau of Statistics and the distribution of registration forms by the Post Office Department. Chapter XIV describes the arrangements existing between the Family Allowances Division and ten cooperating administrative units.

The day to day administration of the Family Allowances Act is accomplished by the Regional Offices, one being

located in each of the provinces and one in the Central Office for the Yukon and Northwest Territories. Each of these Regional Offices is a self-sufficient unit which receives applications, processes them, and actually pays allowances through the District Treasury Office. Chapter XV traces the administrative evolution of each Regional Office, indicates the size of the operation in each region, and discusses particular administrative problems which have been encountered. The structure and procedure of the Regional Offices of Family Allowances and of the District Treasury Offices are described in Chapters XVI and XVII.

Certain provisions of the Act require that cooperative arrangements be developed with provincial governments and private organizations. The organization of provincial government departments and their relation to private social agencies and the willingness of the provinces and agencies to assume responsibility for assisting the payment of Family Allowances vary throughout the Dominion. As a result, the creation of working relationships between the Regional Offices and provincial and private agencies has been the responsibility of the Regional Directors. A description of the arrangements concluded and the problems encountered is presented in Chapter XVIII.

Chapter XIX considers the problem of appeal tribunals. To date, tribunals have been established in only two provinces.

CHAPTER XII

THE ACT, REGULATIONS, AND POLICY DIRECTIVES

The Family Allowances program in Canada is administered by authority of an Act passed by the federal Parliament, of Regulations promulgated by Order in Council, and of policy directives issued by the National Director of Family Allowances. The Family Allowances Act of 1944, as amended in 1946 and 1949, established the mandate for the payment of allowances and set forth the amount to be paid each child, the eligibility requirements for receipt of allowances, the source of funds to be expended, and, in general terms, the method of administration. The purpose of the Family Allowances Regulations as enacted in 1945 and amended during the same year and in 1946, 1947, 1948 and 1949, has been to amplify the provisions of the Act and further to define the manner of administration. The policy directives have been less definitive, often offering only suggestions to the Regional Directors. They are issued and amended as frequently as problems arise and administrative necessity requires. The first consolidation of previous directives was made available on January 1, 1950.

A copy of the Family Allowances Act of 1944 and amendments will be found in Appendix D. All Family Allowances

Regulations issued up until 1949 are included in Appendix E. In order to make the important changes in the Regulations apparent, those issued in 1948 are set forth as amendments to those of 1945 although, in fact, they were ordered as a completely new set of Regulations. No attempt has been made to include copies of the policy directives as many of them are of minor importance and of interest only to those intimately concerned with the day to day administration of the program. They will be referred to, however, throughout the remainder of this study whenever necessary in order to clarify administrative procedure and policy. For this purpose, the January 1, 1950 consolidation of policy directives will be used except in those instances when it is considered important to indicate changes in policy.

Section I of this Chapter provides a summary of the Family Allowances Act and amendments. Included is a discussion of the debate in the House of Commons concerning the details of the Act and of any amendments suggested by the opposition or proposed by the Government to the Bill as originally presented. The Parliamentary history of the amendments of 1946 and 1949 is described and suggestions made as to possible motivations not indicated in the course of debate. The Regulations are presented in condensed form in Section 2 with special emphasis on those parts which clarify obscure areas of the Act. An attempt has been made to isolate administrative problems which have necessitated

their amendment. In Section 3, policy directives are described which are essential to an understanding of the administration of the Act and Regulations.

1 The Act ¹

The Family Allowances Act as assented to on August 15, 1944 provides for the payment of a monthly Allowance to every child resident in Canada under the age of sixteen years who has either been born in Canada and resident since birth or has been resident in Canada for a period of three years immediately preceding application for an allowance. Children are also eligible if their father or mother was domiciled in Canada and had been so domiciled for a period of three years prior to the birth of the child. As the Act was passed in wartime, provision was also made for children born to members of the armed forces serving overseas if application for the Allowances was made within twelve months of the parent's separation from the Canadian forces. This provision was proposed by the Government during the debate following the second reading of the Bill in the House of Commons. ²

The statute designated July 1, 1945 as the day on which the first Allowances were to be paid from unappropriated moneys in the Consolidated Revenue Fund. The monthly allowances prescribed vary in amount with the age of the

child. Children less than six years old receive five dollars; those six but less than ten years, six dollars; those ten but less than thirteen years, seven dollars; and those thirteen years or older but under sixteen years receive eight dollars per month. Although later deleted by amendment,³ a provision was included in the original Act which decreased the amount payable to families with more than four children. Payment to a fifth child in a family was reduced by one dollar, to a sixth and a seventh child by two dollars, and to any additional children by three dollars each. No Allowances are payable unless specific application is made by registering the child as directed.

Although there was widespread demand in the House of Commons that the measure stipulate that the Allowances would be payable only to the mother where possible, the provision remained that Allowances would be payable to the parent designated by the Regulations. The Government refused to name the mother as payee as it feared that such designation would be inappropriate in terms of the Quebec Civil Code. The Act defines a "parent" as any person who maintains or has custody of a child but specifically excepts institutions. Since this refusal to consider an institution as a parent has widespread implications and has greatly complicated the administration of the program, its support by the Minister of Justice, Louis St. Laurent, deserves consideration here. He remarked as follows in the House of Commons:

It was felt that these orphanages and like institutions were expressly declared by subsection 7 of section 92 of the British North America Act to be a provincial responsibility which is being discharged by the provinces. I know that in my province these institutions now receive sixty cents per day per infant. I think that that amount is paid up to a certain age; I did not inquire as to what the allowance was when children get beyond four or five years old. It used to be forty cents; it was increased to sixty cents because it was found that forty cents a day was not sufficient to provide for them adequately. But the provision which is made is fixed at what is necessary for their upkeep, and we would have no way of saying that the provinces would have to continue to make the same provision as heretofore, or to make such additional provision as the increase in the cost of living might require, and it would be merely taking for the federal exchequer a burden which is already being carried by the public through provincial exchequers. It was felt that if this were done there would be a much better chance of getting children back into individual homes where the surroundings are perhaps more congenial than in institutions. 4

Particular notice should be taken of the last sentence of M. St. Laurent's remarks. As will be pointed out during the discussion of the Regulations and policy directives and of the actual administration of the program, this provision has, in fact, been used to discourage the employment of institutional care for dependent and neglected children. In accordance with the definition of "parent" as stated in the Act, a Children's Aid Society which has custody of a child is considered eligible for receipt of Allowances despite the fact that such an agency is also often being subsidized from both municipal and provincial exchequers. It is difficult to escape the conclusion that, in this instance,

the Federal Government is attempting to encourage, if not coerce, the Province of Quebec, which has traditionally employed institutions when caring for children, to accept the tenets of modern social work thinking.

Other clauses which have greatly complicated the administration of the program are those concerning school attendance and maintenance. The Act as originally passed provided that all children in receipt of Allowances, if physically fit and more than six years of age, were required to attend school or receive equivalent training. This was later amended in part to bring it more in line with provincial school attendance laws.⁵ The Act also provides that Allowances "shall be applied by the person receiving the same exclusively towards the maintenance, care, training, education and advancement of the child".⁶ These two clauses have probably caused more administrative problems than any other sections of the Act. Despite the fact that a ridiculously small percentage of allowance recipients violate them, these requirements will continue to require special staffs of persons to administer them, numerous investigations, and voluminous correspondence. As such provisions for discouraging child neglect are usually considered provincial responsibilities, it is difficult to imagine why such requirements were included in the Family Allowances Act. Not a voice was raised in Parliament, however, in opposition to them as unnecessary complications and within the sphere of the

provinces. It may perhaps be concluded that this tacit acceptance was a holdover from the traditions of the old poor law. It may have been incomprehensible that Allowances could be given with no conditions whatsoever attached.

As the clauses mentioned above require that those responsible for the administration of the Act exercise a considerable amount of discretion in determining a child's eligibility, provision is made for the establishment of a tribunal to which a person may appeal if "dissatisfied with a decision as to his right to be paid an allowance or as to the amount of an allowance payable to him or as to any other matter arising under this Act".⁷ Such tribunals had previously been employed in Canada to hear appeals arising under the Unemployment Insurance Act of 1940⁸ and are in general use in the United States in connection with social insurance schemes.⁹ Opposition was voiced in the House of Commons by Progressive-Conservative Mr. Diefenbaker to the provision that "the decision of the tribunal shall not be subject to appeal or review by any court of law".¹⁰

There is no direct statement in the Act to the effect that part or all of the Allowances received would have to be refunded to the Government by those with taxable incomes or that the allowances for dependents under the Income War Tax Act would be decreased. It does stipulate, however, that nothing in the Act should preclude such adjustment to avoid duplication of benefits.

It is possible that there might be some confusion concerning Subsection 2 of Section 8 which states that the Government may reduce or withhold "the allowance payable to any person receiving aid from the Government of Canada for the maintenance of a child in respect of whom the allowance is payable under this Act". Mr. Brooke Claxton, speaking in the House of Commons, explained the special wartime significance of this clause as follows:

Subsection 2 of section 8 is designed to deal with Japanese who are receiving subsistence in respect of their children because they are interned. Power is given the Governor in Council to withhold or reduce any allowance which is paid by the Government of Canada and which duplicates the allowances under this bill. 11

The Bill as originally presented to Parliament stated that this provision would also apply to persons in receipt of provincial assistance. This item was deleted, however, by amendment on motion of the Government, Prime Minister King saying: "The intention, of course, is for the government to leave it for the provinces themselves to decide what they wish to do with respect to any of the social services they are maintaining at the present time, such as mothers' allowances." 12 It is difficult to understand why this sort of reasoning did not also apply to "Institutions".

There are several other important stipulations in the Act of 1944 which should be kept in mind when considering the Regulations, policy directives, and general administrative procedures. The Minister of National Health and Welfare

may arrange to receive assistance in the administration of the program from federal government departments, from private agencies and organizations, and, with the approval of the Governor in Council, from any provincial government. Much discretion on the part of the administrators of the Act is implied by the clause which provides that, when a parent "by reason of age, infirmity, ill health, insanity, or other reasonable cause of disqualification" ¹³ is not considered qualified properly to expend the Allowance for the benefit of the child, payment may be made to some other person or agency. Persons may be appointed with powers as under the Inquiries Act to inquire into matters necessary to administration. Since the publication of Auditor General's Report for 1949 much criticism has been forthcoming from the press and the general public concerning the large amounts of money which must be collected by the Government as Family Allowances overpayment. By authority of Subsection 2 of Section 13, any amount paid to which a person is not entitled may be recovered as a debt due to the Crown.

A Amendment of 1946

The first amendment to the Family Allowances Act was assented to on August 31, 1946, This concerned school attendance primarily. As mentioned above, the Act of 1944 required that children over the age of six years, for whom Allowances are paid, must attend school or receive equivalent

training. This meant that it was necessary for all children to attend school until the age of sixteen despite the fact that several provinces provided for lower school leaving ages. At this point the Government recognized that such a stipulation encroached upon a provincial sphere. Mr. McCann, acting Minister of Health and Welfare, remarked concerning the amendment as follows:

Exception has been taken to this insistence in federal legislation on school attendance between the ages of six and sixteen as a condition of the receipt of family allowances. It is alleged that the federal government, in prescribing school attendance through these years as a condition for receiving family allowances, is in effect prescribing school attendance requirements without reference to the provinces whose responsibility it is under the British North America Act to deal with all matters pertaining to education and to control the ages of school attendance and provide the necessary facilities for education. 14

This amendment carried into statutory form a like provision already incorporated into the Regulations. Before the payment of the first Allowances it was apparent to the administration that a school leaving age of 16 years could not be enforced. The Regulations of August 1945 stated that a child would be deemed to fail to attend school unless he "attends school as required by the laws of the province or territory in which he resides". 15

The second part of the amendment provides only textual alterations in the Act.

B Amendment of 1949

The second amendment was proposed in Parliament during April, 1949 - two months prior to the scheduled Dominion general election. The Resolution described the purpose of the amendment as being "to shorten from three to one year the residence period required as one of the conditions of eligibility of a child, and also to remove the decreasing scale provided in the amount of allowance payable when more than four children are maintained".¹⁶ The political significance of such an amendment to the Act is, of course, apparent as it would greatly increase the number of children to whom Allowances must be paid and would raise substantially the level of Allowances to many families. The Resolution requesting the amendment was a signal for all parties in the House of Commons to state their views to their constituents concerning Family Allowances. Remembering the earlier opposition of the Progressive-Conservatives to the measure, the remarks of Mr. Graydon are especially interesting.

Most of us have felt for some considerable time that the provision with regard to residence period was working an injustice upon certain people who had children and who were normally entitled to family allowance payments. For our part we welcome the change which the government has now brought in. In addition to that change, there is also the matter of the removal of the decreasing scale provided in the amount of allowance payable when more than four children are maintained. I congratulate the minister upon having read with such care and diligence, and with such conviction, the program of the Progressive-Conservative Party which was adopted last fall. ¹⁷

Remarking on Mr. Graydon's statement, Mr. Coldwell of the C.C.F. said that, in his opinion, "it is an insult to the people of Canada for a political party which has opposed legislation almost throughout its existence to come just before an election and pretend that it is pleased to see legislation which it has opposed being brought into the house". 18

2 The Regulations 19

A Prince Edward Island Registration 1945

The Family Allowances Regulations instituted by Order in Council on February 15, 1945 were entitled "Prince Edward Island Registration Regulations". They were experimental in nature and intended to apply only to the registration for allowances in that province. Registration was instituted there in February 1945, in order to experiment with administrative procedures to be applied later to the Dominion as a whole. No registration was to be effective, however, until June 30, 1945. 20

These first Regulations interpreted the provisions of the Act only insofar as they affected the manner of registration, there being no attempt to clarify such words as "school attendance", "maintenance", and "institution". A tentative definition of "resident" in or of Canada is

attempted, a child who normally makes his home in Canada and is physically present therein being eligible. Temporary absences for purposes of health, education, and recreation were permitted and no limitation on the length of such absences was prescribed. The Regulations gave power to the Regional Director to require of any parent further information than that requested on the registration form and to investigate the eligibility of any child either before or after his application was approved. Provision was made for the registration of children not included on the original registration form.

B Regulations of August 25, 1945

The Family Allowances Regulations dated August 25, 1945 were the first which were intended to apply to the whole of Canada. They were issued after the original registration throughout the Dominion had been completed. In these Regulations all portions of the Act are amplified as required with the exception of that provision which calls for the establishment of administrative appeal tribunals.

The first attempt is made here at defining "institution".²¹ Two definitions of "resident" are provided, one for the purpose of registration and one for continuing the Allowance. The definitions are similar in that any child making his home in Canada and physically present there is eligible in both instances. For the purposes of registration, however,

a child, to be eligible, must not have been absent for a period longer than twelve months during the preceding three years. When a child who is in receipt of Allowances is temporarily absent from Canada, Allowances will be paid for only the first three months of such absence.

As will be remembered from the discussion of the 1944 Act, a "parent" means any person who maintains or has custody of a child. Subsection (d) of Section 2 of the Act states that "'maintains' means maintains wholly or substantially and 'substantially' shall have such meaning as may be prescribed in the regulations". This definition of "substantially" is of utmost importance as only in accordance with it can the administration decide which of two or more applicants for a single child's Allowance shall receive payment. As mentioned previously, no institution may be paid Family Allowances. A parent, however, who is maintaining a child substantially in an institution, may receive them if they are applied directly for the child's benefit. The Regulations set forth five dollars in cash or in kind as the amount, in addition to Family Allowances, which a parent must contribute for the benefit of the child in order to be considered as maintaining him "substantially". This amount must exceed the value of contributions of other individuals for the child's maintenance, care, training, education, and advancement. The question arises as to whether a child under sixteen who is employed and receiving wages

can be considered as being maintained by a parent and therefore eligible for Allowances. The Regulations made a distinction in this case between children who are attending school or receiving equivalent training and gain earnings from part time work and those not in school but employed on a full or part time basis. The parent of the former is eligible to receive an allowance if the child does not receive, on an average, more than \$35.00 per month as wages. The parent of the latter is ineligible without exception.

It was mentioned above that the Government did not stipulate in the Act that Allowances should be paid to the mother for fear that such a stipulation might conflict with the Quebec Civil Code. In spite of this fear, the initial administrative instructions to the Quebec Regional Office were to the effect that they should name the mother as payee. After approximately 70,000 registration forms had been processed, word arrived that the Allowances should be made payable to the father. It is generally accepted that the Government feared that making the mother payee might alienate potential supporters of the Liberal candidates in the coming general election. Following the election which was held just nineteen days prior to the date when the first Allowances were to be paid, the pressure of women's groups in Quebec caused the administration again to reverse its decision and name the mother as payee.²² The August 1945 Regulations, therefore, state that where application is made jointly by

both parents the Allowance shall be payable to the mother.

Although, in general, Allowances are payable to the mother, these Regulations allow much discretion to the Director of Family Allowances in the choice of payee in extraordinary circumstances. When, in his opinion, "the age, infirmity, ill health, insanity, or improvidence" of the parent infers the probability that the Allowances will not be employed for the best interests of the child, he may make the Allowances payable to some other person or agency with instructions that they administer it in the child's behalf. Should the parent or the payee die, the Director is empowered to designate the person to whom the Allowance will be payable.

According to these Regulations it is the duty of the parent to report when a child ceases to be eligible for Allowances. Such a procedure is necessary as the Act states that the payees are responsible for any overpayment.

Other important parts of the August 1945 Regulations are those concerning the payment of allowances to Indians, Eskimos and Nomads. No mention will be made here of the provisions designed specifically for these groups as they are treated fully below in Chapter XIV.

E Amendment of November, 1945

The amendment of November, 1945 contributes a new definition of "institution" adding "refuge", "hospital", and "maternity home" to the list of organization types and deleting the reference to "any other institution for the care of children, separate and apart from their parents, licensed as such by the laws of the province or territory in which it is situated".²³ The amendment also provides the specific title of the "superintendent of education" in each province and in the territories. An addition to the previous Regulations instructs the Director of Family Allowances to cancel or withdraw an application or discontinue an allowance upon the request of a parent. This provision was necessary as it was sometimes to the advantage of the parent to receive the full income tax deduction for his children rather than to receive Allowances. It was not until January 1, 1947 that the new income tax legislation became effective which automatically allowed for the receipt of Family Allowances.²⁴

D Amendment of June, 1946

An important change caused by this amendment concerns the date on which the registration of children living in remote areas of Canada shall be effective and the circumstances under which the Director may order that the allowance

be paid to some other person than the parent. Considering the geographical situation of the parent and the mailing facilities available, it may be directed that the registration of a child be effective retroactively, not as of the date of its receipt in the Regional Office as stipulated in previous Regulations, but as when the child was born. This provision had been in effect as regards Indians and Eskimos since the Regulations of August 1945. Concerning the appointment of an administrator for the Allowances of a particular child, the Regulations of August and November 1945 stated that when it was judged that a parent was not qualified for physical, moral, and mental reasons to apply the allowance for the benefit of the child, it might be paid to a third person or agency. This amendment enlarges upon that provision by directing that an administrator may also be appointed where "the person receiving the allowance does not exclusively apply the same towards the maintenance, care, training, education, and advancement of the child in respect of whom it is paid".²⁵ This clause directly fulfills the requirements of Section 5 of the Act of 1944.

This amendment describes, for the first time, the method and form of organization of appeal tribunals and the procedure which they should follow. Chapter XIX discusses this subject in detail so only a bare outline of the provisions of the Regulations is presented here. It is provided that an Appeal Committee will be established for

each of the provinces and for the territories and consist of a chairman and such other members as may be appointed to serve for a period of two years and receive compensation only for actual expenses incurred. There is also a secretary to be appointed for each tribunal who is paid from funds appropriated for the administration of the Act. The tribunals sit only when there are appeals to be heard and, except in unusual circumstances, all testimony is presented in written form.

E Amendment of January 1947

By this amendment the competent educational authority in each of the provinces is no longer defined by Regulations. The specific titles of the educational authorities to be consulted in reference to Indians, Eskimos, and inhabitants of the territories are, however, added.

F The Regulations of September 1948

In September 1948 a new set of Regulations was issued by Order in Council. Although some substantive changes were made, the main function of these Regulations appears to have been to incorporate the amendments ~~in~~ those of 1945 and to alter the wording and order of presentation so that they might be in more logical and understandable form. Important changes made by this amendment concern residence, conditions

of payment, and suspension of Allowances during investigations as to the eligibility of payees.

The Regulations of 1945 directed that a child would be considered eligible for Allowances if, during the three years prior to the date of registration, he had not been temporarily absent from Canada for longer than a total period of twelve months. These new Regulations altered slightly the length of temporary absence allowed by stating that intervals of absence are permitted prior to registration "which are of a temporary nature and which when totalled and averaged do not exceed one hundred and twenty days per year".²⁶ In addition, applicants are no longer required to maintain a home in Canada during such periods of absence.

Special conditions attached to the payment of Allowances to persons or agencies are permitted when the payee is not the child's natural parent, step-parent, foster parent, or adoptive parent. These regulations state that in such circumstances "special terms and conditions under which the allowance shall be paid, used and accounted for, may be prescribed by the Director of Family Allowances".²⁷

An amendment to Section 3 of the 1945 Regulations permits the Director to suspend a child's allowance at any time in order that the eligibility of the person to whom payment is being made may be investigated. At the completion of such an inquiry, the allowance, which may include payment for the period of suspension, may be granted to the same

person or to some other person or agency. Provision for such suspension of allowance avoids the possibility of overpayment should the investigation prove the payee to be ineligible.

G Amendment of September 1949

The Family Allowances Regulations were again amended by P.C. 4880 of September 23, 1949 in order to bring them into accord with the amendment to the Family Allowances Act of 1944 dated April 30, 1949 which reduced the residence requirement from three years to one year. The number of days during which a child may be temporarily absent from Canada is no longer specified.

3 Policy Directives ²⁸

During the discussion in later chapters of the administrative organization, structure, and procedures of the Family Allowances National and Regional Offices, continued reference will be made to the policy directives which have been issued by the National Director. In order that the discussions which follow may be more easily understood, however, the important policy statements concerning "payees", "maintenance", "school attendance", and "use of family allowances" are summarized here.

A Payees 29

Those persons or agencies whom the Family Allowances administration may accept as payees under specific circumstances are natural parents, relatives, foster parents, community organizations, trust companies, and child placing agencies. Not accepted as payees are municipal and provincial units unless they qualify as child placing agencies and institutions.

Relatives will be accepted if it is established that they are substantially maintaining the child in accordance with the Regulations. The same condition applies to the other categories mentioned above. Where community groups such as Hutterites, Mennonites and Doukhobors pool their income, they may be eligible if the Family Allowances are used to benefit the children directly.

The problem of receipt of Family Allowances by child placing agencies deserves special attention at this point as the directives state that only "recognized" child placing agencies may be eligible. Such agencies are described as follows:

In order to be eligible to receive allowances such an agency must be one which is staffed with qualified social workers and offers a diversified placement program. No organization will be paid Family Allowances unless it is a properly accredited child placing agency. This policy applies in all areas but is particularly applicable where there is an agency clearly recognized by the provincial government as a child placing agency, usually the Children's Aid Society. 30

On the basis of the definition above, an eligible child placing agency may be distinguished from an institution or municipal officer. In the absence of a provincial authority which recognizes such agencies, it is apparent that the National Director and the Regional Directors must themselves interpret the phrases "qualified social workers" and "diversified placement program".

B Maintenance ³¹

The Act states that a parent may be paid an allowance if he maintains a child substantially ³² and the Regulations define substantial maintenance as a contribution of at least \$5.00 in cash or in kind to the child's benefit. ³³ It is quite obvious that any parent maintaining a child in his own home more than fulfills such a requirement. It is necessary, however, for the directives to consider further the eligibility of children being maintained in institutions and of those receiving earnings while attending school.

Since the monthly contribution by parents to children in institutions must be in addition to Family Allowances, the total contribution to each child's care must equal \$10, \$11, \$12, or \$13 depending on the age of the child. The Regional Directors are instructed to arrange a check-up of institutions every six months to determine whether these maintenance requirements are being fulfilled by the parents. In cases where parents are not eligible for Allowances while

their children are in institutions, they may qualify when, during a vacation period, they do provide substantial maintenance.

The Regulations state that the parent of a child who is attending school is eligible for the allowance if the child does not receive, on the average, more than \$35.00 per month as earnings.³⁴ The policy statements direct that such earnings should be averaged only over the ten months of the school year rather than over the full twelve months period. Where a child has been in regular attendance at school prior to the summer vacation and returns in the fall, there is no limit on the amount of earnings during the vacation period. Special provision is made for children having incidental earnings and not attending school as permitted by provincial legislation.

C School Attendance³⁵

The substance of the policy directives concerning school attendance is that, since education is a responsibility of the provinces, all decisions must be made by the provincial authority. For whatever reason provincial officials may consider a child's attendance to be unsatisfactory, the payment of Allowances must cease. When the school authorities report a child's being absent during the current year or a previous year, the parents must be charged with an overpayment covering the whole period involved.

D Use of Family Allowances ³⁶

Although it is intended that family allowances payments will raise the present standard of living of Canadian children, where the standard is already adequate the allowance may be applied on an insurance policy which will benefit the child directly. The allowances may not be used in payment of previously incurred debts nor may they be assigned.

NOTES TO CHAPTER XII

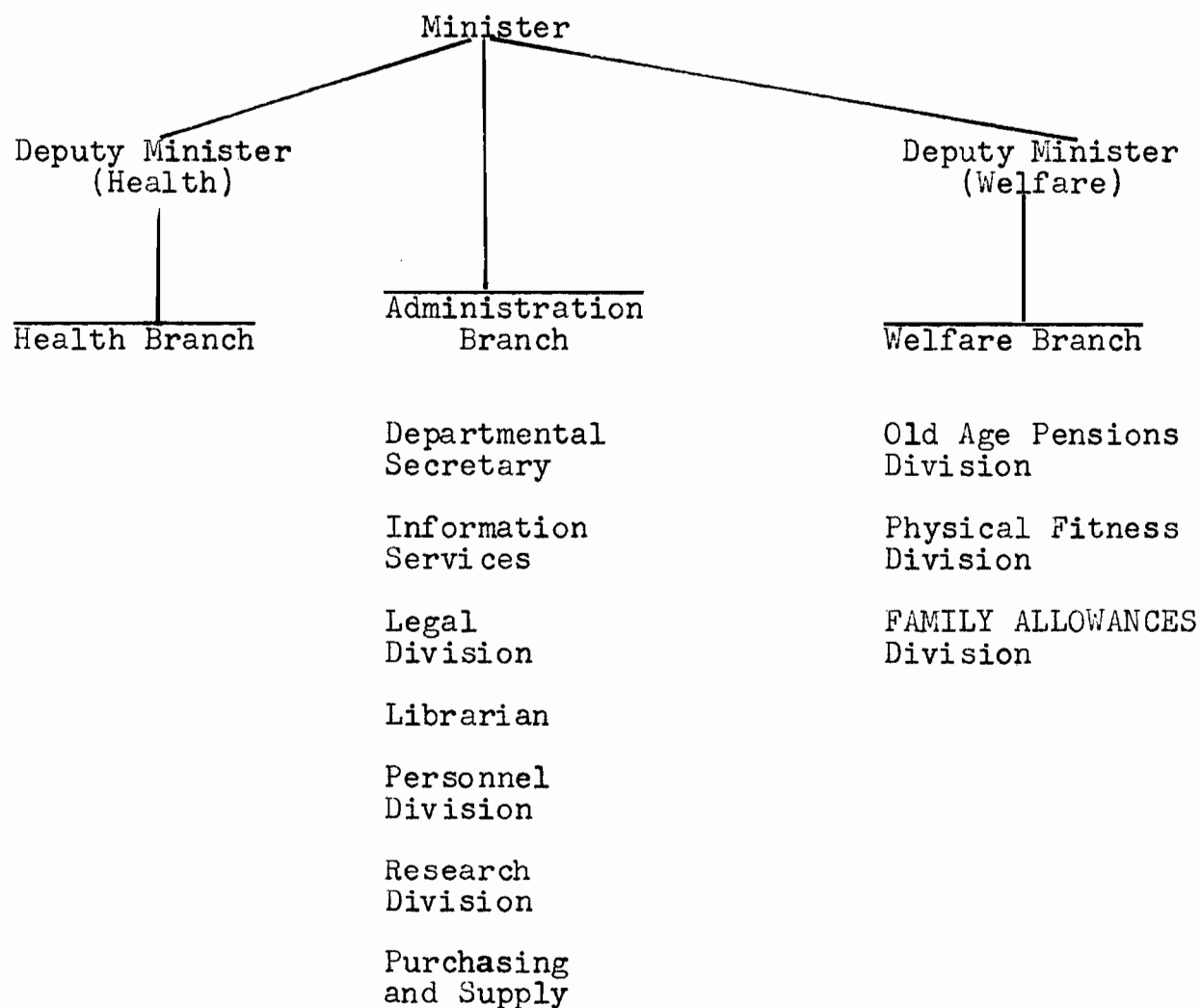
- 1 See Appendix D
- 2 Canada, Debates of the House of Commons, 5th Session, 19th Parliament, 1944, Page 5690.
- 3 See Subsection B of this Section below.
- 4 Canada, Debates of the House of Commons, 5th Session, 19th Parliament, 1944, Page 5696.
- 5 See Subsection A of this Section below.
- 6 Canada, Family Allowances Act of 1944, Section 5.
- 7 Ibid., Section 6.
- 8 Canada, Unemployment Insurance Act of 1940, Canada Statutes, 1944, Chapter 44, Sections 46-53.
- 9 Burns, Evelina M. The American Social Security System Cambridge, The Riverside Press, 1949, Pages 123-124, 176-177.
- 10 Canada, Debates of the House of Commons, 5th Session, 19th Parliament, 1944, Page 5751.
- 11 Canada, Debates of the House of Commons, 5th Session, 19th Parliament, 1944, Page 5756.
- 12 Ibid., Page 5744.
- 13 Canada, Family Allowances Act of 1944, Section 11 (b).
- 14 Canada, Debates of the House of Commons, 2nd Session, 20th Parliament, 1946, Page 4556.
- 15 Canada, Family Allowances Regulations, August 1945, Section 14.
- 16 Canada, Debates of the House of Commons, 5th Session, 20th Parliament, 1949, Page 2335.
- 17 Ibid., Page 2528.
- 18 Ibid., Page 2529.

- 19 See Appendix E.
- 20 Canada, Family Allowances Regulations (Prince Edward Island Registration), Section 5 (1).
- 21 Canada, Family Allowances Regulations, August 1945, Section 2 (d).
- 22 Davidson, George F. Deputy Minister of Welfare, Department of National Health and Welfare, Interview, Ottawa June 21, 1949.
- 23 Canada, Family Allowances Regulations, August 1945, Section 2 (d).
- 24 See Chapter XIII, Section 4.
- 25 Canada, Amendment to Family Allowances Regulations August 1945, by Order in Council June 7, 1946, Section 2.
- 26 Canada, Family Allowances Regulations, September 1948, Section 6 (3).
- 27 Ibid., Section 13 (c)
- 28 Policy Directives consolidated in the Family Allowances Manual, mimeographed and issued by the Family Allowances Division of the Department of National Health and Welfare, January 1, 1950. It has been amended frequently since that date.
- 29 Canada, Family Allowances Manual, Directives 9/1 and 9/2.
- 30 Ibid., Directive 9/2, Paragraph 4.
- 31 Ibid., Directive 7/1.
- 32 Canada, Family Allowances Act of 1944, Section 2 (d).
- 33 Canada, Family Allowances Regulations, August 1945, Section 12 (1).
- 34 Ibid., Section 12 (2).
- 35 Canada, Family Allowances Manual, Directive 8/1.
- 36 Ibid., Directive 11/1.

CHART NO. 1

ORGANIZATION OF THE DEPARTMENT OF NATIONAL HEALTH AND WELFARE

1949



the operation of the Family Allowances program. Important divisions of the Health Branch are Blindness Control, Child and Maternal Health, Epidemiology, Food and Drug, Health Insurance Studies, Indian Health Services, Industrial Health, Mental Health, Narcotic Control, Nutrition, Public Health Engineering, Quarantine, Immigration, Medical and Sick Mariners Division, and Venereal Disease Control. Prior to the establishment of this department, services such as the above were the responsibility of the Department of Pensions and National Health.

2 The Welfare Branch

During the first year of the new department's existence, the sole responsibility of the Welfare Branch was the administration of Family Allowances. During 1945 the Old Age Pensions Division was transferred to the Welfare Branch from the Department of Finance, and Physical Fitness Division was transferred from the Health Branch where it had been placed when the Department was first organized.² In January 1946, the Women's Voluntary Services Division, a wartime organization, was transferred to the Welfare Branch from the Department of National War Services. It ceased to exist as of January 21, 1947 when the Order in Council creating it was revoked.³ On February 1, 1947, the Voluntary War Relief Division, which was also formerly part of the Department of National War

Services, was absorbed by the Branch.⁴ These two Divisions were discontinued after March 31, 1949.⁵

Neither the Old Age Pensions nor the Physical Fitness Divisions have been concerned in any way with the administration of the Family Allowances Act so will not be considered further. Of the three Divisions which have now been discontinued, only the Women's Volunteer Services was involved in the Family Allowances program. The important part it played during the initial registration is described in Chapter XV.

The Deputy Minister of Welfare has overall responsibility for the administration of the Family Allowances Division as he does for the Old Age Division and the Physical Fitness Division. The relationship between the Deputy Minister and the National Director of Family Allowances, however, does not appear to have been formalized, with the exception that all policy matters requiring the opinion of the Minister must be cleared through the Deputy Minister. Otherwise, the relationship seems to be one of informal consultation on the initiative of either of the parties. As a means of control, the Deputy Minister submits frequent questions to the Family Allowances Division in order to ascertain whether their work is up to date and whether they are fully informed as to what is going on in the Regional Offices.

3 The Organization of the Central Office of the Family Allowances Division and Duties of Personnel

The structure of the Central Office of the Family Allowances Division, excluding clerical and stenographic positions, is as shown on Chart No.2. The number of positions may appear to be surprisingly small, but not when it is realized that their function is entirely one of supervision and policy framing, the actual operation of the program being carried on by the Regional Offices located in each of the ten provinces. The Executive Assistant, also acts as Regional Director of the Yukon and the Northwest Territories but his work in that capacity is limited, as many of the duties are carried out by the Departments of Government responsible for the administration of the territories and Indian affairs. There is, however, a question as to whether the supervisory and policy forming staff of the Central Office should not be larger in order that the Regional Offices might be more closely supervised and coordinated.

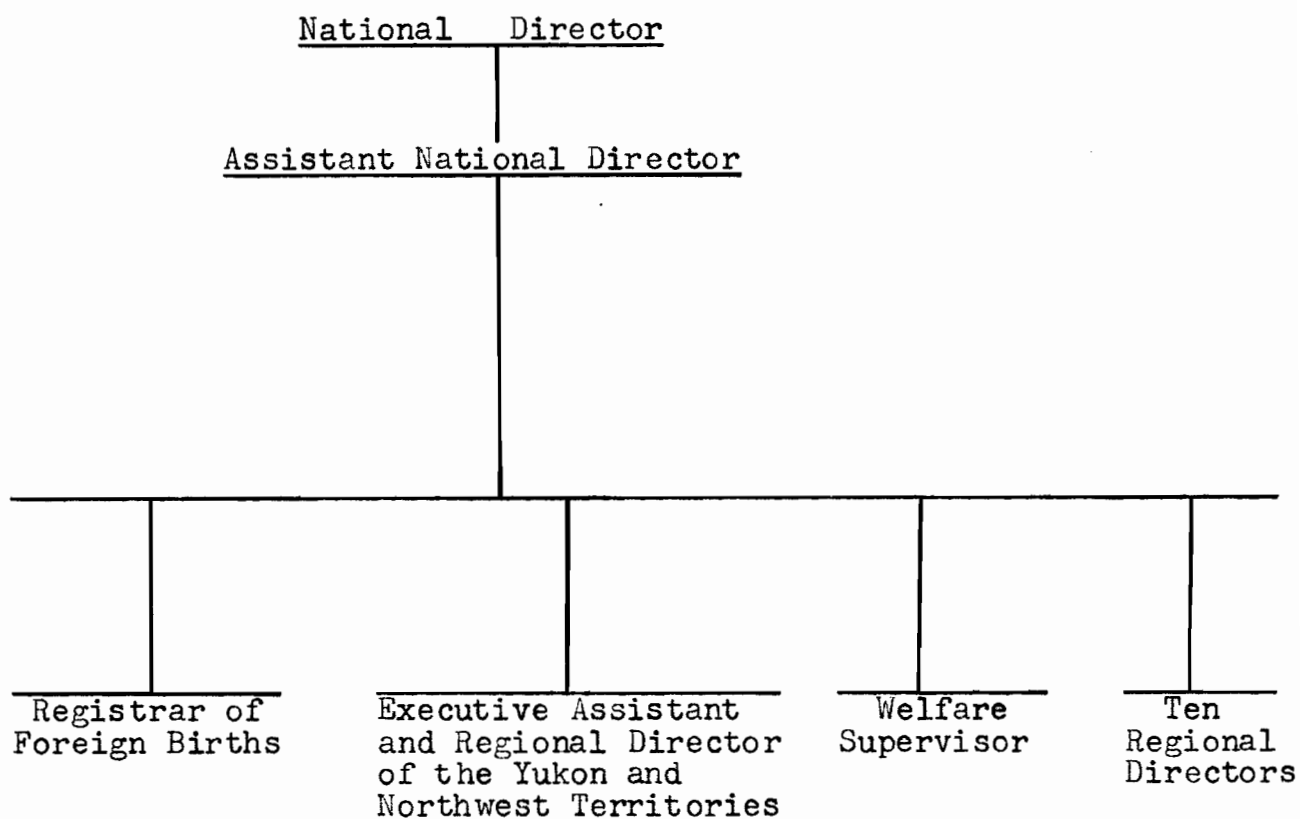
The duties of these positions are as follows. ⁶

A The National Director

He is responsible for the administration of the Family Allowances Act of 1944 as amended. His word is final on all questions of policy. Among assumed duties are the direct supervision of the Regional Offices through personal visits

CHART NO. 2

DEPARTMENT OF NATIONAL HEALTH AND WELFARE,
WELFARE BRANCH, FAMILY ALLOWANCES DIVISION,
HEAD OFFICE, OTTAWA, 1949



and the calling and conducting of an annual meeting of Regional Directors. All correspondence from Ottawa concerning Family Allowances, other than that of a purely routine character which may originate in a division other than the Family Allowances Division, goes out over the signature of the National Director.⁷ All correspondence to Ottawa concerning Family Allowances is addressed to the National Director.⁸

B Assistant National Director

The most important task of this officer is to assist the National Director in matters relating to policy. In the absence of the National Director he assumes executive control of the administration. A particular function of the Assistant Director is the preparation of amendments to the Act and amendments to the Regulations and other Orders in Council in consultation with the Legal Division of the Administrative Branch of the Department. He is also responsible for the preparation of the annual estimates, and, in cooperation with the Civil Service Commission, for the selection of staff and for studying the organizational structure and procedures of the Central and Regional Offices and forwarding recommendations for changes to the National Director.

C Registrar of Foreign Births

This position is necessary in the Central Office in order to fulfill the provisions of the Act requiring a period of residence in Canada as a condition of eligibility for Allowances and the provision that the word "child shall not mean any person who is in Canada contrary to the provisions of the Immigration Act".⁹ It is not possible for his functions to be exercised in the Regional Offices because immigration records are centralized in Ottawa and not filed by province of residence and because the Vital Statistics Division of the Dominion Bureau of Statistics is able to assemble only a single register of foreign births as such information is gained at the Port of Entry. The full significance of the duties of the Registrar of Foreign Births will be apparent from the discussion in Chapter XVI of the details involved in the administration of Family Allowances by a Regional Office and from the description of the role of the Division of Vital Statistics in Chapter XIV. In general the position entails the supervision of the Foreign Births Section of the Family Allowances Division and the maintenance of liaison with the Immigration Branch of the Department of Mines and Resources¹⁰, the Division of Vital Statistics, and the Regional Directors.

D Executive Assistant

As mentioned above, the person holding this position also serves as Regional Director of the Yukon and Northwest Territories. His duties in this capacity are outlined in Chapter XIV in connection with the payment of Allowances to Eskimos and Indians. He is also responsible for the payment of Family Allowances to white children living in the Territories. As Executive Assistant he is available to perform any special tasks as may be outlined by the Director or Assistant Director. In this capacity he assists in the direct supervision of the Regional Offices. He is specifically charged with the collation of reports and the preparation and issuance of directives and their amendments.

E Welfare Supervisor

The duties of the Welfare Supervisor are not easy to define. A table of organization issued by the Personnel Division of the Administration Branch on January 1, 1947 described the functions of this official as follows:

"Responsible for planning adequate welfare measures in all provinces. Performance of functions of coordination, standardization, appraisal, and general exchange of ideas in the welfare field of Family Allowances through consulting with Regional Offices, agencies, and groups".¹¹ One suspects that such very general terms were employed in that description

in order to conceal a confusion as to just what this officer should be responsible for and whether such a position is necessary in the Central Offices.

This writer has some doubts as to the appropriateness of this position in the Central Office of the Family Allowances Division. As will be seen in Chapter XVIII, all welfare functions are actually carried on by the Supervisor of Welfare Services in each Regional Office. As in the case of other personnel in the Regional Offices, the Supervisors are directly under the supervision of, and responsible to, the Regional Directors. As the Welfare Supervisor in the Central Office is considered as being "responsible for planning adequate welfare measures in all provinces", some confusion results as to the proper line of authority. Despite the fact that the Supervisor of Welfare is in frequent consultation with the National Director and every attempt is made to co-ordinate welfare functions with those of other areas of administration, Supervisors of Welfare Services in the Regional Offices have, on occasion, used suggestions made by the Welfare Supervisor to frustrate the intentions of the Regional Directors.

This confusion would be removed if the Welfare Supervisor could be transferred to the Administration Branch as Director of a Welfare Services Division. Under such an arrangement the advice of trained social workers would be available to all divisions of the Department in much the same manner as the

Counsel of lawyers may be obtained from the Legal Division. Considering the nature of the programs administered by the Department, all divisions could certainly profit by such a service. It would seem appropriate that the Welfare Supervisor's present functions of coordination, standardization, appraisal, and general exchange of ideas in the welfare field be not limited to Family Allowances but extend to all areas which are of interest to the Department.

4 The Relationship between the Family Allowances Division and Divisions of the Administrative Branch

A Departmental Secretary ¹²

All seven sections of the office of the Departmental Secretary assist in the administration of the Family Allowances Act. The Accounts and Estimates Section prepares the annual Main Estimate and Supplemental Estimates and also acts as internal auditor for the whole department. The Central Registry distributes mail and other material to the Family Allowances and other Divisions and maintains important files as requested. The Correspondence Section replies to letters of inquiry which are of a general departmental nature although perhaps incidentally requesting information concerning Family Allowances. The Departmental Stenographic and Typing Pool provides assistance to all Divisions. The Duplicating Section duplicates material as requested by the Family Allowances Division

and maintains a file of addressograph plates for distributing Division communications. Although not generally used by the Family Allowances Division, the Reporting Section is responsible for the reporting of the many conferences and meetings held each year.

The Departmental Secretary also takes part in the discussion of estimates with the Treasury Board; prepares material for presentation in Parliament; approves accounts payable; distributes a compilation of references in Parliament to matters of interest to the Department daily to senior officers; approves the financial implications of all submissions to the Privy Council or the Treasury Board; arranges for the recording, distributing, gazetting, printing, and tabling when required, of Orders in Council and Treasury Minutes; issues administrative circulars; and prepares the Annual Report of the Department.

B Personnel Division

The first job of the Personnel Division in relation to Family Allowances occurred early in 1945 when preparations were being made for the initial registration. It fell upon the Director of Personnel, in cooperation with the Civil Service Commission and Treasury Board, to devise temporary tables of organization for the Central and Regional Offices, establish salary scales for such new positions as Regional Director and Assistant Regional Director, and recruit

satisfactory personnel. This last responsibility was complicated by the fact that the war was still in progress with its accompanying manpower shortage and by the knowledge that, with the termination of hostilities, preference would have to be given to veterans of the armed forces. A further duty of the Director of Personnel was to obtain suitable quarters for the Regional Offices in each Provincial capital city with the help of the Dominion Department of Public Works. ¹³

As will be evident during the discussion of early administrative arrangements in the Regional Offices ¹⁴, speed was the keynote in all decisions, there being no time to deliberate concerning accepted and scientific principles of public administration. The Personnel Director accomplished his purpose by going from one province to another and setting up the administrations as rapidly as possible. This method of organization is well illustrated by his experience in Prince Edward Island.

He arrived in Charlottetown one Friday afternoon. On Saturday morning a Regional Director was chosen in consultation with the District Supervisor of the Civil Service Commission and a Mr. Moffit from the Commission. Saturday afternoon personnel on the supervisory level were chosen. On Sunday he gave the new Regional Director a short course in the methods of public administration. The name of the Regional Director was announced to the press on Monday morning and during that

afternoon stenographic personnel was borrowed from an Air Force establishment nearby. Tuesday morning he was on a plane heading for Ottawa. ¹⁵

By the year 1949, the Personnel Division had grown in size and responsibility. The matters dealt with were classified as Establishment, Personnel, Staff Training, Accounting, Records, Leave and Attendance, Counselling, Efficiency Rating, and Other Functions. ¹⁶ Although the sphere of operation of this Division has now been delineated and formalized, all the above categories were certainly present in rudimentary form during the Director's visit to Prince Edward Island.

In the area of Establishment the Division advises the Family Allowances Division and other Divisions on matters of organization and represents them in dealing with the Civil Service Commission and the Treasury Board. In regard to Personnel, the Division advises concerning recruitment, selection, transfer, and promotion of personnel. Its function is only advisory as most positions are now in the classified service and so within the jurisdiction of the Civil Service Commission. Staff Training is difficult to carry out in the case of Family Allowances as the operating personnel are distributed among the Regional Offices. Staff members from the Regional Offices, however, have been sent to Ottawa for this purpose and have instituted local training programs upon their return. The Division maintains an Accounts section to

deal with matters of staff pay up to the point of cheque issue and to prepare that portion of the Main and Supplementary Estimates dealing with staff. Personnel Records are maintained and used as a basis for staff changes, reports to other agencies, and for parliamentary returns. Leave and Attendance regulations are administered in cooperation with the Civil Service Commission. Confidential Counselling is provided employees located in Ottawa so is of no advantage to the majority of Family Allowances personnel. An Efficiency Rating system is attempted. As Other Functions the Division states in the Departmental Annual Report that it represents employees in matters of superannuation, workman's compensation, income tax, and unemployment insurance. 17

In summary it may be noted that the relationship of the Personnel Division to the Family Allowances Division is almost entirely advisory. Final authority for staff recruitment rests with the Civil Service Commission. The Family Allowances Division directs its own staff.

C Information Services Division

The stated purpose of this Division is "(1) to keep the public adequately informed regarding the general policy of the Department, particularly its statutory functions, and to explain the import and purpose of the various orders and regulations for which it is responsible in readily understood terms and through media of publicity that will reach everyone;

(2) to cooperate with the provincial departments in the field of health education through the production, on the 'mass media' basis, of such health education tools as books, pamphlets, posters, displays, exhibits, films and filmstrips".¹⁸

This Division has obviously been more concerned with matters pertaining to the Health Branch than to those relating to the Welfare Branch. It has, however, provided continuing publicity concerning Family Allowances and was especially helpful at the time of initial registration, in 1947 when the new income tax legislation came into effect, and in 1949 when, by amendment, the required period of residence was reduced from three years to one year. No publicity campaign was instituted in regard to the removal of the Proviso to Section 3 of the Family Allowances Act of 1944 as this change was handled administratively without requiring the parents to make further application.

The largest publicity job was done prior to July 1, 1945 in order to acquaint people with Family Allowances and to teach them how to complete the registration form. According to the present Information Services Director, the money and effort expended for this purpose undoubtedly avoided untold delay by having eligible persons informed as to the provisions and conditions of the Act.¹⁹ During this period newspapers and radio were used extensively. A questions and answers booklet was produced and distributed in quantities of 200,000 English and 75,000 French. A supplement to this booklet

concerning the relation of income tax deductions to Family Allowances was also distributed. 3,000 collotype displays were circulated. Cooperation in the campaign was received from the War Information Board, the Canadian Broadcasting Corporation, and the National Film Board. ²⁰

During 1946 some of the activities of the Division in relation to Family Allowances were the distribution of a pamphlet entitled Family Allowances - A Children's Charter, the issuance of 1500 more collotype posters, and the production of a film strip called Peppo in cooperation with the Nutrition Division of the Health Branch. ²¹ During 1947, in addition to press and radio advertising concerning income tax legislation revision, more collotype posters were issued. ²² A set of displays entitled How to Spend Your Family Allowance was arranged in 1948. ²³ These ingenious exhibits which were controlled by push buttons operated by the viewer were distributed among the Regional Offices and exhibited at fairs and conferences. A booklet entitled You and Your Family was prepared during 1949 which not only presents a rather complete resume of the principal facts concerning Family Allowances but also contains information on family budgets and aspects of family and child health. Distribution of this booklet did not commence until 1950. ²⁴ During the years in which the Act has been in operation the Division has cooperated with the Family Allowances Division in the preparation of "stuffers" to be mailed with the monthly cheque explaining the details

of the Act, Regulations, and administrative policy.

Directive 15/1 of the Family Allowances Manual states that "In general publicity material will be prepared by the National Director in conjunction with the Information Services Division", but goes on to say, "However, Regional Directors are encouraged to get publicity through the press and otherwise on information of a general character which will aid in informing the public of administrative details of Family Allowances".²⁵ According to the Director of Information Services, an attempt has been made to avoid centralization in the area of publicity and public relations. The Regional Directors usually submit press releases and public relations projects to him but, with few exceptions, they are routinely approved.²⁶ To assist the Regional Offices, each has been issued a film strip and sound movie projector. They are not just for their own use, however, but are to be loaned to other Dominion Representatives and to provincial departments and officials.

From an examination of the unpublished Narrative Reports submitted to the National Director each year by the Regional Directors, it is apparent that some Regional Offices have been more assiduous in their publicity and public relations attempts than others. The Quebec Regional Office has attached great importance to publicity and public relations. Their activities have been concentrated on preparing press releases, lectures, and radio programs. Especially commendable have

been their attempts to reach the rural population by running regular columns in twenty weekly newspapers.²⁷ Novel public information schemes have been attempted by a number of the Regional Offices. Outstanding in this regard was the preparation of a float by the New Brunswick Regional Office for exhibition in the Fredericton Centennial Parade.²⁸ The disposition of the \$100 prize which it won must have posed a ticklish legal problem.

D Legal Division

General duties performed by this Division include interpretation of Statutes and Regulations and amendments thereto; preparation of contracts with provincial as well as private authorities; leases and legal documents of all kinds; the supervision of collection of overpayments under the Family Allowances Act; advice on enforcement of Statutes including prosecutions; and, the giving of legal advice to the Department and its officers. Responsibilities which are not of a strictly legal nature include representation on various advisory committees, preparation of reports, correspondence, and consultation in matters of administrative policy.²⁹

The Legal Division has been associated with all phases of Family Allowances Act administration. It has been the Legal Advisor's duty to draw up amendments to the Act and Regulations. The drafting of amendments to the Act has,

to date, been reasonably uncomplicated. The drawing up of Regulations and their amendments, however, requires that the Legal Division have intimate knowledge of the details and problems of the Family Allowances Division and demands continuing and close liaison between the two. In addition, frequent problems arise in the course of administering Family Allowances which require legal advice as to the proper interpretation and application of the Act and Regulations. More than 200 such questions were referred to the Division during 1948³⁰ and more than 100 during 1949.³¹ There is also the problem of drafting Orders for submission to the Privy Council. Such Orders have ranged from authorizations to pay provincial governments for Family Allowances investigations made by them or their agents³² to authority to pay Thomas H. Rodgers the sum of \$10.00 for a pair of trousers damaged as a result of a fire in the Ontario Regional Office.³³

The Legal Division is intimately concerned with overpayments of Family Allowances which may occur because of a number of conditions. Usually overpayments are due either to the failure of a parent to report a change in a child's status which would result in ineligibility or failure to maintain a child substantially as required by the Act and Regulations. Section 13 of the Family Allowances Act places full responsibility for reporting such status change on the parent. In cases where the cause of overpayment has not resulted in the permanent disqualification of a single child or the parent continues to

receive allowances for other children, the overpayment may be recovered by the Regional Office without reference to National Headquarters if there is no fraud involved. This is accomplished either by suspending the payment of allowances to the parent completely for a period of time or by decreasing the monthly payments until the overpayment has been recovered. Such procedure, however, is not possible in many cases.

In cases where an overpayment cannot be eliminated by a suspension of allowance, the Regional Director institutes collection proceedings by writing a letter to the beneficiaries requesting payment. If no satisfaction is gained from this first letter or a second one, an investigator from the Regional Office visits the payee. If payment is not obtained by this method, the accounts, together with pertinent supporting data, are forwarded to Ottawa. There the files are reviewed by officials of the Family Allowances Central Office, the Chief Treasury Officer, and the Director of Legal Services. These officials decide whether the accounts should be declared uncollectable immediately (in cases where the payee has died, for example) or should be referred to the Division of Legal Services for further action. This Division proceeds in the latter instance by sending legal letters to the payee. If such letters do not result in reimbursement, the Director decides whether to proceed with civil prosecution or to declare the accounts as uncollectable. ³⁴

Section 14 of the Family Allowances Act describes the

conditions under which a person shall be guilty of an offence and liable to fine or imprisonment or both. As will be seen in Chapter XIV the burden of responsibility for ascertaining the facts concerning such fraud and for criminal prosecution rests with the Royal Canadian Mounted Police. Prior to instituting criminal proceedings, however, an opinion based on evidence as disclosed by the R.C.M.P. and other reports is requested from the Director of Legal Services. ³⁵

E Research Division

As stated in its Annual Report: "Principal responsibility of the division is the collection, analysis and evaluation, for officers of the department, of basic information in all aspects of health, welfare and social security, with special emphasis on underlying principles, costs, methods of financing, social effectiveness and administrative methods". ³⁶

During the organizational period of Family Allowances the Division concentrated on studies related to that program. Since that time it appears to have been little concerned with Family Allowances except as part of a possible universal social security program. Assistance has been given the Family Allowances Division as requested, however, and research done to estimate the cost of the 1949 amendment to the Family Allowances Act. ³⁷

F Librarian

A departmental library is maintained in Ottawa for the convenience of all personnel and contains reference and other material concerning health and welfare. It has been suggested by the National Director of Family Allowances that all Regional Offices maintain a small library for the benefit of staff members. Books and periodicals as requisitioned are obtained from the departmental library. 38

G Purchasing and Supply Division

This Division purchases all supplies and delivers them to other Divisions of the Department.

5 The Relationship between the Central and Regional Offices of the Family Allowances Division

Contact is maintained between the Central Office and the Regional Offices by annual meetings, visits to the provinces by Central Office staff members, annual narrative reports and monthly statistical reports submitted by the Regional Offices, policy directives issued by the National Director, correspondence, and teletype. A meeting is held each year ~~at~~ which all the Regional Directors assemble to discuss mutual problems with each other and the National Director. The National Welfare Supervisor also calls a yearly meeting of the Regional

Supervisors of Welfare Services. There appears to be no established plan for visits by Central Office personnel, although it has been the practice for the National Director and Welfare Supervisor to visit each Regional Office at least once each year. Other Central Office staff members visit Regional Offices on defined missions. The Ontario Regional Office, because of its proximity to Ottawa, is, understandably, inspected more frequently than the others. Policy directives are issued when considered necessary in order to clarify the Act and Regulations and to prescribe uniform administrative procedures. At the beginning of each fiscal year the Regional Directors submit a narrative report concerning significant activities of the preceding period. These non-statistical reports serve to acquaint the National Director with the events of the year in the provinces and assist him in compiling the Division's annual report. Correspondence falls generally into two categories; that concerning policy and that which pertains to particular cases. The teletype which is operated by the Army Signals is used only when speed is essential.

The Central Office of Family Allowances has attempted to avoid prescribing uniform administrative procedures to the greatest extent possible. This has resulted in a variety of methods being employed to reach identical objectives as will be evident from Chapters XV through XVIII where the actual administrative processes are described. Such lack of

uniformity has been inevitable as regards the relationships established by the Regional Offices with provincial school authorities, bureaux of vital statistics, public welfare departments, and private agencies and organizations. Since 1948, however, there has been an attempt to enforce uniformity among the Regional Offices in regard to office structure and duties and titles of personnel. This action was requested by the Civil Service Commission which found confusing the variety in structure and positions which resulted from the hasty and sometimes haphazard initial organization.

According to the statement of a Central Staff member, which was supported by remarks of several Regional Directors to the writer, there is a general demand for more centralization and real assistance from Ottawa. Regional Directors believe that visits by the Central Office staff have been too infrequent and too brief for them to adequately understand the problems which are being faced and give considered advice. They also feel that, having in mind the age of the program, some procedures must be better than others. ³⁹

In order to overcome this lack of direction and of knowledge of the experiences of others, there has been some direct consultation between individual Regional Directors and their assistants. This has been especially prevalent in the case of the Quebec and Ontario Regional Offices and in the Maritimes where the distances between offices is so slight. This sort of consultation is considered very unsatisfactory

as it takes too much of the Regional Director's time and only gives him the opportunity of knowing the situation in the Provinces which are nearby. The annual meeting of the Regional Directors and that of the Supervisors of Welfare Services are not considered as overcoming this lack of centralized direction and interchange of experiences. One Regional Director considers that such meetings amount to little more than social gatherings and that Central Office personnel are not sufficiently understanding of the problems on the Regional level to offer constructive suggestions or solutions. The answer to the problem most frequently put forward is to the effect that a new position should be created in the Central Office. This official would spend all his time going from one Regional Office to another attempting to coordinate their activities and to make uniform the methods and procedures. There is, of course, always the question whether the Regional Directors would accept the suggestions and directions of such an official with any more grace and confidence than they do in the case of some of the present Central Office staff members. Such an official would certainly have to be a master of tact and diplomacy.

Not only does there appear to be no regularized process for insuring uniformity of organization and structure and for the interchange of ideas among the Regional Offices, but also the National Director seems not to have developed any satisfactory mechanism for checking as to whether all the

Regional Offices are interpreting the Act, Regulations, and policy directives in the same manner. One would imagine that uniformity of interpretation among the Regional Offices would be the greatest concern of the Central Office and the primary reason for its existence. At the present time control of this sort appears to be incidental. Some check on the variation of policy interpretation is available when a family transfers from one province to another and the Regional Director in the province of the recipient's new home challenges a decision previously made. In addition, according to the Assistant National Director,⁴⁰ whenever members of the Central Office staff visit a Regional Office they make a point of examining as large a sample of cases as possible and inquiring of personnel concerning policy interpretation. The writer believes that these two methods of control have only limited value. There are relatively few families which transfer from one province to another and, in cases where they do, their records are undoubtedly examined carefully before transmission so that any errors in interpretation may be corrected. The visits of Central Office staff members are not regular and no procedure for sampling and assessing records is prescribed. The solution of this problem of control would seem to be the establishment of a team of inspectors which would divide its time among the eleven Regional Offices and, by some regularized method of sampling and assessment, check the actual performance of each office.

NOTES TO CHAPTER XIII

- 1 Canada Statutes, 1944, Chapter 22.
- 2 Canada, Department of National Health and Welfare,
Annual Report 1946, Page 8.

N.B. Henceforth in these notes "Annual Report"
will refer to those of the Department of National
Health and Welfare.
- 3 Annual Report, 1947, Page 88.
- 4 Ibid., Page 15.
- 5 Annual Report, 1949, Pages 128-129.
- 6 Information obtained during visit to Central Office
by writer. June and July 1949.
- 7 Canada, Family Allowances Manual, Directive 16/1 Par. 9.
- 8 Ibid., Par. 7.
- 9 Canada, Family Allowances Act, 1944, Section 2.
- 10 Since January 1950 immigration matters have been handled
by the Department of Citizenship and Immigration.
- 11 From organization chart duplicated by the Personnel
Division for office use, January 1, 1947.
- 12 Information concerning this Division obtained from
conversation with officials and from description
of duties as listed in the Annual Reports 1945-1949.
- 13 Rutledge, J.C. Chief, Personnel Division, Interview,
Ottawa, June 8, 1949.
- 14 See Chapter XV below.
- 15 Rutledge, J.C. Interview, June 9, 1949.
- 16 Annual Report, 1949, Page 141.
- 17 Ibid.
- 18 Annual Report, 1947, Page 89.

- 19 Gilchrist, C.W. Director, Information Services Division,
Interview, July 10, 1949.
- 20 Annual Report, 1945, Page 73.
- 21 Annual Report, 1946, Page 93.
- 22 Annual Report, 1947, Page 92.
- 23 Annual Report, 1948, Page 120.
- 24 Annual Report, 1950, Page 88.
- 25 Canada, Family Allowances Manual, Directive 15/1 Pars.
8 and 9.
- 26 Gilchrist, C.W. Interview, July 10, 1949.
- 27 Quebec Regional Office, Annual Narrative Report, 1949,
unpublished.
- 28 New Brunswick Regional Office, Annual Narrative Report,
1949, unpublished.
- 29 Annual Report, 1948, Page 124.
- 30 Ibid., Page 125.
- 31 Annual Report, 1949, Page 140.
- 32 Canada, P.C. 4783, November 19, 1946.
- 33 Canada, P.C. 93/4202, October 9, 1946.
- 34 Canada, Family Allowances Manual, Directive 13/1,
Pars. 12-27.
- 35 Ibid., Par. 4 (d).
- 36 Annual Report, 1948, Page 127.
- 37 Annual Report, 1949, Page 145.
- 38 Canada, Family Allowances Manual, Directive 17/1.
- 39 Hendershot, W. Executive Assistant, Family Allowances
Division, Interview, June 27, 1949.
- 40 Blais, A.B. Assistant National Director of Family
Allowances, Interview, Ottawa, March 21, 1951.

CHAPTER XIV

THE RELATIONS OF THE FAMILY ALLOWANCES DIVISION WITH OTHER GOVERNMENT DEPARTMENTS

The administration of the Family Allowances Act on the Dominion level, although primarily the responsibility of the Family Allowances Division of the Department of National Health and Welfare, is a cooperative enterprise involving many departments and bureaux of government. The Office of the Comptroller of the Treasury is, of course, the most important of these as it is responsible for the mechanics of payment and accounting and for verifying that all funds are spent in accordance with the Act and Regulations. There is a Treasury Office operating with each Regional Office of Family Allowances and a Chief Treasury Officer for the Department located in Ottawa. Much of the success of the Family Allowances program has been due to the efficient organization of the Treasury Branch and the friendly and cooperative relations between it and the Family Allowances Division. A description and analysis of Treasury administration is not included here, however, as it is an integral part of the Regional Offices. Chapter XVII is devoted entirely to Treasury matters and follows the discussion of Family Allowances Division Regional Office organization.

A description of the part played by agencies of the Dominion Government, other than Treasury, in the administration of Family Allowances is attempted below. Included are: the Vital Statistics Division of the Dominion Bureau of Statistics, the Northwest Territories and Yukon Services ¹ and Indian Affairs Branch ² of the Department of Mines and Resources, the Taxation Division of the Department of National Revenue, the Immigration Division of the Department of Mines and Resources ³, the Royal Canadian Mounted Police, the Civil Service Commission, the Post Office Department, the Unemployment Insurance Commission, and the Department of Public Works. The contribution of the Vital Statistics Division to Family Allowances administration is certainly the most consequential and is therefore treated in much greater detail than in the case of any other agency.

1 The Vital Statistics Division of the Dominion Bureau of Statistics

As the Family Allowances Act provides that only children under sixteen years of age are eligible for the allowance and that the rate of allowance changes at ages six years, ten years, and thirteen years, it was necessary to devise some method whereby the birthdate of the children, for whom application was made, might be verified. This presented a serious problem as the recording of vital statistics is a provincial responsibility and the provinces have always been

careful to protect these records from possible violation of their confidential nature. This aspect has been important to the efficient administration of provincial vital statistics since if it were known that the registration information was not kept confidential, many births, especially illegitimate ones, would not be registered despite provincial laws demanding it. Nevertheless, as it was necessary under the Family Allowances Act for the birth of all children to be verified before they could be considered eligible for the grant, a meeting of interested parties was arranged to discuss the problem in September 1944.⁴

Present at this meeting were representatives from the Dominion Department of Finance, from the Dominion Bureau of Statistics, and from the provincial Departments of Health and Welfare. After the need for birth verification in this instance was made clear to those present, three possible alternatives were presented. First. The Family Allowances administration could require all applicants to present certified copies of birth certificates. This obviously would have placed an almost unbearable burden upon the provincial governments as it would be necessary for them, on request of the applicants, to make certified copies of all birth certificates issued since 1928 and perhaps some before that date due to persons being in doubt as to the exact date of birth of their child. Second. The Family Allowances administration could supply the Provinces with the names of

all applicants. The Provinces would verify births and return the information. This method would also have placed a heavy burden on them. The third alternative, favored by the Dominion, required the provinces to submit micro-film copies of all birth certificates. This plan was accepted by the provinces and is now in operation as explained below.⁵

Entering into an arrangement concerning vital statistics was no departure in Dominion-Provincial relations. In 1918 two Dominion-Provincial conferences were held on the subject and an agreement was concluded which established registration of vital statistics on a national basis. This agreement remained in force until the conference of 1944. Eight of the Provinces had entered the registration area by 1920. The ninth Province, Quebec, entered on January 1, 1926.⁶

The agreement of 1918 worked as follows:

(1) The Provinces assumed responsibility for the registration of all vital events. Although they were autonomous and had full responsibility in the matter of registration, the provincial vital statistics legislation was based generally on the principles set out in a model vital statistics Act which was drafted by the Dominion Bureau of Statistics in consultation with the provinces.

(2) The provinces supplied the Dominion Bureau of Statistics with copies of all registrations received.

(3) The Dominion Bureau of Statistics served as a statistical clearing-house for the vital statistics data

secured by the provinces. The Bureau supplied the provinces with the tabulations and analyses required and published an annual vital statistics report on a national basis.⁷

Under the 1918 agreement, the Dominion Bureau of Statistics was required to provide leadership in the whole field, from drafting and supplying registration forms on which vital events were recorded to the final product in the form of basic statistical tables which appeared in the provincial and Canadian vital statistics reports.

According to the 1944 agreement, the Dominion continues to provide registration forms and to collect, analyze, and publish statistics. In addition the following duties are the responsibility of the Dominion and the provinces.

(1) The Dominion Bureau of Statistics purchases and turns over to the vital statistics office in each province one micro-film camera and one reader which become the property of the province.

(2) In return the provinces make micro-film copies of current registrations of vital events and send them to the Dominion Bureau of Statistics, the Dominion paying the province for each micro-film so received.⁸

(3) Since the Family Allowances plan requires the verification of birth dates back to January 1, 1925, each province undertakes, as a special project, the filming of birth registrations comprising this "back-log".⁹

(4) The Dominion Bureau of Statistics agrees to punch

index cards from this "back-log" as well as from current registrations and to prepare alphabetical indexes from them. These indexes are used by the Regional Offices of Family Allowances for verifying the facts of birth as stated on the applications for allowances.¹⁰

Under the 1918 agreement, after the statistics had been assembled, the registrations as submitted by the provinces were destroyed. This was done because, in addition to creating a difficult storage problem, the registration forms were of no future value statistically as they could be only tabulated manually. As a result of the 1944 agreement, brought about by the demands of the Family Allowances Act, the Dominion not only has a permanent record of all births on micro-film convenient for reexamination and occupying a minimum of storage space but also has the information punched on I.B.M. cards convenient for statistical tabulation.

In accordance with the agreement, during 1945 and 1946, the provinces did a mass job of micro-filming all the birth registrations since 1925. Much assistance was given to the Provinces in this task, Dominion personnel helping to install the apparatus and instructing provincial officials in its use. Quebec began the job a year later than the other provinces, not signing the agreement until January 1946.¹¹ When the micro-film was received in Ottawa pertinent information was coded and punched on to I.B.M. cards. For each person there was coded and punched; his name and

initials, date of birth, province of birth and birth registration number. These cards were first sorted alphabetically and, through the use of a transcribing machine, printed on to special sheets and sent to the Regional Offices of Family Allowances to serve as birth indices.

As the Regional Offices gained experience in the use of these birth registers it became apparent that the alphabetical index was not sufficient and that a numeric index was required in order to identify persons whose names have been changed and to correct errors in transcription. With the numerical index, given the birth registration number, the Regional Office can quickly locate the child and verify his age. At the present time, the back-log of births since 1925 has all been micro-filmed, punched on to cards, and transcribed into both alphabetic and numeric indices. Images of birth registrations are now being sent to Ottawa on a current basis where they are processed and indices sent to the Regional Offices each month.

In addition to the arrangement made with the provincial vital statistics authorities, an agreement was also reached with the Immigration Branch of the Department of Mines and Resources. All immigration material is now micro-filmed so that vital statistics concerning immigrants is also included in the Dominion records. This information is tabulated and transcribed in the same manner as native births. The

resulting alphabetic and numeric indices are kept in the Central Office of Family Allowances where they are checked against the foreign birth cards submitted by the Regional Offices.¹² With the inclusion of foreign birth information, the Dominion now has a statistical record of every individual permanently resident in Canada and born since 1925.

The assembling of the original birth indices was only the beginning of the work of the Dominion Bureau of Statistics. As may be well imagined, these lists must be continually amended in order to keep them up to date. These amendments are of two types, legal amendments and corrections. Legal amendments are caused by a person being given a new surname or Christian name either by adoption or choice. Corrections are necessary because of mistakes in spelling names or recording dates on the original registration, mistakes in coding by the readers of the micro-film, and errors made while punching the I.B.M. cards.¹³ Most of these errors are discovered when the Regional Offices attempt to verify the births. They are unable to locate the name of the child on the alphabetic register and so refer to the original registration in the provincial office of vital statistics. With the birth registration number from the original registration they locate the child in the numeric index and report the error to the Dominion Bureau of Statistics. To correct such errors and to include amendments, the Bureau issues monthly supplements which are cross-indexed to the original registers in the Regional Offices.¹⁴

In addition to providing images of birth registrations, the provinces are also micro-filming all death certificates. If the deceased person was born since 1925, the birth registration number is written on the certificate prior to micro-filming so that it may be linked to the birth index. Each month a list of deceased children is sent to the Regional Office where the date of death is entered opposite the child's name in the birth index. This record of death is necessary for Treasury purposes in order that the payment of allowances may be stopped in cases where the family has not notified the administration.¹⁵

Although this method of vital statistics recording was instigated as a result of the administrative demands of the Family Allowances Act, its possibilities offer a much wider scope. In the future it will be practicable to identify each individual in Canada by a ten digit number. The first two digits indicate the year of birth, the second two the province of birth. The next three digits refer to the volume in which the birth registration may be found in the provincial vital statistics records, and the last three digits indicate the individual registration number. It is claimed that the number so devised is unique for the individual and cannot be duplicated within a century.¹⁶ It is planned that, in the future, this number will be used on all vital statistics records in order that births, marriages, and deaths can be linked to the individual. It is also intended that all provinces will issue

birth registration cards which will be carried by all persons at all times. By this means it will be possible to link vital statistics information to census findings, public health inquiries, and other social studies. As will be seen in the discussion of the actual procedure of birth verification in the Regional Offices, when the individual is located in the numeric index, the Family Allowances number of the child is inserted in the column headed "Plan No. 1". There are also columns provided for other plans. It is intended that, after verification for Family Allowances has been completed and the Family Allowances numbers have been entered, the birth indices will be returned to the provinces to be employed in the administration of projected public programs such as health and old age insurance. ¹⁷

The effect of the Family Allowances Act on vital statistics in Canada has been momentous. The improved system of reporting, tabulating and recording vital statistics probably would not have come about, at least in the foreseeable future, without the stimulus of the need for birth verification and the funds available from the administrative appropriation for Family Allowances. In the area of vital statistics Family Allowances have had a definite centralizing effect, causing provincial records to be available for use by federal agencies and perfecting the cooperative arrangement designed at the Dominion-Provincial conference of 1918. ¹⁸

2 The Indian Affairs Branch of the Department of Mines and Resources 19

The Family Allowances Act makes no special mention of Indian children except as it states in Section 11, as amended in 1946, that the Governor in Council may by regulations "provide, in case of Indians and Eskimos, for payment of the allowances to such persons, to receive and apply the same, and for such purposes as may be authorized by the regulations".²⁰ Indians are, in fact, considered exactly as other Canadian residents as regards their eligibility for Family Allowances. As was pointed out above²¹, a third party may be appointed to administer any child's Allowances when such action is considered by the Director to be in the child's best interest.

The Regulations are more specific but pertain only to Indians as defined by the Indian Act and do not affect any Indian in an organized territory who does not live permanently on a reserve.²² Indians ~~who~~ are included do not make application for Allowances directly to the Regional Office of the province or territory in which they reside, but rather a parent is considered to have made application when his registration form has been received by an Indian Agent who is a representative of the Indian Affairs Branch. The Indian Agent forwards such registration to the Regional Office of the province or territory where his Agency is located together with any relevant information concerning the

children. The Agents forward any supplemental registration forms to the Regional Directors in the same manner. ²³

In addition to their function in regard to registration, the Regulations state that the Indian Agents are responsible for reporting to the Regional Directors any changes in circumstances which might affect the eligibility of any child within their Agencies. ²⁴ As regards whether an Indian child is regularly attending school or receiving equivalent training, all decisions are made by the Indian Affairs Branch through their representatives, the Agents. ²⁵

No less important than the functions described above is the responsibility assumed by the Indian Affairs Branch for the administration of Allowances when such procedure is considered necessary. The Regulations state that the Director of Family Allowances may instruct that any allowance be paid:

(a) to the Indian Agency Trust Account of the Agency where such parent resides, to be administered on behalf of the child by the Indian Agent, in accordance with instructions issued to such agent from time to time and as may be agreed to between the Director of Family Allowances and the Indian Affairs Branch of the Department of Mines and Resources; or

(b) to the Indian Affairs Branch of the Department of Mines and Resources to be disbursed by such Branch on behalf of the child in respect of whom the allowance is paid in accordance with the provisions of agreements from time to time made between the Director of Family Allowances and such Branch. ²⁶

To facilitate the administration of Family Allowances to Indians, an officer within the Indian Affairs Branch is

charged specifically with this responsibility. This officer maintains close liaison with the Director of Family Allowances and together they devise policies affecting the Indian group. Such policy is transmitted by this officer in the form of instructions to Indian Agents. He is also responsible for the accounting and disbursement of Allowances paid to the Indian Affairs Branch under paragraph (b) of the Regulations quoted above. On the provincial and territorial level a close relationship is attempted between the Regional Directors and the various Indian Agents. This is often difficult due to the great distances dividing some Agencies and the Regional Offices. The Regional Directors have attempted to overcome this problem by periodically dispatching staff members to outlying areas to visit Indian Agencies in order to interpret policy and assist them in solving any administrative difficulties which they might be encountering. On at least one occasion the Supervisor of Welfare of the Indian Affairs visited each province with a large Indian population and assembled the Indian Agents and the Regional Director for a discussion on policy and mutual problems. ²⁷

For the purposes of Family Allowances, Indian families are assigned to one of the four categories outlined below: ²⁸

Category A: The cheque is sent directly to the Indian parent.

Category B: The cheque is sent to the Indian Agent who gives it to the family.

Category C: Family Allowances for the parent are placed in the Agency Trust Account as provided in paragraph (a) quoted above.

Category D: The Allowance is paid to the family in kind. Whenever possible Indians are placed in Category A. Category B is really equivalent to A, the cheque being sent to the Indian Agent because it is easier for him to contact the Indian and give him his cheque than for the Indian to go to the Post Office. This procedure also affords an opportunity for the Agent to interpret to the parent the purpose for which the money is given. Families are usually placed in Category C only in case of mismanagement of funds. This is generally not a permanent arrangement. In the case of those families included under Category D, credit lists for each family are sent to the Indian Affairs Branch and to the Indian Agents for the Indians within their Agencies by the Regional Directors. Copies of these credit lists are then given to the merchants of the Indian's choice. Parents are permitted to purchase against these credits only items on an approved list. Vouchers for purchases are sent to the Indian Affairs Branch where they are either approved or disapproved after comparison with the approved list. The Indian Affairs Branch and the Indian Agents maintain a separate ledger page for each family. 29

Many problems beset the administration of Family Allowances to Indians. One of the thorniest is that of the residential schools which, according to the Regulations,

are in the category of "institutions" and so children attending them are not eligible for Allowances except during the vacation period. The difficulty has arisen because of the frequent failure of the Indian Agents to report or report promptly when children enter and leave such schools. As a result many overpayments have been incurred. Overpayments have also been caused by the failure to report promptly when a child's school attendance has not been satisfactory. Much of this difficulty is being progressively overcome by closer liaison between the Agents and the Regional Offices and by enlisting the cooperation and interest of residential school principals. Due to the small size of the Agency staffs, however, many of these problems will undoubtedly continue. One Agent advised a Regional Director that the volume of clerical work in connection with Family Allowances is so great that one clerk could be employed full time on such work alone.³⁰

3 The Northwest Territories and Yukon Services, Lands and Development Services Branch, Department of Mines and Resources ³¹

There is an air of adventure associated with the administration of Family Allowances to Eskimos, especially those living in the Eastern Arctic. When the Family Allowances Act came into effect in July 1945, the only regular contact with many Eskimo groups was the Eastern Arctic Patrol which

left Montreal each Spring on the steamer Nascopie. During 1945 the Nascopie left too early to bring registration forms along so it was not until the summer of 1946 that forms were delivered to many of the R.C.M.P. officers who were to act as registrars and it was 1947 before many of the forms were returned. As a result of this delay a number of Eskimo families built up credits of quite sizeable amounts as the allowances were paid retroactively to July 1, 1945. With these accumulated funds they were permitted to buy such interesting items as whale boats and motors, canoes, rifles, and other equipment which would tend to improve the living standard of the families. Generally, however, Eskimos are allowed to purchase only items on an authorized list of food and clothing which will directly benefit the children. Retroactive payments are at present limited to one year as most Eskimo children are now registered and contact with the Arctic has greatly improved with the increased use of air transport and radio communications. ³²

The very manner of living of the Eskimos demands that a particular form of administration be designed to meet their needs. The Eskimos are not organized into tribes as is usual in the case of Indians but travel in bands or groups of two or more families. As they gain a livelihood from hunting and fishing, they are constantly on the move maintaining no permanent nor regular homes or camps. As a result they are very difficult to contact for administrative purposes

except when they periodically arrive at the trading posts to sell furs and purchase limited supplies. Another complication is the frequent duplication of names and the difficulty of recording them accurately in English. This obstacle has been partially overcome by issuing a metal identification disc which must be worn at all times by each Eskimo. This procedure was instituted in 1941 in conjunction with the decennial census. Adding more confusion to Family Allowances administration is the practice by those having no children of freely adopting those of others, and the not uncommon custom of men having more than one wife. ³³

The problem of administering Family Allowances to the Eskimos has been met through cooperative action by the Family Allowances Division of the Department of National Health and Welfare and the Northwest Territories and Yukon Services, Lands and Development Services Branch of the Department of Mines and Resources with the assistance of the Royal Canadian Mounted Police. ³⁴ Continual liaison is maintained between the Northwest Territories and Yukon Services and the Family Allowances Division, all policy regarding the payment of Allowances being developed jointly. The effectiveness of this process has been enhanced by the appointment of a former Family Allowances Division staff member to the position in the Department of Mines and Resources charged with the responsibility for administering Family Allowances to Eskimos. ³⁵

The Family Allowances Act of 1944 as amended makes no

special reference to Eskimos except insofar as it does to Indians.³⁶ As regards eligibility and amount of payment, Eskimo children are treated as other Canadian residents. The Family Allowances Regulations, however, prescribe a particular procedure for registration and payment. An Eskimo is considered to have made application to register a child when the registration form is received by the Registrar of Vital Statistics of the District which he normally inhabits.³⁷ These Registrars are usually officers of the R.C.M.P. although, due to the great distances in the Arctic, traders and missionaries are often appointed as Sub-district Registrars.³⁸ The Registrar adds the Eskimo child's identification number to the registration form, attaches any information concerning the applicant which he considers relevant, and certifies "that all information contained on the form or given by him is, to the best of his knowledge, information and belief true and correct in every particular".³⁹ The registration form is then forwarded to the Northwest Territories and Yukon Services where the information is verified against any available record. From there it is sent to the Regional Director of the Yukon and Northwest Territories who decides whether the children are eligible and, if so, certifies the account to the Treasury Officer for payment.⁴⁰ The Regulations state specifically that, in the case of all Eskimo children, payment will not be made to the parents but to the Northwest Territories and Yukon Services in a manner similar

to the method of payment to Category D Indians. ⁴¹

The Family Allowances Manual describes the method of payment to Eskimos as follows:

Payment is made by accumulated credits for authorized supplies in lieu of monthly cash benefits. These credits are in the form of issue orders and are made available for such periods as the administrative officers of the Northwest Territories and Yukon Services deem advisable. The issue orders instruct the traders to supply the natives with goods which have been listed and approved. The supplies are available up to the equivalent value of the monthly cheques issued to the whites. Supplies are not issued before the merchant's receipt of the issue order. ⁴²

To accomplish such payment, upon approval of a claim for Family Allowances, a completed ledger sheet for each child is sent to the Registrar by the Northwest Territories and Yukon Services. It might be expected that an account would be opened for each family. It was decided, however, that, due to the prevalence of adoptions among the Eskimos, the establishment of family accounts would involve an excessive number of transfer entries so each ledger sheet reflects the credit on one individual child only. Special index cards list the children in each family. When notification of a credit is received by the Registrar it is posted on the ledger page and orders on the local traders are issued for approved supplies as requested by the Eskimo. Duplicates of the ledger sheets are maintained in Ottawa by the Northwest Territories and Yukon Services. ⁴³ The necessity for the Eskimo to go first to the Registrar rather than to the trader

directly permits the Registrar to interpret the Family Allowances Act and the purpose of the approved list of supplies. ⁴⁴

The requirement of school attendance and the ineligibility of children in institutions cause much the same administrative difficulties as with other Canadians. By Regulation, the Northwest Territories and Yukon Services is prescribed as the competent educational authority with respect of an Eskimo. ⁴⁵ Their decisions concerning school attendance are perhaps easier to make than in the case of Provincial authorities as the Family Allowances Manual states that:

Eskimo children are eligible for allowances regardless of whether they are attending school when the proper authorities are satisfied that they are receiving equivalent training at home. Because so many of the natives in these territories are in isolated regions, household tasks, trapping or hunting etc., may be regarded as equivalent training for Eskimos. ⁴⁶

The Registrars must, however, report the entrance of children into residential schools and hospitals and their discharge and determine whether parents are maintaining them "substantially" so that credits may be adjusted accordingly. ⁴⁷

4 Department of National Revenue, Taxation Division

The Taxation Division of the Department of National Revenue is not directly involved in the administration of the Family Allowances Act but it does contribute to the fulfillment of one of the basic purposes of the Act. As will be remembered,

those supporting the establishment of family allowances in Canada maintained that, because of the deductions for dependents permitted when computing personal income taxes, those persons, with children, having taxable income were, in fact, receiving an allowance for each child, while those with incomes not large enough to be taxed were discriminated against. The Act of 1944 did not specify how this inequality would be removed but did state that: "Nothing in the Act shall preclude such adjustment of the deduction on account of a dependent child from tax payable under the Income War Tax Act as may be necessary to avoid duplication of benefits under the Income War Tax Act and this Act." ⁴⁸ Until January 1947 the Taxation Division accomplished this purpose by recovering, as part of the personal income tax, a certain percentage of Family Allowances received - the percent depending upon the size of the taxpayer's income. Since January 1947, the amount of income which may be deducted for children registerable for Family Allowances has been \$100 while for other dependents, including children not registerable, the amount has been \$300.

Prior to January 1947 the Income War Tax Act provided that deductions for dependents would be made from the actual tax paid rather than declaring a certain amount of income for each dependent to be non-taxable. The Income War Tax Act as consolidated in 1946 provided that for each child the taxpayer could deduct \$28 from the normal tax and \$80 from

the graduated tax.⁴⁹ This Act provided for the recovery of Family Allowances as follows:

A taxpayer who is entitled to a deduction from tax.....on account of a child in respect of whom an allowance has been paid during the taxation year under The Family Allowances Act, 1944 shall.....pay a tax in respect of each such child, in addition to the normal and the graduated tax, equal to a percentage of the allowances so paid determined in the following tables by reference to the income of the taxpayer in the taxation year and, in 1946 and subsequent taxation years, by reference to the number of dependents in respect of whom he is so entitled to a deduction. 50

During the period of initial registration for Family Allowances in the Spring of 1945, much publicity was given to the tables mentioned and it was suggested that taxpayers, before registering their children, determine whether receiving Family Allowances and having a percentage recovered or taking the full tax deduction would be to their advantage. During 1946 the Taxation Division recovered a total of \$36,255,000.⁵¹

The income tax law which came into effect on January 1, 1947 allowed the taxpayer no choice but to register for Family Allowances. The law of that year provided for certain deductions from taxable income rather than deductions from the tax itself. Among other deductions there was specified:

One hundred dollars for each child or grandchild of the taxpayer who was, during the taxation year, wholly dependent upon him for support, if the child or grandchild was a child that was or might have been registered under the Family Allowances Act, 1944, so that an allowance under the said Act was or might have been paid in respect of the last month of the taxation year, and three hundred dollars for each other child or grandchild.....⁵²

Since the lower exemption applied to all children who were or might have been registered for Family Allowances, it was to the financial advantage of all parents to make application. The Family Allowances Division reported in 1947 that approximately 80,000 new accounts were opened because of this change in the tax law. ⁵³

As a result of this assumption by the Taxation Division that all children under sixteen years are registerable for Family Allowances, each Regional Office receives many requests from parents for statements to support their claim for the full dependents' deduction. In such instances it is necessary for the Regional Director to distinguish between ineligibility and non-registrability. A child who is not attending school in accordance with provincial standards is not eligible for Family Allowances but is registrable and so the smaller tax exemption applies. On the other hand, an application for Family Allowances on behalf of a child who has not been resident in Canada for the prescribed one year period could not be approved for payment. Such a child is not registrable and his parents are entitled to the full \$300 income tax deduction. ⁵⁴

5 Immigration Branch, Department of Mines and Resources ⁵⁵

The Family Allowances Act states in Section 2, Paragraph b that "child" shall not mean "any person who is in Canada contrary to the provisions of the Immigration Act". In order

to fulfill that provision the cooperation of the Immigration Branch is required. The problem created by children born outside of Canada has been mentioned previously in connection with the duties of the Registrar of Foreign Births in the Central Office of the Family Allowances Division ⁵⁶ and the vital statistics registers prepared by the Dominion Bureau of Statistics. ⁵⁷ The specific procedure followed in the case of foreign births is outlined briefly below to indicate the extent of participation by the Immigration Branch.

When a parent makes application for Family Allowances on behalf of a foreign born child, the Regional Office requests documentary proof of the birthplace and birthdate of the child. Categories of documents which may be considered as primary and secondary evidences of birth are listed in the Family Allowances Manual. ⁵⁸ When birth verification has been completed and satisfactory proof as to residence has been received, the account is put into pay. This information concerning birth and residence plus details of the port and date of entry are placed on a Foreign Birth Index Card by the Regional Office and submitted to the Foreign Birth Registrar in Ottawa. He checks the information on the card against the Foreign Birth Register which is compiled by the Dominion Bureau of Statistics from information supplied by the Immigration Branch. After the child's name in the register, the Registrar enters the date of birth and Family Allowances Number and returns the Foreign Birth Card to the Regional Office. ⁵⁹

If no record of the child is found in the register, the card is sent to the Immigration Branch Headquarters where a search is made of the citizenship records. If the child was admitted as a Returning Canadian or as a Canadian citizen, such status is indicated on the card which is then returned to the Regional Office. In cases where no record of the child has been found in Ottawa, it is the responsibility of the Regional Director to file the names of such children with the appropriate District Superintendent of Immigration in order to determine whether, for the purposes of Family Allowances, they are illegally resident in Canada. If the children entered Canada in a manner contrary to the Immigration Act, the payment of Allowances is stopped and overpayment proceedings instituted. Since, in most cases, the entry has not been posted due to the negligence of the parents, this process, in addition to assisting the administration of Family Allowances, does much to improve the records of the Immigration Branch. 60

6 The Royal Canadian Mounted Police

One very important function of the Royal Canadian Mounted Police in relation to the Family Allowances Act is their serving as District Registrars of Vital Statistics in the arctic areas as outlined in Section 3 of this chapter. As in the case of offences under other Federal statutes, the R.C.M.P. is also responsible for ascertaining the facts

concerning offences and for criminal prosecution under Section 14 of the Family Allowances Act which lists offences and indicates the maximum punishment which may be inflicted. Overpayments not involving fraud are recovered as outlined in Chapter XIII, Section 4 D - The Legal Division. The Family Allowances Manual emphasizes that:

Regional Directors must not attempt to recover overpayments by correspondence or personal interview unless it is clearly decided by the Regional Director that no criminal charge is to be laid. The R.C.M.P. must not be used as a debt collecting agency with a view to recovery, since defence counsel, in the event of a subsequent charge, may well attack the administration by saying that the evidence, if any, has been compromised or compounded into a civil remedy. 61

7 The Civil Service Commission

No attempt will be made here to set forth in detail the relationship between the Civil Service Commission and the Family Allowances Division. Some indication of its function has been presented in Chapter XIII, Section 4 B - The Personnel Division. It is considered sufficient to state here that the Civil Service Commission operates in relation to the Department of National Health and Welfare as in relation to all other Federal departments.

8 The Post Office Department

The relationship between the Family Allowances Division and the Post Office Department is necessarily a close one as

registration forms are kept available at the local Post Offices for parents to obtain. It is a continuing responsibility of each Regional Director to insure that the Post Offices in his province are adequately supplied with forms.⁶² During the initial registration period postmen placed upwards of two million registration blanks in Canadian homes.⁶³

The Regional Treasury Officers cooperate as far as possible with the Post Office Department by mailing Family Allowances cheques at such times and in such a manner as will be least inconvenient. On occasion, through local, informal arrangements, postmasters have returned cheques before delivery in order to prevent overpayment.⁶⁴

9 The Unemployment Insurance Commission

Arrangements have been made with the Regional Offices of the Unemployment Insurance Commission by which the Family Allowances Regional Offices receive a list of children under sixteen who take out insurance books.⁶⁵ Such lists indicate that the children named are probably not fulfilling the school attendance requirements of the Act and there is a possibility that the maintenance provisions are not being met.

10 The Public Works Department

The Public Works Department is responsible for providing the Central and Regional Family Allowances Offices with suitable quarters, maintenance personnel, and utilities.

NOTES TO CHAPTER XI

- 1 Since January 1950 the name of this agency has been Northern Administrations Branch, Department of Resources and Development.
- 2 Since January 1950 the name of this agency has been Indian Affairs Branch, Department of Citizenship and Immigration.
- 3 Since January 1950 the name of this agency has been Immigration Division, Department of Citizenship and Immigration.
- 4 Page, J. Chief of Vital Statistics Division, Dominion Bureau of Statistics, Interview, July 11, 1949.
- 5 Ibid.
- 6 Marshall, J.T. Canada's National Vital Statistics Index; Report of Conference of Public Health Executives and Vital Statistics Registrars, Endicott, New York, July 7th to 11th 1947, Mimeographed, Page 11.
- 7 Ibid.
- 8 Under the 1918 agreement the Dominion paid the Provinces \$.05 for each registration received. According to the 1944 agreement, in addition to bearing the cost of all equipment required, the Dominion pays the Province \$.10 for each micro-film image received. It is expected that any balance over the actual cost of the image will be used to improve vital statistics registration in the Province.
- 9 Verification back to 1925 was considered necessary in order to prove ineligible children over sixteen years for whom application might be made.
- 10 Marshall, J.T. op.cit., Page 13.
- 11 Page, J. Interview, July 11, 1949.
- 12 For description of Foreign Birth registration see Section 5 above.
- 13 Information received from discussion with Regional Directors in Ontario, Quebec, and Nova Scotia, August 1949.

- 14 Marshall, J.T. op.cit., Page 22.
- 15 Ibid., Page 28.
Page, J. Interview, July 11, 1949.
- 16 Marshall, J.T. "Canada's Vital Statistics Index"
Population Studies, Volume I, No. 2,
September 1947, Page 205.
- 17 Page, J. Interview, July 11, 1949.
- 18 See Chapter XVIII for discussion of improved provincial
vital statistics registration as result of the
Family Allowances Act.
- 19 See Note 2 above.
- 20 Canada, Family Allowances Act, 1944 as amended August 31,
1946, Section 11, Paragraph d.
- 21 See Chapter XII, Section 2.
- 22 Canada, Family Allowances Regulations, P.C. 4081,
15 September 1948, Section 21, Paragraph a.
- 23 Ibid., Section 23.
- 24 Ibid., Section 27.
- 25 Ibid., Section 28.
- 26 Ibid., Section 26 (2).
- 27 Jones, Col. H.M. Superintendent of Welfare, Indian
Affairs Branch, Interview, June 30, 1949.
- 28 Canada, Family Allowances Manual, Directive 19/1.
- 29 Jones, Col. H.M. Interview, June 30, 1949.
- 30 Alberta Regional Office, Annual Narrative Report,
1949, unpublished.
- 31 See Note 1 above.
- 32 Bailey, Stanley Administrator of Family Allowances,
Northwest Territories and Yukon Services,
Interview, July 1949.
- 33 Canada, Department of Mines and Resources, Northwest
Territories and Yukon Services, Lands and

Development Branch, The Northwest Territories, Administration - Resources - Development, Ottawa, 1948, Pages 23-25.

- 34 Canada, Family Allowances Manual, Directive 20/1, Par. 4.
- 35 Hendershot, W. Regional Director, Yukon and Northwest Territories, Interview, June 1949.
- 36 Canada, Family Allowances Act, 1944 as amended August 31, 1946, Section 11, Par. d.
- 37 Canada, Family Allowances Regulations, Section 31, Par. (1).
- 38 Bailey, Stanley Interview, July 1, 1949.
- 39 Canada, Family Allowances Regulations, Section 31, Par. (2).
- 40 Ibid., Section 31, Par. (3) and Section 32 Par. (1)
- 41 Ibid., Section 34.
- 42 Canada, Family Allowances Manual, Directive 20/1, Par. 11.
- 43 Canada, Department of Mines and Resources, Northwest Territories and Yukon Services, Directives Pertaining to the Administration of Arctic Affairs, Mimeographed, Directive 4F.
- 44 Bailey, Stanley Interview, July 1, 1949.
- 45 Canada, Family Allowances Regulations, Section 35.
- 46 Canada, Family Allowances Manual, Directive 20/1, Par. 12.
- 47 Directives Pertaining to the Administration of Arctic Affairs, Directive 4 I
- 48 Canada, Family Allowances Act, 1944, Section 8, Par. 1.
- 49 Canada, Income War Tax Act, Office Consolidation, King's Printer, Ottawa, January 1946, First Schedule, Section 1, Rule 5, and Section 2, Rule 4.
- 50 Ibid., First Schedule, Section 4, Rule 1.
- 51 Canada, Department of National Revenue, Taxation Division, Taxation Statistics 1948, Ottawa, King's Printer, Page 114.

- 52 Canada, Income War Tax Act, Office Consolidation, King's Printer, Ottawa, January 1947, Section 5, Par. D.
N.B. Section 5, Paragraph E provides similar exemptions for other dependent relatives.
- 53 Canada, Department of National Health and Welfare, Annual Report, Fiscal Year ending March 31, 1947, King's Printer, Ottawa, Page 69.
- 54 Canada, Family Allowances Manual, Directive 18/1, Paragraphs 4 and 5.
- 55 See Note 3 above.
- 56 See Chapter XIII, Section 3 C.
- 57 See Section I above.
- 58 Canada, Family Allowances Manual, Directive 2/3, Paragraphs 2 and 3.
- 59 Ibid., Directive 2/2.
- 60 Ibid.
- 61 Ibid., Directive 13/1, Par. 5.
- 62 Ibid., Directive 4/1, Par. 3.
- 63 Canada, Department of National Health and Welfare, Annual Report, Fiscal Year ended March 31, 1945, King's Printer, Ottawa, Page 71.
- 64 Phillips, T.F. Chief Treasury Officer for the Department of National Health and Welfare, Interview, Ottawa, July 14, 1949.
- 65 Canada, Family Allowances Manual, Directive 8/1, Par. 7.

CHAPTER XV

THE REGIONAL OFFICES

The day to day administration of Family Allowances is accomplished by Regional Offices, one located in each of the ten provinces and one in the Central Office for the Yukon and Northwest Territories. Each one of these Regional Offices is a self-sufficient unit, receiving applications, processing them and, through the attached District Treasury Office, actually paying the Allowances. The general purpose of this Chapter is to point out briefly some of the administrative problems which have been faced by these Regional Offices and to indicate the size of the job which they have been called upon to perform. Table VI sets forth by Regional Office the total number of families in pay, the average Allowance per family, the total number of children in pay, and the average Allowance per child as of March 31, 1949. This Table also includes the total amount paid in Allowances during the fiscal year 1948-1949. The number of persons employed by the Family Allowances Division in each Regional Office as of March 31, 1949 is set forth in Table VII.

It will be evident from the description of the initial organization of the Regional Offices that inadequate preparation was made for administering the program. In the case of all the Regional Offices except the ones for Prince Edward Island

TABLE VI

FAMILY ALLOWANCES PAYMENTS DURING FISCAL YEAR, 1948-1949 ¹

Province	March 1949				Total Amount Paid, Fiscal Year 1948-49
	Families in Pay		Children in pay		
	Number	Average Allowance per Family	Number	Average Allowance per Child	
		\$		\$	\$
P.E.I.	12,920	14.89	32,621	5.90	2,296,604
N.S.	88,927	13.76	207,282	5.90	14,541,859
N.B.	70,610	14.96	181,921	5.81	12,471,426.
Que.	488,263	15.47	1,302,242	5.80	89,478,061
Ont.	575,961	11.81	1,140,778	5.96	80,240,657
Man.	101,917	12.36	211,752	5.95	15,028,912
Sask.	115,170	13.37	258,370	5.96	18,541,002
Alta.	124,173	12.75	266,133	5.95	18,723,691
B.C.	147,630	11.24	279,769	5.93	19,383,427
Y. & N.W.T.	3,579	12.71	7,785	5.84	602,065
Nat'l.	1,729,150	13.25	3,888,653	5.89	271,307,704

TABLE VII

AUTHORIZED ESTABLISHMENT OF EACH REGIONAL OFFICE AND NUMBER OF
PERSONS EMPLOYED AS OF MARCH 31, 1949 ²

Province	Authorized Establishment	Permanent Employees	Temporary Employees
P.E.I.	9	2	6
N.S.	47	7	38
N.B.	38	13	23
Que.	210	13	191
Ont.	211	50	147
Man.	51	15	32
Sask.	51	14	34
Alta.	49	9	40
B.C.	47	14	32
Y. & N.W.T.	6	2	4
Total	719	139	547

and, of course, the Yukon and Northwest Territories, quarters were unsatisfactory and equipment insufficient during the early stages. This situation necessarily hampered their operations. It is difficult to understand why, remembering that the Family Allowances Act became law on August 15, 1944, arrangements for space and equipment were not made during the Autumn of that year. Despite the fact that registration was to begin on March 22, 1945, the Family Allowances Division reported that "during February and March 1945, the officers administering Family Allowances encountered all the problems of procuring staff, space, and equipment that could have presented themselves".³ A possible explanation is that most of the personnel who were to administer the program were on duty with the armed forces until they were released or loaned to the Department of National Health and Welfare early in 1945. The National Director did not take over responsibility until February 1, 1945.⁴ Prior to that date the organizational duties were carried on by the Deputy Minister of Welfare who was fully occupied in developing general policies and cooperative arrangements with the Office of the Comptroller of the Treasury, the Vital Statistics Division of the Dominion Bureau of Statistics, the Post Office Department, and other government agencies. Shortages of space and equipment were inherent in the national war situation, but certainly much could have been overcome if definite plans for Regional Office administration had been instituted at an earlier date.

It was stated in Chapter XIII, Section 5 that since 1948 there has been an attempt on the part of the Central Office to enforce uniformity among the Regional Offices in regard to office structure, and duties and titles of personnel. Prior to that year there was a variety of organizational plans among the Offices, the larger ones generally dividing their personnel into teams. Each team handled all the problems concerned with processing Registrations from a particular section of the alphabet. The approved structure is here, for convenience, called the central registry system. Under the latter plan all routine processing is accomplished by a single section and those cases involving problems, such as school attendance and maintenance, are referred to specialist groups. As will be seen below, the reorganization process extended over a period of about five years, the Ontario Office discarding the alphabetic arrangement in September, 1945.

The use of volunteer workers to assist in the clerical operations during the initial registration would appear to be a rather novel expedient in public administration. The Regional Offices in all provinces but two enlisted the help of the Women's Volunteer Services in opening and sorting registration forms.

1 British Columbia

Although registration began on March 22, 1945 in British Columbia, the Regional Director did not report for duty until

April 5th. The supervision of the processing of registration forms prior to his arrival was accomplished by the Chief Clerk who arrived from Ottawa on March 18th. As was the case in other Regional Offices, the permanent and temporary employees were not hired in numbers sufficient to rapidly and efficiently process the first heavy wave of Registrations so the assistance of the Women's Volunteer Services was requested. They rendered valuable help continuously from March 22nd until April 28th.⁵ The size of the job which they aided in accomplishing is indicated by the fact that 18,730 applications were received during March, 1945 and 51,334 during April. By July this number had dropped to 4,935 and in December only 932 new registration forms were received.⁶ No substantial increase in the number of new applications occurred until January, 1947 with the change in the Income Tax Law.

The British Columbia Regional Office began its operations in temporary quarters and with equipment borrowed from various public and private organizations. It was moved to permanent location on May 8, 1945.⁷ During the first three and a half years, this Office was organized according to an alphabetic plan, changing to the central registry system during November, 1948 in order to come into line with the approved national set-up.⁸

As may be well imagined, one of the most pressing problems faced by the Regional Offices has been birth verification. Allowances were paid beginning in July, 1945

whether or not the children's births had been verified by reference to the vital statistics registers or by other approved means. The record for British Columbia in this respect has been quite admirable. By the end of the 1945-1946 fiscal year, of the 209,845 births which had been referred for verification, 195,531 or 93.2% had been verified.⁹ By March 31, 1947, 95.5% of all births were verified.¹⁰

2 Alberta

The initial organization and processing of registration forms in Alberta was supervised by Mr. J.S. Cormack who had been involved in the earlier Prince Edward Island registration and was able to profit from his experience there. The Regional Director did not assume responsibility until April 20th, almost a month after the first day of registration.¹¹ Unlike British Columbia, an alphabetic system of organization was never instituted so no change-over was required during a later year although some alteration in personnel was necessary in 1948 to bring the Regional Office in line with the standardized establishment.¹²

In order to cope with early Registrations, it was also necessary for this Regional Office to enlist the help of the Women's Volunteer Services. During March 1945, 12,400 registration forms were received and 65,858 in April. By December this number had decreased to 815.¹³ A total of 214 members

of the Women's Volunteer Services worked from March 24th to April 15th. ¹⁴

Office space was very limited in Edmonton during 1945 and so ~~the~~ Family Allowances and Treasury administrations were quartered in the old Edmonton Motors Building which had previously been occupied by the United States Army Engineers. The Regional Director reported that the necessity of operating there while alterations were being carried out was not conducive to the most efficient work. Until equipment could be obtained through the Department of National Health and Welfare, they depended upon supplies donated by the United States Army Air Force - certainly a new departure in international cooperation. ¹⁵

Birth verification in Alberta was accomplished very rapidly and efficiently. By the end of the fiscal year 1945-1946, of the 230,767 births which had been referred for verification, 223,349 or 96.8% had been verified. ¹⁶ This percentage was higher than in any of the other Regional Offices. By March, 1947, 97.5% of all births were verified. ¹⁷ The Regional Director maintained that verification was not 100% completed at that time because the vital statistics registers were usually three to four months in arrears and because of the difficulty experienced in establishing the birthdates of children residing in the outlying areas of the province. ¹⁸

3 Saskatchewan

The Saskatchewan Regional Office was delayed in the processing of registration forms during 1945 because a number of postmasters in the province did not receive a supply of forms until some weeks following the first registration day. The exact number of Registrations received by the regional Office during each of the first three months is not known, the annual statistics presenting only a cumulative total for June amounting to 98,095. ¹⁹ Despite this delay, the Regional Director reported that 97,619 Registrations were processed for payment in July. This Office also used the Women's Volunteer Services for opening mail and sorting registration forms. They worked from March 26th to April 30, 1945. ²⁰

The experience of this Office in regard to quarters and equipment was similar to that in the other provinces. They first operated in temporary space with borrowed equipment, moving to permanent headquarters in November, 1945. ²¹

The Saskatchewan Office was originally organized according to the alphabetic unit plan, but changed over to the central registry system as of October 1, 1947 - one year prior to British Columbia's changing. The decision to reorganize was made following discussions with other Regional Directors at the 1947 Regional Director's Conference. Prior to instituting the new system, the Regional Director inspected the Alberta Office in order to learn what changes would be necessary. ²²

No serious difficulty was encountered by this Office in the matter of birth verification. Of the 336,316 births which were referred for verification during 1945-1946, 317,385 or 94.4% were verified by the end of the fiscal year.²³ By March 31, 1947, however, there were still 14,258 or 5.5% still to be verified.²⁴ This figure was greatly decreased during the succeeding year, at the end of which only 2,906 remained unverified.²⁵

4 Manitoba

The permanent Regional Director of the Manitoba Office did not report for duty until June 7, 1945. The initial organization was accomplished by R.E. Curran who later became Chief of the Legal Division of the Department of National Health and Welfare. He set the Office upon the alphabetic unit basis which was undoubtedly the most efficient for processing the forms on a mass basis. The Regional Office later adopted the central registry system. The processing of applications began on March 26, 1945 with the cooperation of members of the Women's Volunteer Services who continued to assist until April 26th.²⁶ During March, 1945, 17,700 Registrations were received, 45,239 in April, and 12,569 in May. By December the number of new Registrations had decreased to 1,055.²⁷

The Manitoba Regional Office was also hampered by a lack of suitable quarters and equipment, operations being

carried on by improvisation and borrowing. The Office was not moved to a satisfactory location until February, 1946. ²⁸

Birth verification proceeded comparatively smoothly in this province. By March 31, 1946, of the 206,127 births referred for verification, 182,430 or 88.5% had been verified. ²⁹ By March 31, 1947 only 4,052 or 2.0% remained to be verified. ³⁰ This small percentage could have been caused by delay in receiving vital statistics registers, difficulty in verifying births in outlying areas, and the difficult situation resulting when children reached sixteen before suitable evidence of birthdate had been received.

5 Ontario

Of all the Regional Offices, the one in Ontario serves the largest population and so has consistently had the largest number of families receiving Family Allowances although fewer children than in Quebec. As might be expected, the number of Registrations received for processing during the early months was staggering. During April alone a total of 286,461 applications were received and in May there were 83,492. ³¹ In order to have as many accounts as possible certified for payment in the July cheque issue, a number of administrative expedients were evolved. The Ontario Office also obtained the assistance of the Women's Volunteer Services; a total of 984 workers volunteering nearly 5,000 hours of work in order to facilitate the processing of registration forms. The

shortage of space at the original site of the Regional Office did not permit these women to work in conjunction with the paid personnel so they were put into a separate building. There they opened envelopes, accomplished the primary sorting, and shipped the sorted forms to Regional Office headquarters by special taxicab. During this initial processing period, those forms which could be approved immediately and without question were first acted upon and certified for payment while those presenting problems of eligibility were set aside to be dealt with at a later date. By June, 1945, there were some 67,000 Registrations which had been deferred for various reasons such as school attendance, maintenance, residence, and omissions. Most of the deferred forms were approved for payment after communicating with the parents. Others with minor technical errors were approved for payment in July even if satisfaction had not been obtained from the applicants. According to the Regional Director, they were to regret many of the latter actions. ³²

The situation in Toronto in regard to quarters and equipment during the Spring of 1945 was similar to that in the other Regional Offices. As described by the Regional Director:

The first few days of operation in the Ontario Regional Office were more like commando training than job instruction training. The enemy was already entrenched. Carpenters, painters, plumbers, electricians, landlords, determinedly pursued their own objectives while our staff strove with might and main to get organized. The immediate objectives for our staff were firstly a huge pile of "bits and

pieces" that had to be assembled into tables, desks, chairs, etc., and secondly the checking of a veritable mountain of Family Allowances Registration Forms which had been sorted and coded by voluntary workers. Led by the worthy example of the National Director, the staff in high spirits discarded their coats and the pile of miscellaneous equipment was transformed like magic into the orderly array of six checking groups (later expanded into eleven alphabetical units). 33

The National Director, Mr. R.B. Curry, assumed responsibility for this organization as the Regional Director did not arrive until April 28, 1945. 34

The Ontario Regional Office was originally organized in accordance with the alphabetic plan as indicated in the quotation above. It was switched to the central registry system on September 15, 1945 when the influx of new registration forms had decreased appreciably. 35

To accomplish birth verification it was necessary for this Office to employ a night staff of "casual" workers who were paid by the hour. 36 By March 31, 1946, of the 950,314 births referred for verification, 837,937 or 88.1% had been verified. 37 As of March 31, 1947, because of new applications, 131,920 or 12.6% still remained unverified. 38 This number had decreased to 23,052 by the end of the next fiscal year. 39

6 Quebec

The Quebec Regional Office, serving the largest number of children and paying the largest total allowances, has been beset with difficulties since its inception. Certainly not the least disastrous of these occurred during the organization period when, because of political pressures incident to the Dominion general election of June, 1945, the person in whose name the Family Allowances were to be paid was changed, in the case of this Province only, from the mother to the father. By the time these instructions were received approximately 70,000 forms had been processed naming the mother as payee. Following the election this decision was reversed and the mother was again named payee, bringing the province in line with the others. This time about 370,000 applications had been approved for payment to the father and, of course, had to be reprocessed.⁴⁰

A second difficulty faced by the Quebec Regional Office was the unwillingness of the province to cooperate with the new scheme for registering vital statistics. Quebec did not sign an agreement with the Dominion until January 1946.⁴¹ As a result, it was necessary to keep paying Allowances to children who appeared to be otherwise eligible, as no attempt at birth verification was feasible in most cases. In about 10,000 instances, where the accuracy of birth information was for some particular reason challenged, the parents were asked for proofs of birth directly. Although the Dominion and the

Province of Quebec reached an agreement regarding the reporting of vital statistics at the beginning of 1946, the micro-filming of provincial records, coding, card punching, and transcribing had to be accomplished before birth verification could be begun in earnest. It was not until January, 1947 that 110 "casual" employees were put to work verifying the births of all children who had received Allowances during the period since July 1, 1945.⁴² On March 31, 1947 1,230,932 births were unverified. This number was reduced to 294,108 by March 31, 1948.⁴³ By the end of the 1948-1949 fiscal year only 95,731 unverified births remained.⁴⁴

This delay in instituting birth verification caused many overpayments to occur. Many children received Allowances after they were sixteen years old and many were placed in the wrong Allowances category. Some of these overpayments have been particularly difficult to recover as the families may be no longer eligible for any Allowances so recovery by decreasing or suspending allowances is impossible.

Another source of overpayment inherent in the Quebec situation has been the fact that the school leaving age is fourteen years. It is often a number of months before the administration receives notice that children have left school and have accepted regular employment. A general lack of cooperation by the provincial school authorities and a scarcity of recognized social welfare agencies have also increased the total of overpayments and greatly enhanced

the difficulties faced by the Regional Office.

The Quebec Regional Office has been plagued by a flood of correspondence since the start of the program to a greater extent than have the other Offices. During one summer month of 1945 a total of 70,000 letters was received. The Regional Director attributed this situation to the following causes, several of which constitute a rather serious indictment of the manner in which the program was originally organized. (a) Incomplete publicity left the population of the back country ignorant of the details of the program. (b) The distribution of registration forms to the Post Offices was not complete. (c) People of Quebec love to write letters to members of Parliament or any public organization. (d) The relation of Family Allowances to the Income Tax was not explained fully or clearly. (e) The similarity of names in Quebec caused a large number of cheques to be sent to the wrong payee. (f) A large number of cheques were returned from rural Post Offices as women in rural areas are not generally known by their Christian names. ⁴⁵

The Regional Director, who did not assume responsibility until June, 1945, also complained of other administrative errors which were made during the organization period and resulted in much confusion. The most important of these seems to have been the failure to keep an index or other record of Registrations which had been processed or of those which had been returned to the parents for completion.

Approximately 80,000 forms were returned to the applicants without there being any system for checking their eventual return. The Regional Director believed that the supervision of processing on the alphabetic unit plan left much to be desired, interpretation of instructions varying greatly from one part of the alphabet to another.⁴⁶ The Regional Office adopted the standard plan of organization during November, 1948.⁴⁷

7 New Brunswick

From its inception, the New Brunswick Regional Office, located in Fredericton, has been handicapped in its operation by inadequate and inappropriate quarters. Because of this lack of space, it was not possible to use volunteer workers during the initial registration as it was in other Offices. Despite this lack of assistance, they were able to process for the Treasury all but about 30 accounts of the 55,985 which were received prior to June 30, 1945.⁴⁸

The New Brunswick Regional Office is the only one, except that of the Yukon and Northwest Territories, which has had to change Regional Directors since being set up. The original Director was replaced during February, 1947.⁴⁹

During 1949 the office procedures were reorganized in accordance with the plan suggested by the Central Office.⁵⁰

Birth verification appears to have proceeded very smoothly in this Province. By March 31, 1946, of the

154,494 births referred for verification, 149,471 or 96.6% had been verified. ⁵¹ During the next year they were practically on a current basis. ⁵²

8 Nova Scotia

The problems faced by the Nova Scotia Regional Office during the organizational period of 1945 were much the same as those found in other provinces. As reported by the Regional Director, "the staff worked under handicap in the first months and inadequate and unsanitary quarters throughout the year". ⁵³ The Women's Volunteer Services also assisted in this province, doing the work in their own office and then transporting the sorted registration forms to the Family Allowances Office. During the month of March, 1945 6,871 forms were received and 48,364 during April. By December the influx of new applications had decreased to 1,362. ⁵⁴ As in the case of Quebec and Saskatchewan, the first flow of Registrations was not as great as had been anticipated due to the lack of sufficient forms in some Post Offices. ⁵⁵

Birth verification proceeded more slowly during the first year in Nova Scotia than in any other province with the exception of Quebec. By March 31, 1946, of the 205,374 births referred, only 151,525 or 73.7% had been verified. ⁵⁶ This situation was alleviated during the next fiscal year at the end of which 96.5% had been verified. ⁵⁷ With such

a percentage completed, they were, in fact, on a current basis.

9 Prince Edward Island

With the exception of the Regional Office of the Yukon and Northwest Territories, that of Prince Edward Island is the smallest in the Dominion. During March 1949, there were only 19,920 families in pay. ⁵⁸

Because of its small size and fairly homogeneous population, this province afforded an ideal proving ground on which to develop administrative procedures and to anticipate some of the problems which might arise in the larger Regional Offices. Registration began in Prince Edward Island on February 1, 1945, almost two months prior to the Dominion-wide date. At this time all the departments of government concerned had an opportunity to observe the operation of the program and the Prince Edward Island Regulations were developed as described above. Remembering the initial lack of space and equipment in the other Offices, this experiment in Prince Edward Island was a bit unrealistic in light of the following statement made by the Regional Director. "Space was at all times adequate. Our equipment arrived comparatively early and after the end of February, quarters, equipment, and stationery were all satisfactory". ⁵⁹

Birth verification did not assume the proportions of a

serious problem here. By March 31, 1946, 90.7% of all births had been verified.⁶⁰ By March 31, 1947, verification was on a current basis, there being a balance of only 486 or 1.6% unverified.⁶¹

10 Newfoundland

There have been many rumors and much speculation concerning the influence which the promise of Family Allowances had on the people of Newfoundland when deciding to become the tenth province. No attempt will be made here to assess the economic and political pressures which influenced their decision. It is, of course, recognized that a large proportion of Newfoundland's population enjoy an extremely small cash income and that Family Allowances are particularly advantageous for them. That Allowances were actually paid during the first month of confederation would seem to indicate that they were employed as a concrete example of the many blessings to come. From the chronology of events leading to confederation and leading to the payment of allowances, the reader may draw his own conclusions as to the use made of Family Allowances in bringing confederation about.

On December 11, 1948, representatives of Canada and Newfoundland signed an agreement under which Newfoundland, after approval by the Parliament of Canada, and the Government of Newfoundland and confirmation of the Parliament of the

United Kingdom, was to enter confederation as the tenth province. Approval of the Terms of Union with Canada by Newfoundland's Commission Government was announced on February 21, 1949. Union became effective on March 31, 1949. ⁶²

In October 1948, two months prior to the signing of the initial agreement by the representatives of Canada and Newfoundland, the National Director of Family Allowances and the Regional Director for Nova Scotia spent a week in Newfoundland making a preliminary survey of the situation and interviewing heads of government departments which would be concerned in the administration of Family Allowances. The necessary office equipment had been ordered early in the summer of 1948. The Nova Scotia Regional Director returned to Newfoundland in December and remained for three weeks making arrangements for space and for the installation of equipment. He was joined by the National Director and they left together on December 19th. On that date, just eight days after the signing of the initial agreement, the registration forms were released through the Post Offices. On December 28th, a staff consisting of the National Director, the Regional Director for Nova Scotia, and personnel borrowed from the three Maritime Regional Offices arrived to institute the processing of Registrations and to instruct Newfoundland personnel in policy and administrative procedures. By March 31, 1949, the day on which confederation was officially proclaimed, 47,198 registration forms had been received.

Payment was made during the month of April on 44,966 accounts.⁶³

11 Yukon and Northwest Territories

The Regional Office for the Yukon and Northwest Territories is located in the Central Office of the Family Allowances Division in Ottawa and, as mentioned above, its Regional Director also serves as Executive Assistant. Many of the details of administering Family Allowances to the inhabitants of the Yukon and Northwest Territories are handled by the Indian Affairs Branch and the Northwest Territories and Yukon Services as described in Chapter XIV Sections 2 and 3. The principal work of the Regional Office consists of the final inspection and approval of Registrations before submission to Treasury, the maintenance of records, and, on advice from the Indian Affairs Branch, the Northwest Territories and Yukon Services, and the Commissioners of the Territories, the issuance of instructions to Treasury to cease or resume allowances for particular children.

As is evident from Table VI above, this Regional Office is much the smallest of the eleven now in operation. Birth verification has been quite slow, primarily because of the nature of the territory and the population and the difficulties of communication. As of March 31, 1946, verification of only 52.3% of births had been completed.⁶⁴ By the end of the fiscal year 1946-47, this percentage had been raised to 79.4.⁶⁵ By March 31, 1949, there remained only 563 unverified births.⁶⁶

NOTES TO CHAPTER XV

- 1 Canada, Department of National Health and Welfare, Annual Report, Fiscal Year ended March 31, 1949, Tables 38, Page 176, and 43, Page 179. N.B. Henceforth in these Notes Annual Report will refer to that of the Department of National Health and Welfare.
- 2 From statistics available at Central Office of Family Allowances Division, Ottawa.
- 3 Annual Report, 1945, Page 71.
- 4 Ibid., Page 70.
- 5 Regional Office - British Columbia, Annual Narrative Report, 1946.
- 6 Annual Report, 1946, Table I, Page 81.
- 7 Regional Office - British Columbia, Annual Narrative Report, 1946.
- 8 Regional Office - British Columbia, Annual Narrative Report, 1949.
- 9 Annual Report, 1946, Table IV, Page 82.
- 10 Annual Report, 1947, Table 48, Page 128.
- 11 Regional Office - Alberta, Annual Narrative Report, 1946.
- 12 Regional Office - Alberta, Annual Narrative Report, 1948.
- 13 Annual Report, 1946, Table I, Page 81.
- 14 Regional Office - Alberta, Annual Narrative Report, 1946.
- 15 Ibid.
- 16 Annual Report, 1946, Table IV, Page 82.
- 17 Annual Report, 1947, Table 48, Page 128.
- 18 Regional Office - Alberta, Annual Narrative Report, 1947.
- 19 Annual Report, 1946, Table I, Page 81.

- 20 Regional Office - Saskatchewan, Annual Narrative Report, 1946.
- 21 Ibid.
- 22 Regional Office - Saskatchewan, Annual Narrative Report, 1948.
- 23 Annual Report, 1946, Table IV, Page 82.
- 24 Annual Report, 1947, Table 48, Page 128.
- 25 Annual Report, 1948, Table 51, Page 164.
- 26 Regional Office - Manitoba, Annual Narrative Report, 1946.
- 27 Annual Report, 1946, Table I, Page 81.
- 28 Regional Office - Manitoba, op.cit.
- 29 Annual Report, 1946, Table IV, Page 82.
- 30 Annual Report, 1947, Table 48, Page 128.
- 31 Annual Report, 1946, Table I, Page 81.
- 32 Regional Office - Ontario, Annual Narrative Report, 1946.
- 33 Ibid.
- 34 Ibid.
- 35 Ibid.
- 36 Ibid.
- 37 Annual Report, 1946, Table IV, Page 82.
- 38 Annual Report, 1947, Table 48, Page 128.
- 39 Annual Report, 1948, Table 51, Page 164.
- 40 Regional Office - Quebec, Annual Narrative Report, 1946.
- 41 See Chapter XIV, Section 1.
- 42 Regional Office - Quebec, Annual Narrative Report, 1947.
- 43 Annual Report, 1948, Table 51, Page 164.
- 44 Annual Report, 1949, Table 46, Page 182.

- 45 Regional Office - Quebec, Annual Narrative Report, 1946.
- 46 Ibid.
- 47 Regional Office - Quebec, Annual Narrative Report, 1949.
- 48 Regional Office - New Brunswick, Annual Narrative Report, 1946.
- 49 Annual Report, 1947, Page 69.
- 50 Regional Office - New Brunswick, Annual Narrative Report, 1949.
- 51 Annual Report, 1946, Table IV, Page 82.
- 52 Annual Report, 1947, Table 48, Page 128.
- 53 Regional Office - Nova Scotia, Annual Narrative Report, 1946.
- 54 Annual Report, 1946, Table I, Page 81.
- 55 Regional Office - Nova Scotia, op.cit.
- 56 Annual Report, 1946, Table IV, Page 82.
- 57 Annual Report, 1947, Table 48, Page 128.
- 58 See Table VI above.
- 59 Regional Office - Prince Edward Island, Annual Narrative Report, 1946.
- 60 Annual Report, 1946, Table IV, Page 82.
- 61 Annual Report, 1946, Table 48, Page 128.
- 62 Canada Year Book 1950, Page 82.
- 63 Regional Office - Newfoundland, Annual Narrative Report, 1949.
- 64 Annual Report, 1946, Table IV, Page 82.
- 65 Annual Report, 1947, Table 48, Page 128.
- 66 Annual Report, 1949, Table 46, Page 182.

CHAPTER XVI

REGIONAL OFFICE STRUCTURE AND PROCEDURE

A description of the organization and structure of the Family Allowances Regional Offices is much more easy to accomplish as of 1949 than it would be as of, say, 1946. As has been mentioned frequently in the preceding chapters, it was in 1948 that the Director of Family Allowances, at the request of the Civil Service Commission and in the best interests of the administration, encouraged the Regional Offices to adopt a standardized pattern of organization and procedure. The last Regional Office to fulfill the requirements was the one in New Brunswick which accomplished reorganization during 1949. The delay in this Province was due primarily to the necessity of changing Regional Directors.

A survey of the structure of the Regional Offices in 1946 would have shown that a great many plans and devices were being employed. Some Offices were organized on the basis of alphabetic groupings. Others dealt with Registrations and changes through a single processing unit. The latter plan has been referred to previously as the central registry scheme. Although there were only these two main organizational patterns, it is not to be inferred that any two Regional Offices were alike in all details. Some differences were inevitable due to the varying number of accounts in pay among the offices and

differences in the general situation within the provinces. For example, the number of persons employed and the amount of specialization in the Ontario Regional Office was bound to be greater than that in the Nova Scotia or Saskatchewan Offices. There were many differences, however, which were not due to the size of the task but resulted rather from the fact that each Office was permitted almost complete freedom in developing its own structure, the only pattern for initial organization being the method of registration used in Prince Edward Island a month prior to the general Dominion registration date.

It would be of no particular value to argue here whether it would not have been more efficient for the National Director and his staff to have insisted upon uniform organization from the very beginning. It is very possible that a satisfactory organizational plan could not have been developed initially which would have been workable in all instances, as the Dominion had no experience in administering such a program with the exception of Dependents Allowances during World War II which were obviously dissimilar to Family Allowances in many particulars.

The present standard organizational structure of the Regional Offices is the result of much consultation between the Regional Directors and the National Director, and between all concerned and the Organization and Methods Branch of the Civil Service Commission. Perhaps the greatest contribution

to its development was made by the Ontario and Quebec Regional Offices. The structure which they developed jointly is, for the most part, that which is in force today. All Regional Offices, however, contributed their suggestions and experiences until the present plan evolved.

There is much to say in favor of such an evolutionary process. The present plan is based on actual experience in the administration of Family Allowances and the most successful elements of all plans have been accepted. As all Regional Directors had an opportunity to experiment with their own ideas and discarded them only after consultation with the other Regional Directors and the Central Office staff, the possibility of their willingly adopting the standard structure was greater. During the approximately three years before the standard organization pattern was accepted, there was an opportunity to learn the effect on administration of the peculiar situations found in the different provinces. The provinces differ not only in size of population and geographic area but also vary as regards the structure of provincial government departments, school attendance laws, availability of social service agencies - both public and private, and general attitudes towards public social services, especially on a federal level. It was mandatory that any satisfactory organization plan should take into account such provincial variations.

As the standardized organization plan is now in effect

in all Regional Offices, a description of how it operates will be presented in the case of only two. Ontario was chosen because it is one of the two largest Regions and has been considered, because of its size and proximity to Ottawa, as a pilot unit. The Nova Scotia Regional Office is included as constituting a typical small Office. The organization of the Quebec Regional Office is discussed briefly in order to indicate variations in structure and administrative procedures from the Ontario Regional Office plan which have been dictated by the peculiar social and political circumstances which obtain in that Province. It will be evident from the description of the organization of these Regional Offices that, although the general lines of structure are similar in most instances, variations do occur among the Regions. Some of these have been dictated by provincial conditions and peculiar personnel problems. It is difficult to account for the structural difference found in Nova Scotia.

The information concerning these Regional Offices was obtained during Visits made by the writer. The complete picture of Regional Office activity is, of course, not presented here, but only the most essential outline. In order to simplify the discussion, emphasis is placed upon the procedure involved in the processing of new Registrations. None of this material is available in published form.

1 General Organizational Pattern

The general organizational pattern is actually a very simple one. As described by the Assistant National Director, Regional Offices are usually divided into five sections; Central Registry, Administrative Services, Registration Processing, Eligibility Review, and Welfare Services. Registrations enter the Regional Office through the Central Registry. From there they proceed to Registration Processing where, if there are no complicating factors, they are completely processed, births verified, and the accounts sent to the Treasury Office for payment. If complicating factors are recognized, the file is sent to the Eligibility Review Section which consists of specialists equipped to handle questions of school attendance, residence, domicile, maintenance, and the eligibility of child placing agencies. Any problems which might require investigation by an outside agency are referred to the Welfare Section. The Administrative Services Section is involved in all steps of this procedure. ¹

2 Regional Office - Ontario

A Senior Administrative Group

Members of the senior administrative group in Ontario are the Regional Director, the Assistant Regional Director, and the Supervisor of Welfare Services. The Regional Director is responsible for the administration of Family Allowances

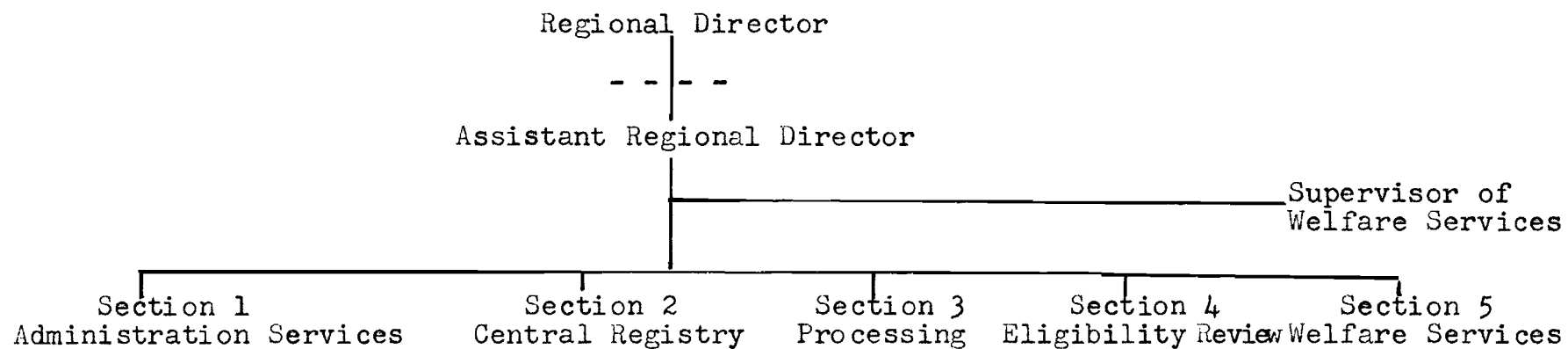
in the Province of Ontario. The Assistant Regional Director, as adviser and aide to the Director, is primarily concerned with office organization and procedure. The Supervisor of Welfare Services, a trained social worker, advises the Regional Director on "welfare" problems, maintains close liaison with social service organizations, and directs the activities of the Welfare Services Section.

Only in this Regional Office is there a Junior Research Assistant responsible to the Regional Director. Presumably this position was established here in order that inquiries from the Central Office might be answered more accurately and expeditiously.

B Section 1 - Administrative Services

The Administrative Services Section assists all the other sections in the Regional Office. Personnel maintains all records and data concerning employees. Stationery and Equipment orders and distributes supplies. Special Inquiries and Suspension Review prepares replies, for the signature of the Regional Director, to letters from the Central Office, Members of Parliament, and others of an urgent nature. Unrelated to that function is their monthly review of all accounts held in suspense to insure that they are being retained there for good reason. Subject Registry maintains files of correspondence dealing with matters of policy and administration. Stenographic

CHART NO. 3
REGIONAL OFFICE - ONTARIO



Pool services the entire office, no group or individual, except the Regional Director, having a private secretary or typist. Translation provides French and English translations as required. General Correspondence conducts correspondence of a general nature not requiring the attention of a specialist unit, or which concerns more than one unit, and effects changes of address when not reported on official forms. The Interview unit accomodates complaints and requests for information made in person or by telephone. Treasury Liaison and Statistics controls all files and documents going to and from the District Treasury Office and compiles statistics concerning them. Overpayment and Recovery, in cooperation with Treasury officials, performs the duties of the Regional Office in regard to overpayments as outlined in Chapter XIII, Section 4 D above.

C Section 2 - Central Registry

The Central Registry consists of the Mail, Index Cards, and Files units. The Mail unit is a joint Family Allowances Division and Treasury operation which processes all mail and distributes incoming mail to appropriate sections. It keeps a record of all documents which are submitted and arranges to have them photostated. The Card Index is an alphabetic record of all accounts whether active or inactive. Information on the cards includes the payee's name, address, amount of allowance, and husband's name and address, if different.

All new registration forms are checked against this file for duplication. The Files unit maintains all files of Registrations and relevant correspondence. They are kept in numerical sequence and drawn as they are requested by other sections and Treasury. The magnitude of the task performed by this group may be appreciated if it is remembered that, in March, 1949, there were 575,961 families receiving allowances and many thousands of inactive accounts.

D Section 3 - Registration Processing

This section is divided into three units; Processing, Transfer, and Birth Verification.

Each incoming Registration is sent directly to the Processing unit which checks it for correctness and completeness and indicates the date on which payment should start, the amount of payment, and the name of the payee. When disagreement or omission occur, this unit sends a letter to the parents requesting the necessary information. Supplemental Registrations are amalgamated with proper files and any change of address is noted. Registrations containing questions of school attendance, employment, residence, maintenance, domicile, or involving child placing agencies or institutions are sent to Section 4 - Eligibility Review. Upon completion of processing, Registrations are sent to the Stenographic Pool where Birth Verification Cards, containing name, address, date

of birth, and Family Allowances Number, are made out. The Registration and the Birth Card are returned to the Processing unit where the Birth Verification Number is entered on the Registration. If the Birth Register containing the month of the child's birth has been received from the Vital Statistics Division of the Dominion Bureau of Statistics, the Registration and one copy of the Birth Card are sent to the Birth Verification unit, the other copy of the Card going to Treasury. If, as is more frequently the case, the Register has not been received, the Registration is sent directly to Treasury for payment with the duplicate Birth Verification Card and the original Card is forwarded to the Birth Verification unit. In cases of adopted children and those born out of the province, the Registration accompanies the original Birth Card to the Birth Verification unit.

Indian applications are handled by a separate section of the Processing unit.

The Transfer unit processes all files transferred from or to the Ontario Regional Office.

When Birth Cards are received in the Birth Verification unit, they are usually filed alphabetically to await the arrival of the appropriate Birth Register. Births for which the Register is available are checked immediately and the Registrations sent to Treasury for payment. In either case the method of birth verification is the same. Upon receipt of a new Birth Register, the Birth Cards are checked against

the alphabetic index. When the name and surname have been located, the Birth Registration Number is placed on the Birth Card which is passed to Treasury personnel who locate the child in the numeric index and place the Family Allowances Number opposite his name in the Register. When a child's name is not found in the Register, the parents are requested to submit documents proving the child's birth and provincial vital statistics authorities are notified so that they may encourage the parents to effect a delayed registration. When any errors in birthdates as listed on Registrations are located, Treasury is notified so that Family Allowances payments may be adjusted accordingly.

In the case of a child born in Canada but in another province, a letter is sent to the Regional Office in the province of birth giving his Family Allowances Number. The Regional Office in the province of birth enters the Family Allowances Number in the appropriate Birth Register and returns the child's Birth Verification Number which is forwarded to Treasury. Foreign births are handled as explained in Chapter XIV, Section 5 above. A special procedure is effected for adopted children in order that their names at birth may be kept confidential.

The Birth Verification unit is also responsible for making appropriate adjustments as indicated by death lists received from the Vital Statistics Division.

E Section 4 - Eligibility Review

This section contains School, Residence and Maintenance, and Child Placing Agencies units.

The School Attendance unit studies and makes decisions concerning all new Registrations which contain school attendance problems. There are very few of these now as most children are infants when first registered.

As mentioned in Chapter XIII, Section 3, C, the responsibility for determining whether or not a child's school attendance is satisfactory rests with the provincial school authorities. As explained by the Family Allowances Manual:

It is a matter for the provincial authorities to decide what constitutes unsatisfactory attendance, that is, the number of days absence or the types of absence which are to be considered as unsatisfactory. If information regarding unsatisfactory attendance is received from a source other than the provincial educational authority, no action should be taken regarding Family Allowances on the basis of such information, but the matter should be referred to the provincial authority for decision. 2

The Manual goes on to say that "It is important that the Regional Directors establish and maintain a good working relationship with provincial school authorities".³ This Regional Office function is discussed in Chapter XVIII below.

When a report concerning a particular child is received from the Ontario school authorities, his file is read by this section. If the provincial school authority recommends that the allowance be discontinued, instructions to this effect

are sent to Treasury. If it is discovered that his attendance has been unsatisfactory during previous months, overpayment proceedings must be instituted.

It will be remembered that the Regulations state that "A parent shall be deemed not to cease to maintain a child who is attending school or receiving equivalent training, only by reason of such child being partially employed or engaged in work unless the earnings received therefor exceed, on an average the sum of \$35.00 per month".⁴ It is one of the duties of the School Attendance unit to determine when children attending school have received earnings exceeding the prescribed amount and discontinue the allowance or institute overpayment proceedings as indicated.

The Residence and Maintenance unit has distributed its functions into five areas, each handled by a subsection. The File Record section serves the other four. The Domicile section has the very important responsibility of establishing the eligibility for allowances of children in relation to the "residence" and "domicile" provisions of the Act and Regulations. The Maintenance section is concerned with that portion of the Act which states that a parent, in order to be eligible, must "substantially" maintain a child⁵ and with the provision of the Regulations which states that a parent shall be considered as so maintaining a child if his contributions to his care and training amount to at least \$5.00 per month "provided such amount or value exceeds the amount or value of contributions

for such purpose made by any other individual or individuals who has or have applied to register the child for the allowance".⁶ This section must decide who is the proper payee in instances of divorce or separation, when the custody of a child is changed, and when a child lives with foster parents, but is not concerned with children in institutions or under the care of child placing agencies. The Marriages and Deaths section is responsible for appropriate action when notified of the remarriage of a parent and for establishing the eligibility of a new payee when notified of the death of the original payee. The Duplicate Payments section investigates, by letter, where payment for the same child has been made to two payees.

The full significance of the function of the Child Placing Agencies unit of the Eligibility Review Section will be apparent in Chapter XVIII which is concerned with the relationship of the Regional Offices with provincial authorities and private agencies. Briefly, this unit processes all applications received from child placing agencies, adjusts accounts as required by the transfer of children between child placing agencies and other parents, keeps records of payments to such agencies, and maintains a card index and files separate from Central Registry. Children in institutions are also the responsibility of this unit. In compliance with the Act and Regulations, institutions are never considered as a parent or payee for the purposes of Family Allowances. The

eligibility of parents is established through cooperative arrangements made with the institutions concerned. They report all admissions and discharges and every six months verify the list of children as submitted by the Regional Office, indicating the amount of maintenance contributed by the parents. To facilitate this process, including the drawing up of lists, this unit maintains a card index of accounts by institutions.

F Section 5 - Welfare Services

The function of the Welfare Services section is a bit nebulous as it is not responsible for any particular category of accounts nor is it designed to enforce exclusively any specific section of the Act or Regulations. Generally, its duty is to "assist and advise the Regional Director and Administration on all matters pertaining to welfare".⁷ Special responsibilities of this section are the establishing and maintaining of liaison with provincial public welfare authorities, institutions, and private social agencies and the supervising of persons serving as third party administrators. In order to accurately portray its duties, it seems appropriate to quote in full the description of its function as conceived by the Supervisor of Welfare Services of the Central Office.

- (1) Reviewing of files passed to the Welfare Section, where it is felt there is a welfare problem.
 - (a) Family problems in connection with separation, divorces, desertions, etc.
 - (b) Children being placed by parents either with other families or institutions.
 - (c) Children being neglected by parents.
 - (d) Cases coming to light through institutional checks, which would indicate welfare problems.
 - (e) Reviewing of overpayment accounts where it appears that we are creating a hardship by withholding all payments of the account.
 - (f) Ruling on the eligibility of any child-caring agency to receive Family Allowances.
 - (g) All cases of misuse of Family Allowances.
 - (h) School attendance problems where a social problem appears to exist.
 - (i) All requests for social assistance of any type.
- (2) Initiating of investigations re welfare problems.
- (3) Review of welfare reports and interpreting them to administration.
- (4) All liaison with welfare agencies.
- (5) All referrals to welfare agencies.
- (6) All liaison with institutions, which will include the making of initial arrangements for the reporting of admissions and discharges.
- (7) All interviewing where there appears to be a welfare problem.
- (8) In conjunction with the Regional Director, do community contact work.
- (9) Responsible for the education and training of the staff to appreciate welfare problems.
- (10) To assist the administrative staff in getting birth verification for adopted children.
- (11) Responsible for the appointment of all third-party administrators.
- (12) Responsible for the getting of third-party administrators' reports, reviewing same and recommending to the National Office that payment be made. 8

3 Regional Office - Quebec

In general, the Regional Office of the Family Allowances Division for the Province of Quebec is organized in accordance with the pattern effected in Ontario. There are several important variations, however, which are described below.

A Senior Administrative Group

The Quebec Regional Office has two positions within this group which are not included in the Ontario plan. The first is called Liaison - School and Juvenile Work. The duties of this official include the interpretation of Family Allowances policy concerning school attendance and juvenile work, and the maintenance of close liaison with provincial authorities, school attendance officers, employers, and other public organizations. It is certainly open to question whether this position is justified and whether such work should not be handled by the Regional Director, his Assistant, the Supervisor of Welfare Services, and the school attendance unit of the Eligibility Review Section, as is the case in the Ontario Regional Office. It is, of course, recognized that more problems concerning school attendance and juvenile work arise in this province than in Ontario because of the lower school leaving age. It was intimated to the writer that this position was established with a particular Principal Clerk in mind whom they could not transfer and whom they did not feel

capable of more exacting administrative duties.

The Quebec Regional Office is the only one in the Dominion which operates a Sub-Office, a Supervising Clerk being stationed in Montreal. His duties consist of providing information concerning Family Allowances as requested and making investigations in the Montreal district. The value to the administration of this office has diminished as Family Allowances have become fully accepted and generally understood. As all individual files are located in Quebec City, he is able to answer questions of only the most routine and general nature. Not being under the direct supervision of the Regional Director, there is the possibility of his giving erroneous policy interpretations.

B Section 1 - Administrative Services

The organization of this section is identical to that in Ontario except that Subject Registry, Translation, and General Correspondence are lumped into a single unit and there is no Special Inquiries unit.

C Section 2 - Central Registry

There is relatively more activity among those responsible for the files in the Quebec Regional Office than in the Ontario Office. The Family Allowances Manual states that "All files are to be passed to Treasury for any action other than change

of address. The present variation in the Toronto Office may continue until the Civil Service Commission has reviewed the situation in that office and made recommendations." 9 As a result of this policy, as many as 1200 files per day are sent to Treasury and returned in the Quebec Regional Office. 10 Not only does the actual transporting of records involve a large number of persons and much time, but each file must be accounted for by Central Registry which results in delay. Since the Treasury personnel are not particularly trained in Family Allowances Division policy, it would seem that their examination of the records would have little value. It was reported by personnel in the Quebec and Nova Scotia Regional Offices that many files are returned by Treasury for correction but usually for minor, technical reasons which do not affect eligibility for payment.

D Section 3 - Eligibility Review

The Ontario Regional Office has subdivided its Eligibility Review section into three units. In Quebec there are five units; School, Juvenile Work, Agencies and Societies, Maintenance, and Residence and Domicile. Maintenance and Residence and Domicile are separated for convenience as visualized by the Quebec administration. The volume of work in Quebec resulting from the fourteen year school leaving age has necessitated the two units; School and Juvenile Work. The

Agencies and Societies unit performs the same function as the Child Placing Agencies unit in Ontario.

E Section 5 - Welfare Services

The function of the Welfare Services section in the Quebec Regional Office is identical to that in Ontario except that in Quebec, because of the scarcity of recognized social agencies, the section investigates many social situations with its own personnel.

4 Regional Office Nova Scotia

At first glance, the organization chart of the Nova Scotia Regional Office appears to be very different from that of Ontario. The procedures followed, however, are identical. New and supplemental Registrations are processed by a single section and those involving specific problems of eligibility are referred to specialist units. Before Registrations are sent to Treasury for payment, birth verification procedure is instituted in exactly the same manner as in Ontario and Quebec. The Welfare section performs no routine duties but fulfills the functions as defined by the Supervisor of Welfare Services in the Central Office. 11

A more typical small Regional Office is that of Saskatchewan, the structure of which is shown on Chart No. 5. Despite the variation in structure in Nova Scotia, the

CHART NO. 4

REGIONAL OFFICE - NOVA SCOTIA

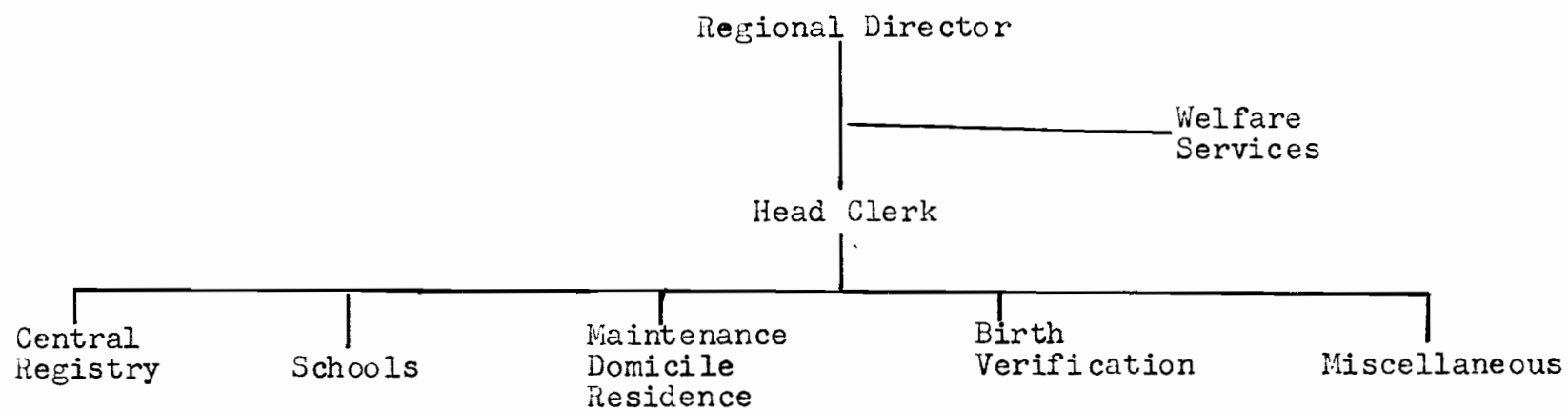
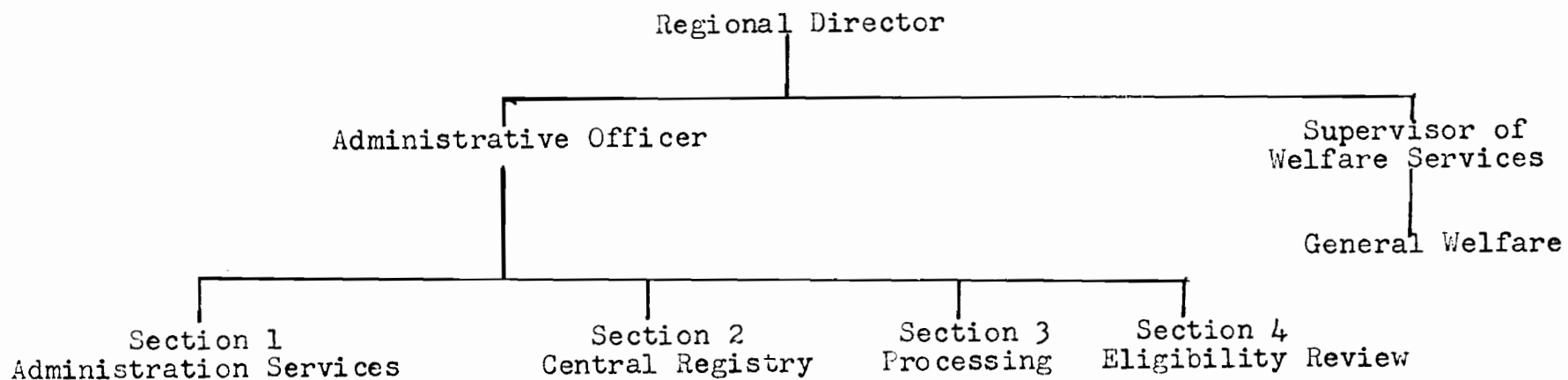


CHART NO. 5

REGIONAL OFFICE - SASKATCHEWAN



organization is similar. All the administrative functions in this Office may be visualized as being in a single section under the supervision of a Head Clerk. The Birth Verification and Central Registry units in this Regional Office include the functions of the Central Registry and Registration Processing sections in Ontario. The Miscellaneous unit in Nova Scotia is analogous to the Administrative Services in Ontario and Quebec. The duties of the Eligibility Review section in the two larger offices are distributed between the Schools and Maintenance, Domicile, and Residence units in Nova Scotia.

A Central Registry

The Central Registry section includes not only Mail, Card Index, and Files units but also a Process unit which certifies new and supplemental Registrations for payment or refers them to specialist sections.

B Schools

This section is responsible for enforcing the school attendance provisions of the Act and Regulations and for maintaining liaison with the provincial Department of Education. It performs, in addition, two rather unrelated tasks: processing Registrations received from child placing agencies and effecting any reported changes, and dealing with applications received from Indian parents.

C Maintenance, Domicile, and Residence

Difficult problems of maintenance, domicile, and residence are referred to this section for solution. All institutional records are kept here under the supervision of the Supervisor of Welfare Services. The system employed for keeping track of children in institutions is a bit different from the Ontario plan. Notifications of intake and discharge are received through the Nova Scotia Department of Public Welfare. To accomplish the required semi-annual institutional check, one of the social workers from the Welfare Services section personally visits each institution rather than merely forwarding a list of children reported as being there.

D Birth Verification

Same as in Ontario and Quebec.

E Miscellaneous

Same as Administrative Services in Ontario and Quebec.

F Welfare Services

Same as in Ontario and Quebec.

5 General

Even in this brief and broad outline of the structure and procedure of three Regional Offices differences are apparent. The two most important of these are the individual arrangement by sections employed in Nova Scotia and the variation in procedure in regard to sending records to Treasury which is permitted only in Ontario. On the whole, however, uniformity has been attained in the method of processing applications and making changes, and in the use of the Welfare Section.

Considering the differences found in just these three Offices, it is probable that many more variations in structure and procedure exist among the remaining eight. In addition, a detailed and prolonged study of the activities of the various sections in all the Offices would undoubtedly bring to light some diversity in the interpretation of policy. As mentioned in Chapter XIII, Section 5, the National Director of Family Allowances has not developed any regular method of determining just how much lack of uniformity there is. The Regional Directors interviewed stated that they realized that some variation must exist but they were unwilling to estimate its extent. An example of such divergency in interpretation was given by the Regional Director in Nova Scotia. From cases transferred into his province he discovered that the Regional Office in Prince Edward Island was resuming

the payment of Allowances for the month during which a child returned to school after a period of non-attendance. In Nova Scotia the Allowances were being reinstated for the month after return.¹² Such a difference in policy may appear to be unimportant but it does mean the loss of a month's Allowance to a number of children. Further investigation would certainly uncover similar discrepancies.

NOTES TO CHAPTER XVI

- 1 Blais, J.A. Assistant National Director, Interview
July 20, 1949.
- 2 Canada, Family Allowances Manual, Directive 8/1, Par. 4.
- 3 Ibid., Par. 5.
- 4 Canada, Family Allowances Regulations, August 3, 1945,
Section 12 (2).
- 5 Canada, Family Allowances Act, 1944, Section 2 (d) and
Section 3.
- 6 Canada, Family Allowances Regulations, September 15, 1948,
Section 12 (1).
- 7 Canada, Family Allowances Manual, Directive 3/2.
- 8 Ibid.
- 9 Ibid., Directive 1/1, Par. 2.
- 10 Faguy, Paul Assistant Regional Director - Quebec,
Interview, August 8, 1948.
- 11 See Note No. 7 and 8 above.
- 12 Stehelin, Paul Regional Director of Family Allowances,
Nova Scotia, Interview, Halifax, August 11, 1949.

CHAPTER XVII

THE TREASURY AND FAMILY ALLOWANCES

There is a District Treasury Office operating in conjunction with each Family Allowances Regional Offices. In all provinces except the Maritimes and Newfoundland, these Treasury Offices handle only Family Allowances business. In Nova Scotia, New Brunswick, and Prince Edward Island, they also audit payments made by the Dominion to the Provinces. In Newfoundland, the District Office performs all Treasury work which is necessary.¹

In large measure, the success of the administration of Family Allowances in each Region depends upon the cooperation between the Regional Director and the District Treasury Officer. Neither has any authority over the other. The Regional Director is responsible to the National Director of Family Allowances who is in turn responsible to the Deputy Minister of Welfare of the Department of National Health and Welfare. The District Treasury Officers receive instructions from the Chief Treasury Officer who is assigned to the Department of National Health and Welfare by the Comptroller of the Treasury. As in the case of the Family Allowances Division, the Treasury administration has been greatly decentralized. Much leeway has been permitted the District Offices in making cooperative arrangements and adjusting their methods

to the particular situations found in the provinces. ²

Cooperation between the Treasury and the Family Allowances Division has been quite successful on both the regional and national levels. The Chief Treasury Officer reported that during the initial period of administration there was some antagonism between the Regional Directors and the District Treasury Officers. With the passage of time and the good offices of the National Director and the Chief Treasury Officer, all serious conflicts have been assuaged. On the national level, excellent working relations exist. The Director of Family Allowances and the Chief Treasury Officer confer frequently and neither issues directives or instructions without the full approval of the other. ³

The problem faced by Treasury when preparing for the payment of Family Allowances was probably much more difficult than ^{that} which the Family Allowances Division had before it. The magnitude of the job which Treasury was called upon to perform appeared overwhelming as Canada had not experienced the paying out of such large sums of money to so many recipients. The payment of Dependents Allowances was somewhat analogous but on a much smaller scale. An inter-departmental committee began working on the problem of method of payment, record keeping, and accounting shortly after the Family Allowances Act became law in the summer of 1944. The methods employed in the payment of Dependents Allowances were studied carefully and a member of the committee went to the

United States where he inspected the Social Security Board system in Baltimore and the manner of keeping records used by the Navy in Cleveland. ⁴

The method of payment which was finally selected was very similar to that employed by the Treasury in making payments as authorized by the Dependents Allowance Board. The cheques were to be of the I.B.M. card type in order that they might be easily redeemed by machine. The name and address of the payee and the amount of allowance were to be entered by "Addressograph" ⁵ procedure. The use of cheque writing machines, gang punches, and envelopers and, in general, the method of audit were also to be similar. The outstanding difference was that Dependents Allowance Treasury administration was centralized in Ottawa.

There was some discussion during 1944 as to whether a complete I.B.M. ⁶ set-up should be used. There are many who still wish that such an arrangement had been adopted, making the compilation of valuable statistics concerning the families in receipt of allowances possible. ⁷ The Dominion Bureau of Statistics employs I.B.M. methods exclusively. It was recognized, however, that, if the I.B.M. system was adopted, it would be necessary to maintain three cards for each family and that, on the average, a "cheque run" would last about thirty days. ⁸ The Addressograph machine used at present is able to write 3400 cheques per hour. During 1949, the Ontario District Office, with three such machines, was processing

approximately 570,000 cheques in ten and one half days working six hours per day.⁹ A rapid "cheque run" adds much to the efficiency of the administration as it results in fewer adjustments during the succeeding month and avoids overpayments.

In order to illustrate the methods of payment used by the Office of the Comptroller of the Treasury, a description of the operation of the Ontario District Office follows. In general, District Treasury Office procedures have been uniform throughout the Dominion but some variation has occurred. Instances of procedural and structural difference will be pointed out in the cases of the District Offices in Quebec and Nova Scotia.

No attempt is made here to present the full details of Treasury administration as, with few exceptions, all its functions are of a routine nature although rather complicated at first view. The action taken in regard to new Registrations will be concentrated upon as it involves all sections of the administration, but even it will be described in only general terms. Information for this discussion was obtained through visits to the three District Treasury Offices and interviews with the District Treasury Officers. More specific details concerning the Office in Toronto were obtained from the mimeographed manual entitled; Activities and Procedure of Treasury Office, National Health and Welfare (Family Allowances), Toronto.

1 District Treasury Office - Ontario

A Administrative, Personnel, Mail

The duties of this section are quite apparent from its title. Its general administrative functions include the issuing of duplicate and special cheques to Family Allowances payees, maintaining postal meter control, ascertaining that all accounts are balanced before monthly cheques are issued to the Post Office, and preparing monthly statistical reports and special statements. The Personnel unit handles all matters relating to Treasury employees in the District Office. The Mail unit works in cooperation with Family Allowances Division personnel.

B Receiving, Examining, Distribution, and Birth Verification

This section receives Registrations from the Family Allowances Division, examines them for completeness and accuracy, and then sorts them according to Birth Verification Number. As will be remembered from the previous chapter, the duplicate Birth Verification Cards are sent to Treasury by the Regional Office. These are checked against each Registration by Treasury to insure that the Birth Verification Numbers have been allotted properly. When this process has been accomplished, the Registrations are sent to the Treasury Index to make certain that the account is not already in pay.

They are then sorted by Family Allowances Number and sent to the proper Visi Record ledger position.

Each Registration is returned to this section with three copies of a Change Sheet showing the amount of the allowance and the Visi Record Card of the account. The Visi Record Card, original Change Sheet, and Registration are sent to the Machine Section where an Addressograph plate is made for the account and the name is stamped on the Visi Record Card and name and address on an Index Card. The second copy of the Change Sheet is sent to the Control Section and the third is returned to the Visi Record Section as a receipt.

When the Registration, Visi Record Card, and Index Card are returned from the Machine Section, they are distributed to the appropriate units, the Registration going back to the Family Allowances Division where it is filed.

When the original Birth Verification Card is received, this section copies the Birth Registration Number on to the duplicate and returns the original to the Family Allowances Division. When a Foreign Birth Card is received, the port of entry and Card Number are placed on the duplicate Birth Verification Card and the Foreign Birth Card is returned to the Regional Office.

C Visi Record Section

It is the Visi Record section upon which the efficiency and accuracy of the Treasury administration in large measure

depends. It is here that the record of each child in receipt of Allowances is maintained on a Visi Record Card made out for each family. These are so arranged in banks of 10,000 that they may be easily scanned. Each ledger clerk has responsibility for two such banks or 20,000 accounts. He is required not only to keep a record of each account and the amount of Allowance payable each month, but also to direct changes in Allowances either as a result of children entering new age groups or upon advice of the Family Allowances Division or other sections of the District Treasury Office.

When the Registration is received by a ledger clerk, he makes out a Visi Record Card for the family, listing the names of the children. Following each child's name, he enters the dates on which the Allowance will be increased and finally terminated. The name of the payee is entered by the Machine Section as indicated under B above. The Card, when returned by the Machine Section, is filed in the appropriate Visi Record bank in Family Allowances Number sequence.

Each month the ledger clerk scans all his cards for automatic and non-automatic changes. Automatic changes are either Allowance increases or terminations indicated by the dates which are opposite each child's name. Non-automatic changes result from cancellations, suspensions, increases, and decreases required by Treasury and Regional Office advices. Following the first scanning, the banks are checked by a second clerk. All terminated accounts are reviewed by a

special auditor. There is a periodic review of all Visi Record banks when the Cards are checked against the monthly cheque transcript. When Allowance changes are located, Change Sheets are made out and distributed to the Control and Machine Sections.

Visi Record Cards have colored tabs to indicate other than active status. The Cards of accounts for which payment has been suspended are tagged with red. A blue tab indicates that the account has been referred to make up an overpayment. An investigation by the Family Allowances Division is the usual cause of suspension. Each month a list of deferred accounts is sent to each Visi Record clerk who credits the accounts for the amounts indicated. These lists are then passed on to the Control and Overpayment sections.

D Control Section

The pride of the Treasury administration appears to be their simplified method of expenditure control. In Ontario, where there are the largest number of families in pay, the accounts are balanced within three minutes of the time when the last cheque was processed by the cheque writing machine. 10

In essence, the method of control is as follows. A control ledger is kept for each ledger position of 20,000 accounts. These ledgers are divided into family rates, i.e., at the beginning of each expenditure month, control clerks have before them the total number of families who received

each particular rate during the preceding month. Below each of these totals are "on" and "off" columns. During the month, as Change Sheets are received from the Visi Record Section, the Change Sheet Number is entered under the appropriate rate in either of the two columns. As an example, we will consider the case of family receiving \$21.00 per month for three children. A Change Sheet arrives in the Control section indicating that the oldest child is now sixteen years old and so the Allowance to the family is decreased to \$13.00. The control clerk enters the Change Sheet Number in the "off" column under the \$21.00 rate and in the "on" column under the \$13.00 rate. At the "close off" date for the "cheque run", the "on"s and "off"s are balanced and the result either added to or subtracted from the previous total for the rate. The totals for all ledger positions are then added together in order to obtain the total number of accounts in each rate group paid by the District Office. The final step is taken when the cheque transcript is received at the close of the "cheque run". As the cheques are written by rate groups, the number of cheques written in each group is ascertained by subtracting the Cheque Number of the first cheque of a particular group from the Cheque Number of the last in that group. If the total number of cheques in each rate group corresponds with the total number computed by the Control section, the accounts are in balance.

The procedure for expenditure control as outlined above

is, of course, greatly oversimplified. The Control Section must also make provision for supplementary as well as principal "cheque runs", and account for such actions as temporary deferment and suspension. Indicative of the volume of work performed is the fact that, in this District Office, there are usually about 11,000 Change Sheets issued every month, each containing an average of four changes.

E Returned, Lost, and Forged Cheques Section

Family Allowances cheques are frequently returned by the Post Office as undeliverable, the Postmen not being permitted to forward them. The returned cheque is held for sixty days and the cheque for the next month is written and held with it. If no change of address notice is received within this period, the account is suspended. A letter is written to the old address on the chance that the Post Office was notified and will forward it.

The procedure followed in the case of lost, destroyed or forged cheques is very complicated, involving action by the Chief Treasury Officer and by the R.C.M.P. when forgery is suspected.

F Transcripts, Cheque Listing, Stores, and Index Section

The Cheque Listing and Transcripts unit maintains a record, by number, of all blank cheques in stock, those

issued in payment of Allowances, and those cancelled or spoiled. This record, together with an expenditure report, is sent to Ottawa each month in order to permit redemption. Cheque transcripts are bound and filed in the District Office. The Stores unit issues and accounts for all supplies and equipment. The Treasury Index maintains an alphabetically arranged file of cards for all accounts which are actually in pay (the Family Allowances Division Index also includes former payees who are no longer receiving Allowances). The Treasury Index Card is made from the Addressograph plate which is used in writing the cheque, the amount of payment, however, is not included. The Card is destroyed whenever its corresponding account is terminated. The primary purpose of the Index is to avoid duplication of payment.

G Overpayments and Refund Section

The Overpayment unit, in cooperation with Family Allowances Division personnel, performs the duties of the Regional Office in regard to overpayments as outlined in Chapter XVI, Section 2 above. In general, Family Allowances Division personnel conduct the necessary correspondence and investigations and Treasury maintains appropriate records. The Refund clerk receives all remittances for credit against overpayment, records them, and submits reports. He also secures returned cheques as outlined in E above.

H Machine Section

An Addressograph plate is made in the Graphotype unit for each account to be paid. These plates consist of a frame and three detachable parts so that, when changes are necessary, the whole plate need not be duplicated. The first section includes the payee's name and Family Allowances Number, the second, the payee's address, and the third, the Allowance rate. In addition to making plates, this unit puts the payee's names on Visi Record Cards, names and addresses on Treasury Index Cards, imprints whole plates on Registrations, and, when necessary, makes stickers for changes of address.

The Plate Filing unit receives plates from the Graphotype unit and files them by rate and Family Allowances Number, ready for cheque writing. When changes occur, this unit removes the appropriate plates from the file and sends them to the Graphotype section for revision.

During the "cheque run" the plates are fed into the cheque writing machines which make an imprint of the plates on cardboard cheque forms. From these machines the cheques go to the I.B.M. Gang Punch. As mentioned previously, this operation is necessary in order that the cheques may be redeemed mechanically after being cleared through the banks. The Gang Punch codes the following data on the cheques: the year, the province, the month, the last three numbers of the cheque series, the amount of Allowance, and the cheque number. The cheque series and the amount of Allowance are set on the

machine for each rate group. The cheque number increases by one mechanically as each cheque goes through.

From the Gang Punch the cheques go to the Envelopers and from there to the Postal Meter. With the process complete, they are filed in tray to await mailing. If any last minute changes occur prior to mailing, the cheques are taken from the trays and new ones issued in order to prevent overpayment.

2 District Treasury Office - Quebec

Although the general method of payment of Family Allowances outlined for the District Treasury Office in Ontario is followed in Quebec, there are important differences in procedure. The most important of these is the necessity for files to be passed from the Family Allowances Division to Treasury for any action except change of address. The implications of this policy were discussed in Chapter XVI, 3, C. The Quebec District Office has, therefore, an Examination section. The District Treasury Officer reported to the writer that this section returns from three to five percent of Change Orders and Registrations because of errors. He recited as typical mistakes; signatures being printed, and mothers' using their husbands' initials rather than those of their maiden names. He mentioned no errors which might affect the eligibility of the payee or the rate of Allowance. ¹¹

Two variations from the Ontario procedure are apparent

within the Visi Record section. First, there is a New Registration section which takes care of all the details required for a new account before the first cheque issue. Following the initial payment, the Visi Record is turned over to the ledger clerk. Second, ledger clerks, who are each responsible for only 15,000 Visi Records because of the large number of children in Quebec families, make only the automatic changes each month. An Investigating unit handles all non-automatic changes.

The District Office in Quebec has made the Control process even more simple than in Ontario. Instead of keeping cumbersome ledger books, the Change Sheets are kept in piles by ledger position. On "close out" date a control sheet is made up for each ledger position by merely counting the "on"s and "off"s for each particular rate group directly from the pile.

3 District Treasury Office - Nova Scotia

There is no important difference between the Ontario and Nova Scotia District Treasury Offices except that in Nova Scotia, as in Quebec, the complete files must be transmitted to Treasury for all actions except change of address. According to the Regional Director, this procedure was not instituted until early in 1949 when it was brought about by orders from the Central Office and entreaties of the

District Treasury Officer. 12

The Treasury operation here is, of course, much smaller than in Ontario, the "cheque run" lasting only four days.

NOTES TO CHAPTER XVII

- 1 Phillips, T.F. Chief Treasury Office, Department of National Health and Welfare, Interview, Ottawa, July 14, 1949.
- 2 Ibid.
- 3 Ibid.
- 4 Wilson, W. War Prices and Trade Board, Interview, Ottawa, July 26, 1949.
- 5 "Addressograph" refers to equipment manufactured and sold by Addressograph-Multigraph of Canada Ltd.
- 6 "I.B.M." refers to equipment manufactured and rented by International Business Machines Co. Ltd.
- 7 Wilson, op.cit.
- 8 Phillips, op.cit.
- 9 Mattice, Walter Assistant District Treasury Officer, Ontario, Interview, Toronto, August 5, 1949.
- 10 Phillips, op.cit.
- 11 Nolet, Roland, District Treasury Office, Quebec, Interview, Quebec, August 9, 1949.
- 12 Stehelin, Paul Regional Director of Family Allowances, Nova Scotia, Interview, Halifax, August 11, 1949.

CHAPTER XVIII

THE RELATIONS OF THE FAMILY ALLOWANCES REGIONAL OFFICES WITH PROVINCIAL GOVERNMENT DEPARTMENTS AND PRIVATE AGENCIES

The successful and efficient administration of the Family Allowances Act demands that full cooperation be obtained from certain provincial government departments. As the maintenance of schools and the enforcement of school attendance are definitely provincial responsibilities, the fulfillment of the school attendance provisions of the Act would be impossible without the assistance of the provincial education authorities. The Act stipulates that Allowances shall not be paid to children in institutions unless they are substantially maintained by a parent. To enforce this provision the Family Allowances Division must know the names of the children who are in institutions and the amount of financial responsibility assumed by the parents. Ostensibly this provision was included for the very reason that institutions are within the jurisdiction of the provinces and are of no concern to the Dominion. In several instances, however, the cooperation of the provinces, is solicited to enforce it. The arrangement between the Vital Statistics Division of the Dominion Bureau of Statistics and the Family Allowances Division has already been described. A working relationship must also exist between the Family

Allowances Regional Offices and the provincial vital statistics authorities in order to verify the births of children omitted from the Birth Registers or who cannot be located because of mistakes in spelling. Since the Family Allowances Regulations specify that child placing agencies may be considered as parents and receive Allowances for children under their care, provincial departments of public welfare, who have active child placing branches, are closely supervised by the Family Allowances Division in their administration of Allowances received. In some provinces these provincial child welfare agencies also perform investigations for the Regional Offices, or at least they receive requests for investigations and forward them to appropriate private agencies.

All the advantages do not accrue to the Family Allowances administration as a result of these informal arrangements between the Dominion and the provinces. In the area of school attendance, most provinces have welcomed the requirements of the Act. School attendance officers have found their jobs less arduous, since threatening to report or reporting truant children to the Family Allowances Division is usually sufficient to enforce attendance. In most cases such action has eliminated the necessity for prosecution which is invariably unpopular within the local communities. The Canadian Education Association reported that, between June, 1945 and June, 1947, the percentage of school attendance increased throughout the Dominion by 2%. Two provinces had increases of 6% or more.

These increases were in the percentage of actual not potential attendance.¹ This tendency has, of course, been embarrassing to those education authorities who had gauged their school facilities on the expectation of a certain amount of non-attendance. Provincial vital statistics registration has been made more complete because of the need for proof of birth when registering for Allowances. For example, as mentioned in Chapter XIII, Section I C, when the Regional Offices cannot locate a child's birthdate, the parents are requested to submit documents proving the birth and the provincial vital statistics authorities are notified so that they may encourage the parents to effect a delayed registration. Because of Family Allowances, the child welfare branches of provincial departments of public welfare are able to provide the dependent and neglected children intrusted to their care with additional benefits.

Use must also be made of private agencies and individuals in enforcing the Family Allowances Act. In order to determine, upon complaint, such matters as whether Allowances are being applied exclusively "towards the maintenance, care, training, education and advancement of the child"² and whether the person to whom the Allowance is payable might be disqualified "by reason of age, infirmity, ill health, insanity, improvidence or other reasonable cause"³ social investigations are required. If the Family Allowances Division were to conduct such investigations with its own personnel in all

cases, it would mean not only the necessity of hiring additional social workers but also a duplication of existing services in the provinces. In a manner similar to that of the Dependents Allowance Board during World War II, the Family Allowances Division has used local private agencies whenever possible, remunerating them for their services on a "per case" basis. In some provinces, as there is not a sufficient number of recognized social agencies either public or private, Family Allowances Division personnel are forced to undertake investigations themselves. As mentioned above, requests for investigations by private agencies are often funnelled through the provincial child welfare authority. This use of provincial public and private agencies in the making of social studies has been of benefit to them as situations of child neglect are often uncovered which had previously not come to the attention of child caring organizations. Private agencies may also act as payees for children under their care and as such are supervised in their expenditure of Family Allowances. When, upon investigation, it is determined that any recipient of Allowances is spending them for some other purpose than for the benefit of the child, the Act and Regulations provide that the Allowances may be paid to some other individual. Both social agencies and private persons may act as such "third party administrators".

These relationships between the Regional Offices and provincial departments and private agencies have all been

brought about by local arrangement. In all areas where co-operation is required, there are many differences among the provinces and even among different sections of the same province. For example, in some provinces the method of reporting school attendance in urban centers is dissimilar to that employed in rural areas. For this reason, it would have been very difficult, if not impossible, for the National Director of Family Allowances to have devised and directed uniform procedures. The responsibility for creating and maintaining rapport and working relationships has therefore been left to the Regional Directors. This function has, of course, been more difficult in some provinces than in others. Where there was already an organized method of reporting school attendance, where there were efficient departments of welfare and vital statistics, and where government officials generally were sympathetic to the Family Allowances program, the process was relatively simple. In provinces where such ideal conditions have not existed, the job has been more onerous.

The purpose of this Chapter is to describe the procedures which have been developed by the various Regional Offices for dealing with provincial governments and private agencies and to account for some of the divergencies. Only in the cases of public and private agencies acting as Family Allowances payees and individuals and agencies acting as third party administrators is there no variation in procedure as the Family Allowances

Manual directs specifically the method of accounting and the type of expenditure permitted.

1 School Attendance

Information concerning arrangements made by the Regional Offices with provincial educational authorities is not readily available in detailed form and must be gleaned from the annual narrative reports submitted by the Regional Directors each year. It was planned that the Executive Assistant to the National Director would visit each Office during 1949 in order to investigate and report on the situation in each province and to make recommendations as to uniform procedures which might be adopted. This investigation, however, was postponed. The writer has first hand and detailed knowledge only of those three Regional Offices which he visited.

Directives from the Central Office have not specified any particular method of receiving reports of non-attendance from the provinces, stating only that "it is important that Regional Directors establish and maintain a good working relationship with the provincial school authorities".⁴ The ideal arrangement would appear to be one by which the provincial department of education assembles reports from all schools and school districts, analyzes them, and submits to the Regional Office the names of those children whom it believes to be absent from school in a manner contrary to

provincial laws. The most unsatisfactory and inefficient arrangement would be one where no cooperation exists between the Regional Office and the provincial educational authorities and it would be necessary for the former to approach each local school attendance officer individually and, on the basis of ~~their~~^{his} reports, to decide which children are illegally absent. As matters stood in 1949, systems employed in the various provinces ranged between these two extremes.

Reports of non-attendance were generally received by the Regional Office through the central school authority in all the provinces except Quebec, Ontario, and Alberta. The relationship between the Regional Director in Nova Scotia and the chief attendance officer of the Department of Education is a very close one. The chief attendance officer reports to the Regional Office directly the name of each child who violates the school attendance law. The Regional Office in turn reports to him, for recommendation as to proper action, all cases of non-attendance which it has discovered. Reports from the Unemployment Insurance Commission concerning children under sixteen years who have applied for insurance books go first to the chief attendance officer and then to the Regional Office. Any dispute between a parent and the Regional Office concerning attendance is referred to the Department of Education for investigation and decision.⁵ The situation in Prince Edward Island is quite simple as there is only one attendance officer in the province. He receives monthly reports from the

teachers and consolidates them for submission to the Regional Office.⁶ Although the reporting of non-attendance has been centralized in New Brunswick, the arrangement has not been very satisfactory as the provincial department has had difficulty inducing the county superintendents of schools to submit reports. According to the Regional Director, they have hesitated in reporting because they have not been clear in their minds whether the county or the province would absorb the cost of any court action which might result. To improve this situation, Family Allowances Division personnel have visited the county superintendents in order to interpret the Act to them and encourage their cooperation.⁷ In Manitoba, the provincial superintendent of education has reported cases of irregular attendance directly to the Regional Office from all schools except those in Winnipeg where they are reported by the local officials.⁸ Both British Columbia and Saskatchewan have systems by which reports of non-attendance are funnelled through the provincial departments of education. In Saskatchewan, however, reports occasionally come from local school officials directly.⁹

In Ontario, the arrangement for receiving school attendance reports is greatly decentralized, the Regional Office dealing with approximately six hundred school inspectors and secondary school principals.¹⁰ Reports to the Alberta Regional Office come from the large school divisions, each of which administers as many as seventy school districts. Since 1949, the

superintendents of divisions have submitted reports on individual children whenever the occasion demands. Previous to that year, lists were submitted only once each month.¹¹ The most completely confused situation has existed in the Province of Quebec where it has not been possible to make an overall arrangement with provincial government officials. According to the Assistant Regional Director, they refuse to recognize the federal program. As a result, it has been necessary for Family Allowances administrative personnel to convince individual school attendance officers that cooperation will assist them in performing their duties. The Liaison Officer - School and Juvenile Work, whose functions were described in Chapter XVI, Section 3 A, has been useful in this regard. It is estimated, however, that only about fifty per-cent of the instances of non-attendance throughout the province are reported. This lack of cooperation between the Family Allowances Division and this provincial government has generally been attributed to causes related to party politics.¹²

The Family Allowances Act as amended in 1946 states that: "The Allowance shall cease to be payable if the child does not regularly attend school as required by the laws of the province where he resides, or does not receive training which, in the opinion of the competent educational authority designated by such province is training equivalent to that which he would receive if he attended school".¹³ The Family Allowances Manual states specifically that "regular attendance"

must be defined by the provincial authority. "It is a matter for the provincial authorities to decide what constitutes unsatisfactory attendance, that is, the number of days absence or the types of absence which are to be considered as unsatisfactory." ¹⁴ It goes on to say that, although the method of reporting must be worked out with the education officials in each province, a definite statement must be made by them that a child's attendance was unsatisfactory for a specific month or months before allowances may be suspended. In the majority of provinces this procedure has been followed but there have been notable exceptions.

The Quebec Regional Office has, quite obviously, been unable to fulfill the provisions of the Family Allowances Manual described above. Since no particular officer of the provincial government has agreed to state definitely whether a child's non-attendance is in violation of provincial law, personnel of the Family Allowances Division must assume much of the responsibility for making such a decision after considering all extenuating circumstances. Since the reporting by school attendance officers is not more than fifty percent complete, reports concerning attendance are also solicited from parents and neighbors. The suspension of Allowances on the basis of such reports is made on Regional Office initiative completely. ¹⁵ In Ontario, although the advice of the approximately six hundred school inspectors and secondary school principals is followed when a recommendation that

Allowances be suspended is specifically stated, if there appears to be any question about the attendance of a particular child, the Regional Office conducts its own investigation by mail, contacting such informants as neighbors, school officials, and church authorities. On occasion, cases are referred to the Children's Aid Society. In situations where poor health is claimed as an excuse for absence from school, the Regional Office sends a medical certificate to the parent which must be signed by a doctor, school inspector, or school principal.¹⁶ In Regional Offices where the Directives are closely adhered to, uncertain cases and those claiming medical reasons for absence are returned to the education authorities for investigation and final decision. According to the annual narrative reports of the Regional Director in Saskatchewan, the school authorities in that province have not been willing to adopt the procedure of submitting a certificate stating definitely whether a child's attendance is satisfactory or unsatisfactory in light of provincial laws. Instead, the Department of Education furnishes particulars of non-attendance, leaving the final decision to the Regional Office.¹⁷

In both this matter of certification of illegal absence from school and that of the method of reporting, it is difficult to understand why more uniformity has not been obtained. The situations in Quebec and Saskatchewan may be partially explained by the overt antagonism between the political parties in power in those provinces and the government

of the Liberal Party in Ottawa. In the remaining provinces there appears to be no excuse except that perhaps the Regional Directors have not been forceful enough in their demands or have been incapable of establishing friendly relations with provincial officials. The writer suspects that greater uniformity could be obtained if more direct support and assistance was forthcoming from the Central Office.

Table VII sets forth the number of children who were reported for not attending school or working for wages during 1949. It is difficult to believe that the school attendance and working habits of children vary throughout Canada to the extent indicated. Much of the difference in the numbers of children which were reported is undoubtedly attributable to the varying efficiency of the reporting systems devised.

TABLE VIII

CHILDREN REPORTED FOR UNLAWFUL ABSENCE FROM SCHOOL OR WORKING
FOR WAGES DURING 1948-49 18

Province	Children in pay March 1949	Number of Children Reported	Percent Reported
Prince Edward Is.	32,621	939	2.9
Nova Scotia	207,282	2,345	1.1
New Brunswick	181,921	3,925	2.2
Quebec	1,302,242	42,543	3.2
Ontario	1,140,778	25,455	2.2
Manitoba	211,752	7,564	3.6
Saskatchewan	258,370	855	0.3
Alberta	266,133	4,266	1.6
British Columbia	279,769	4,829	1.8

2 Vital Statistics

The provincial vital statistics authorities have been reported as cooperating fully with all the Regional Offices. They not only assist in locating the birthdates of children omitted from the Birth Registers, but also inform the Regional Offices when girls under sixteen years marry, as they are ineligible for Allowances. The fact that this arrangement is advantageous to them by making birth registration more complete may account for their uniformly co-operative attitude.

In at least one province, however, difficulty in obtaining birth information was encountered initially. When the Regional Director in Nova Scotia requested that his personnel be permitted to search for birth certificates among the vital statistics records, he was informed that such a procedure would not be possible. In order to force the issue, he wrote letters to five hundred parents stating that the Regional Office had no record of their children's births and that, unless they produced certificates or other proofs immediately, their Allowances would be suspended. These letters resulted in the provincial office of vital statistics' being overwhelmed with requests and recriminations. In the face of such pressure, the vital statistics authorities relented and there has been no trouble since. 19

To obtain the information required, the Regional Offices either send one of their staff to the vital statistics office

as is the case in Nova Scotia,²⁰ or make their request by mail as is the case in Quebec.²¹

3 Institutions

The Family Allowances Manual directs that "Regional Directors are to arrange to make a periodic check-up every six months with regard to children in institutions to insure that the parent is continuing to provide maintenance in accordance with Regulation 12 (1) plus Family Allowances received on behalf of the children".²² This institutional check is meant to cover all types of institutions and must include hospitals and residential schools.

By 1949, all Regional Offices had undertaken such an accounting of institutional populations. The procedure included personal original contacts to explain policy and to arrange for the submission of reports, and the routine checking of reports as received. Most of the Regional Offices perform the routine check in the manner described during the discussion of the structure of the Ontario Office in Chapter XVI, Section 2 E. The institutions report all admissions and discharges and every six months they verify a list of children as submitted by the Family Allowances Division indicating the amount of maintenance contributed by the parents of each child. In Nova Scotia the relatively small size of the province makes it possible for members of the Family Allowances staff to visit each institution personally every six months.²³

The Alberta Regional Office employs a combination of the two methods. Personal contact is maintained with institutions in Edmonton and Calgary, while the Ontario system is used for the rest of the province.²⁴ In provinces where child protection legislation requires institutions to report all admissions and discharges to a central provincial department, an attempt is sometimes made to obtain this information directly from the provincial government. Such an arrangement obtains in Saskatchewan and Nova Scotia.²⁵ The problem faced by the Regional Office in Quebec is much more difficult than that in the other provinces. In 1949, the Supervisor of Welfare Services had visited, for the first time, less than half of the more than 125 institutions.²⁶

4 Investigations

Investigations of family situations are necessary under the Family Allowances Act in order to determine whether the payee is expending the Allowance for the benefit of the child, and to obtain details concerning such matters as the transfer of children from one parent to another, adoptions, birth verification, overpayments, and, in some instances, school attendance. The Family Allowances Division reported in 1949 that: "The work of the Welfare Section was by no means limited to welfare investigations regarding reported misuse. Altogether during the fiscal year there were approximately 27,000 cases referred to the Family Allowances Welfare staff. Of these

12,000 were in connection with problems of determining eligibility of a parent to receive allowances on the grounds of maintenance. Nearly 9,000 cases had to do with children moving from one home to another." 27

Family Allowances investigations are made by public child welfare departments, private social agencies, and Family Allowances administration personnel. The R.C.M.P. is occasionally called upon to investigate situations in rural areas and unorganized territory. Investigations by private agencies are requested directly in some provinces and in others, through the provincial departments of public welfare. The Family Allowances Division has been authorized to pay these agencies five dollars to cover the cost of each investigation. This financial arrangement is provided by Order in Council in regard to payments to provincial governments and by informal agreements with private agencies. During the fiscal year ended March 31, 1949, 3,722 investigations were conducted by provincial departments of welfare, 1,529 by other social agencies, and 2,151 by Family Allowances Regional staff members. 28

The establishment of a uniform procedure for investigations throughout the Dominion would be impossible as the availability of social agencies, both public and private, differs greatly among the provinces.

In Nova Scotia, Ontario, Manitoba, and British Columbia, agreements between the Dominion and the provinces had been reached prior to 1949 whereby Family Allowances investigations

would be referred to the provincial departments of public welfare. In Prince Edward Island, such a provincial department had just recently been established and plans were under way to refer cases to it.²⁹ In Nova Scotia the provincial child welfare agency generally refers all requests for investigations to the Children's Aid Societies in the localities concerned. In counties where there are no Children's Aid Society facilities, however, provincial workers perform the investigations themselves. All reports from the Children's Aid Societies are transmitted to the Regional Office by provincial authorities.³⁰ The provincial department of public welfare in Ontario has also delegated the field investigations to the Children's Aid Societies. To expedite the return of reports, the Regional Office sends a copy of the request for investigation directly to the Children's Aid Society concerned and the society returns the original of the case report to the Regional Office and sends a copy to the provincial department.³¹ Investigations requested by the Regional Office in Manitoba are either conducted by provincial workers or are referred to the few private agencies which operate in the larger urban centers.³² In British Columbia, all investigations are carried out by personnel of the provincial department.³³

The Regional Offices of New Brunswick, Quebec, and Alberta request investigations directly from private agencies or conduct them with their own personnel. In New Brunswick, since a statutory relationship has never been established

between the Children's Aid Societies and the provincial government, the Regional Office deals directly with the individual agencies.³⁴ Because of the scarcity of private social agencies in Quebec, the problem of Family Allowances investigations is a very difficult one. Private agencies operate in several cities but do not extend their activities throughout the whole province. By 1949, only three agencies had agreed to carry on investigations at the usual rate of five dollars per case. It is therefore necessary that social workers from the Regional Office perform the bulk of required investigations themselves.³⁵ In Alberta, arrangements have been made with agencies in Edmonton and Calgary and, in a like manner, with the provincial welfare department. They are all dealt with separately. The balance of investigations are conducted by Regional Office personnel.³⁶

An anomalous situation exists in Saskatchewan. It is generally agreed that this province has an excellent public child welfare division which is staffed by trained and experienced social workers. The Family Allowances Division, however, is understood to have received orders not to allow provincial government employees to undertake investigations, presumably for fear that the C.C.F. Party will attempt to take credit for establishing the program. As a result, Family Allowances personnel, receiving some assistance from private agencies located in urban areas, must conduct investigations themselves.³⁷

5 Child Placing Agencies as Family Allowances Payees

As mentioned above,³⁸ a child placing agency, in order to be eligible to receive Family Allowances on behalf of a child in its care, must be an agency which is staffed by qualified social workers and offers a diversified placement program, in addition to supplying substantial maintenance. The Family Allowances Manual provides no definition of the terms "qualified social worker" and "diversified placement program". The former is generally loosely employed, sometimes implying membership in a professional organization and, in other instances, having a particular combination of training in a school accredited by the American Association of Schools of Social Work and a certain number of years of experience. The Canadian Association of Social Workers itself has had difficulty during the last few years determining who is qualified for membership. The Family Allowances Division neatly explained the situation as regards child placing agencies in its report for the fiscal year ended 1947 as follows:

Such agencies exist in loco parentis to the children concerned. They exercise rights approximating those of a parent as to the type of placement and the nature of the care that these children shall get. The kind of placement most sought by the agencies is through the use of foster homes. The endeavor here is to make available for the child that type of care which most closely approaches that which he would have received in his own home under normal conditions. Agencies from time to time also make use of the institutional type of care. While the Family

Allowances legislation does not permit payment direct to institutions, in those cases where the welfare agency exists as the "parent of the child", exercising choice as to placement and continued control of the child after placement, Family Allowances may be paid to the agency itself. 39

It appears quite obvious to the writer that these provisions concerning child placing agencies were aimed primarily at the Province of Quebec, as was the stipulation in the Act which disqualified institutions as Family Allowances payees. The French and Roman Catholic element of the Quebec population has traditionally employed institutions supervised by ecclesiastic personnel in the care of its neglected and dependent children. The policy of the Dominion, in this instance at least, would seem to be the discouragement of such institutional care and the encouragement of "recognized social agencies".

Only in Quebec has it been necessary to face the question of what a "recognized social agency" is. In this province a number of groups have applied for recognition as such in order that they might receive Allowances on behalf of children in institutions for whom no one is supplying substantial maintenance. Illustrating the general confusion concerning this matter is the fact that when an agency applies on behalf of children whom it maintains are under its care, it is asked whether the Canadian Welfare Council or the Canadian Association of Social Workers has been consulted. The Supervisor of Welfare Services in Quebec appears to be unable to state to

them just what the qualifications are and, as a last resort, refers all applications to the Deputy Minister of Welfare for decision. 40

This concept of a social agency also rules out the possibility of municipalities and provinces receiving Allowances on behalf of children in their care unless they are considered as "recognized". The Family Allowances Manual describes this situation as follows: "Municipal and provincial units, other than accredited child welfare departments, are not eligible for Family Allowances. Where, however, a municipality utilizes a recognized child placing agency and turns the maintenance over to it the agency becomes an eligible parent." 41

A child placing agency, as in the case of other payees, may receive Allowances only when it is contributing more to a child's maintenance than some other individual. The following situations may serve as examples. If a child in the care of an agency is placed in a "free" home, the agency does not contribute to the support of the child and, therefore, the foster parent is the payee. The same rule applies generally to adoptive homes. Payment is made, however, to an agency on behalf of children in boarding homes or institutions for whom it is providing substantial maintenance as defined in the Regulations. After a child has been in a boarding home for more than a year, the allowances may be paid to the foster mother if requested by the child placing agency. 42

The amendment to the Family Allowances Regulations of September, 1948 authorized the Family Allowances Division to attach to the payment of Allowances to child placing agencies "special terms and conditions under which the allowances shall be paid, used, and accounted for".⁴³ By Directive it has been stipulated that no part of the Allowances may be employed to increase the payment to an institution and that only four dollars per child per month may be used to increase boarding home rates. The remainder must be spent on items from a permitted list which is designed to benefit the children directly. Any unexpended balance of Allowances held by an agency must be kept in a separate savings account and an individual ledger page must be maintained for each family group or child. Any interest from the general account is to be distributed as directed. These trust accounts and relevant records are to be open to inspection by the Regional Directors and must be audited at least once a year by the agency auditor.⁴⁴

6 Third Party Administrators

A third party administrator is appointed when it is decided by the Regional Director that Family Allowances should not be paid to the person who is maintaining the child and there is no suitable relative available to serve as an alternate payee. As described by the Family Allowances

Manual: "A Third Party Administrator is a responsible person or agency from whom we expect an accounting of expenditures and who may possibly be remunerated for their (sic) services".⁴⁵

Private individuals serving as administrators must submit receipts for all expenditures to the Regional Office. This requirement does not apply to social agencies as it is assumed that their receipts will be needed for audit in the agency. Administrators must make reports to the Regional Directors at intervals of six months. Upon receipt of each acceptable report, the administrators are generally paid five dollars for their services.⁴⁶

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- 30 Stehelin, Paul Regional Director of Family Allowances, Nova Scotia, Interview, August 11, 1949.
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- 32 Regional Office - Manitoba, Annual Narrative Report, 1946.
- 33 Canada, Department of National Health and Welfare, Annual Report, Fiscal year ended March 31, 1947, Page 70.

- 34 Fleming, Mae Chief Supervisor of Welfare Services, Central Office, Family Allowances Division, Interview, Ottawa, April 15, 1949.
- 35 Regional Office - Quebec, Annual Narrative Report, 1949.
- 36 Regional Office - Alberta, Annual Narrative Report, 1949.
- 37 Regional Office - Saskatchewan, Annual Narrative Report, 1949.
- 38 Chapter XII, Section 3 A.
- 39 Department of National Health and Welfare, Annual Report, Fiscal Year ended March 31, 1947, Page 71.
- 40 Senez, Hector, Supervisor of Welfare Services, Quebec Regional Office, Interview, Quebec, August 8, 1949.
- 41 Canada, Family Allowances Manual, Directive 9/1, Par. 11.
- 42 Canada, Family Allowances Manual, Directive 9/2, Pars. 5-8.
- 43 Canada, Family Allowances Regulations, P.C. 4081, September 15, 1948, Par. 13, Section 1, (c).
- 44 Canada, Family Allowances Manual, Directive 9/2, Pars. 25-29.
- 45 Canada, Family Allowances Manual, Directive 10/1, Par. 11.
- 46 Ibid., Pars. 16-20.

CHAPTER XIX

APPEAL TRIBUNALS

The Family Allowances Act, 1944 states in Section 6 that "if any person is dissatisfied with a decision as to his right to be paid an allowance or as to the amount of allowance payable to him or as to any other matter arising under this Act, he may appeal against such decision to a tribunal to be established and conducted in accordance with regulations, and the decisions of the tribunal shall not be subject to approval or review by any court of law".¹ As mentioned in Chapter XII, Section 2 D above, such tribunals have previously been employed in Canada to hear appeals under the Unemployment Insurance Act of 1940 and are in general use in the United States in connection with social insurance schemes. The purpose of such tribunals has usually been to afford claimants protection against possible mistakes by the administering agency, while avoiding the expense of litigation in the courts of law. These tribunals, if all concerned are encouraged to use them, may also serve as a useful instrument of control by the central administrative authority, as they bring to light the actual administrative methods employed by subordinate units and any discrepancies in policy interpretation.

It was not until June 7, 1946, almost a full year after the date on which the Act came into effect, that the Family Allowances Regulations were amended to include provisions for the setting up of appeal tribunals and for procedures which would be followed.² As summarized in Chapter XII, Section 2 above, the Regulations stipulate that an appeal committee is to be established for each of the provinces and for the territories and consist of a chairman and such other members as may be appointed to serve for a period of two years and receive compensation only for actual expenses incurred. A secretary is to be appointed for each tribunal who is paid from funds appropriated for the administration of the Act. The tribunal sits only when there are appeals to be heard, and, except in unusual circumstances, all testimony must be presented in written form.

The Regulations also include more specific details. The appellant must mail a notice of appeal, setting forth a statement of the grounds for appeal, within three months of the date on which the decision appealed against was given. It is the responsibility of the secretary of the appeal committee to determine whether the information submitted by the appellant is sufficient and, if not, to notify the appellant to that effect. Within ten days of the receipt of a notice of appeal, the Regional Director must submit a statement setting forth the facts upon which the decision appealed against was made. No appeal shall be decided until "a reasonable opportunity has

been given to an appellant to file with the appeal committee in writing any representations that he desires the appeal committee to consider in making its order".³ Oral testimony may be heard if it appears to the tribunal as being necessary. An appeal committee may request the Director of Family Allowances to "state in the form of a special case for the opinion of the Deputy Minister of Justice, any question of law arising in, from, or in connection with an appeal to such appeal committee".⁴ Upon request of the Regional Director, the committee must request that the National Director submit the particular case being heard to the Deputy Minister of Justice. Finally, a tribunal may either "affirm the decision appealed against, or make such other order as may be properly made under the Family Allowances Act and these regulations".⁵

Despite the requirement of the Regulations that "there shall be an appeal committee for each province"⁶ by July of 1949 only two tribunals had actually been established by Order in Council although all Regional Directors had submitted the names of persons from their regions who might be appropriate members. These two appeal committees were for the provinces of Quebec and British Columbia. In both instances the tribunals had been organized because there were appeals pending to be heard. There appears to have been no inclination on the part of the National Director of Family Allowances nor the Regional Directors to set up appeal committees in order to encourage persons with grievances to appeal against administrative

decisions. As will be seen in the case of the single appeal which had been heard in British Columbia, a period of more than a year elapsed between the time of the appellant's filing of a notice of appeal and the date when the tribunal, after having been duly constituted, finally considered her case. There can certainly be no question but that the lack of established tribunals and the possibility of such delay in setting them up have served as deterrants to possible appellants.

A total of only four cases had been heard by the two appeal committees prior to July, 1949. It seems to the writer that, among the approximately 1,800,000 families receiving Family Allowances throughout the Dominion, it is probable that there have been more than four persons with grievances against the administration of the Act. That such a small number of decisions were appealed against would seem to indicate that either the Act and Regulations were being interpreted so liberally that no one could possibly object to administrative decisions made, or that Family Allowances payees were not sufficiently aware of the possibility of easy appeal at no cost to them. One would suspect that the latter situation was the case, considering that the administration had not even organized tribunals in eight of the regions.

It is difficult to excuse this failure to establish appeal tribunals and to widely publicize the right of every family to a fair hearing. Not only does it violate the provisions

of the Act and Regulations and in so doing deny Family Allowances recipients their only recourse from administrative discretion, but also denies those responsible for administration a useful control device. As described in Chapter XIII, Section 5, the National Director of Family Allowances has not been able to develop and exercise a satisfactory method of systematic inspection to determine whether the Act, Regulations, and directives are being interpreted uniformly throughout the Dominion. He has had to depend entirely upon reports submitted by the Regional Directors and occasional spot-checks by himself and Central Office staff members. By organizing appeal committees in each of the regions and publicizing their availability, he would at least be certain that Allowances were not being denied persons through misinterpretation. Since the Regulations require that the Regional Directors must submit not only a statement of facts upon which the decision appealed against was made but also "the registration or supplementary registration form as the case may be, and any correspondence, reports, statements or other information in his possession relating to the appeal" ⁷, frequent hearings would illuminate, for all concerned, actual administrative methods and practices. For these same reasons, the establishment of an appeal tribunal would be to the advantage of each Regional Director. Their only check on the accuracy and efficiency of subordinate personnel is through the regular supervisory channels and by means of a continuous audit carried on by the Central Registry

sections. The effectiveness of the audit can certainly be challenged on the basis that it is performed by general clerical personnel and not by specialists trained in assessing eligibility. As mentioned in Chapter XVII the examination by Treasury of each account for which a change in Allowance has been ordered, which occurs in all the Regional Offices but the one in Toronto, generally uncovers only obvious and technical errors.

The Regional Directors generally are skeptical concerning the need for and the value of appeal tribunals. This skepticism may account in part for the fact that only two have been set up. One Regional Director told the writer that the policy followed in granting Allowances was so lenient that he could not imagine how any case could arise which would require adjudication by an appeal committee. He maintained that administering Family Allowances consists primarily of dealing with facts and that, when they are in question, the benefit of the doubt is always given to the payee.⁸ Such a point of view would seem to be in error since there are specific eligibility requirements in the Act and Regulations which must be complied with. If they are interpreted in such a way that there are no complaints whatsoever, one would suspect that perhaps the Act is being administered too liberally. On the other hand, unless the facilities for appeal are readily available and fully publicized and all persons with grievances are encouraged to use them, it is difficult to understand how the Regional Directors are

certain that the employees under their direction are, in fact, giving the payees this benefit of the doubt.

Three appeal cases were heard during 1948 and one during 1949. In two of the cases reviewed in Quebec, the decision of the Regional Director was upheld. In the third case his decision was in part upheld and in part reversed. In the British Columbia appeal, the tribunal reversed the decision of the Regional Director. Each one of these appeal cases is summarized below. They are intended to illustrate the type of decision which might be appealed against in all provinces if tribunals were available as stipulated in the Act and Regulations. The appeals heard in Quebec were quite simple and are presented in brief form. The British Columbia case is treated in more detail as it indicates the delay which results when a tribunal is not available and the danger involved when an appeal committee concerns itself with matters of law and is not content with interpreting facts.

1 Appeal Tribunal - Quebec

The Quebec appeal committee was set up by Order in Council, P.C. 49, dated January 15, 1948. It consisted of three members assisted by a secretary. The members were selected after consultation with persons politically concerned with the Province of Quebec.⁹ The decisions of the three appeals which they heard were all handed down on March 9, 1948. Two appeals concerned the question of school attendance and

one both the payment of Family Allowances to an institution and an error made when reporting a birthdate.

The first case concerned the appeal of Madame Rebecca Parisé¹⁰ whose Allowance had been suspended in order to make possible the reimbursement of an overpayment of Allowances made to her from November, 1945 to August, 1946, during which period the Regional Director claimed that her three children, aged thirteen, eight, and six years, were absent from school in a manner contrary to the laws of the province. The Regional Office records disclosed that the oldest child had been discharged from school for insubordination during October, 1945. With the discharge of this child, the mother withdrew the other two children from school and they did not return before September, 1946. The testimony submitted revealed that the school was about a mile away from the home so it was conceivable that the absence of the two youngest children could be excused on the basis that the oldest child was not available to accompany them.

The tribunal decided that, during the period in question, the payee had a right to Family Allowances for the youngest child as she could not be expected to attend school without her oldest brother. The repayment of Allowances for the other two children was considered as being rightly effected as both had been illegally absent from school.

The second Quebec case concerned the appeal of Madame Joseph Gagnon,¹¹ mother of five children. She appealed from

the decision of the Regional Director to suspend the Allowances of the three eldest children who were not attending school in accordance with the provincial law and to effect reimbursement of an overpayment made between September, 1945 and June, 1946. The overpayment was recovered by suspending the Allowances for the two younger children completely for a certain period and afterwards decreasing the amount to which the mother would ordinarily be entitled.

As there were no extenuating circumstances, the appeal committee unanimously rejected the appeal and upheld the decision of the Regional Director.

The third decision of the Quebec appeal committee resulted from the appeal of Madame Rose Alma Plourde.¹² She appealed from the decision of the Regional Director to suspend her Allowance in order to effect reimbursement of amounts paid for two children when they were ineligible. The mother had been paid \$42.00 for one child who had passed his sixteenth birthday. The overpayment was due to an error made by the payee when recording her son's birthday on the registration form. The Vital Statistics Register, when received, indicated that he had been born one year earlier than she claimed. A second overpayment occurred when one of her children was hospitalized for a period of almost two years. The mother contributed \$5.00 per month to her maintenance but did not expend the Family Allowances received for her benefit.

In light of the Act, Regulations, and policy directives,

the appeal committee decided unanimously that the decision of the Regional Director should be upheld.

2 Appeal Tribunal - British Columbia

The single case heard by the British Columbia appeal committee was that of Mrs. W.F. Stevenson.¹³ The background of her appeal was, briefly, as follows. She had first applied for Family Allowances in April, 1945, having entered Canada from England in 1940. Her child was considered eligible as he had been a resident of Canada for a period of three years. In April, 1946 she requested that her child's Registration be cancelled as she was returning to England for the purpose of obtaining a divorce. She returned to Canada in October, 1947 and again applied for Allowances. It was necessary, of course, for the Regional Office to treat this application as a new one and it was denied on the grounds that the absence from Canada during the preceeding three years exceeded twelve months and that she did not maintain a home in Canada during the period of absence as required by the Regulations of August 3, 1945. As will be remembered from Chapter XII, Section 2 F, the Regulations as promulgated in September, 1948 removed the requirement that the applicant must maintain a home, and, in lieu of permitting a total absence of twelve months during the three years prior to registration, provided that intervals of absence would be permitted "which are of a temporary nature and which when totalled and averaged do not exceed one hundred

and twenty days per year".¹⁴ There was some question whether the tribunal should decide the case in light of the 1945 Regulations as they were in effect when Mrs. Stevenson applied for the second time, or in the light of the 1948 Regulations which were operative during the period when the case was heard. Not having the 1945 Regulations at hand, the appeal committee considered those of 1948. The Regional Director decided the child to be ineligible also under the latter.

Before discussing the decision of the appeal committee, attention will be given to the delay which Mrs. Stevenson encountered because there was no tribunal already organized in the province. She notified the Regional Director of her intention to appeal on April 21, 1948.¹⁵ On April 24th he informed her that, before a tribunal could be established, it would be necessary for her to set out in detail the grounds on which she based her protest.¹⁶ (This demand was unwarranted as the Act and Regulations state that there shall be a tribunal established in each province. There is certainly no requirement that there must be an appeal pending before establishment.) Mrs. Stevenson set forth the reasons for her appeal in a letter dated April 26th.¹⁷ On May 4th, the National Director of Family Allowances requested the Regional Director to submit the names of persons who might be candidates for membership on the tribunal.¹⁸ The names suggested were cleared with R.W. Mayhew, member of Parliament from British Columbia,¹⁹ and on October 27, 1948 letters were sent to the three

candidates requesting that they serve. As one candidate was unable to be a member, the matter was further delayed until December, 1948 when the panel was complete.²⁰ For some reason, however, it was not until January 18, 1949 that an Order in Council officially designated the members of the tribunal.²¹ This was not the end to the delay as the chairman did not believe that they could proceed with Mrs. Stevenson's case until a secretary had been appointed.²² This last obstacle was overcome on March 31st.²³ The appeal was finally heard on April 14 and 15, 1949. The decision was handed down on May 4th - one year and thirteen days after Mrs. Stevenson's filing of a notice of appeal.

The appeal committee decided that, in Mrs. Stevenson's case, the absence was a temporary one and that she was entitled to Family Allowances retroactively to October, 1947. This decision was reached despite the fact that the child was absent from Canada for longer than seventeen months, which when totalled and averaged certainly exceeds one hundred and twenty days during a three year period. Excerpts from this opinion are quoted below in order to illustrate the undesirability of a tribunal's dealing with matters other than the facts presented and not referring questions of law to the Deputy Minister of Justice, as suggested in the Regulations. The opinion perhaps also illustrates the undesirability of appointing a young lawyer to the chairmanship of an appeal committee.

Section II (1) is clear enough, that if a child while resident in Canada has temporarily absented himself from Canada and has later returned, he shall be presumed to have continued to be resident during the period of such absence.

This left for decision only the question of whether the absence of 18 months less 11 days was a temporary absence.

The Committee would have had no doubt at all about this question, except for the provisions of regulation 6 (3). The Committee is of the opinion that this regulation may be somewhat ambiguous. It seems to say clearly enough that absences during the three years prior to the application for registration which, when totalled and averaged, do not exceed 120 days per year shall be deemed not to have affected the status of a child as a resident of Canada. This would seem plain enough, except that it is contended on behalf of the Department that the meaning is that persons who have been absent for periods which, when totalled and averaged, do exceed 120 days per year shall be deemed not to be resident in Canada.

The Committee does not think that this is a logical corollary, nor does it think that in law the proposition is sound.

The cardinal rule of interpretation of statutes is to interpret according to the plain meaning of the language: *Victoria v. Bishop of Vancouver Island* (1921) 3 WWR 214. If this rule governs the present case, the rule deals only with absences which, when totalled and averaged, do not exceed 120 days. There is no rule dealing with absences exceeding 120 days and the Committee is of the opinion that it is a question of the intention of the applicant, to be gathered from the facts of each case, which decides whether such longer absences do or do not affect the question of residence.

If the rule is ambiguous it is to be interpreted as to avoid harsh and absurd results; *Attorney General for Ontario v. National Trust Co.* (1931) O.R. 122. The committee is of the opinion that it would be harsh and perhaps absurd to fix a purely arbitrary period of 120 days per year as determining the question of residence, which is peculiarly one of intention.

The particular case is an illustration in point because, if Mrs. Stevenson had been able to get a passage to Canada when she wished it, she would have qualified as the total period of absence, when totalled and averaged, would not then exceed 120 days. 24

No attempt will be made here to challenge or assess the validity of the judicial reasoning employed in reaching the decision that the Regulations do not take away from the appeal tribunal the duty of deciding whether the absence was a temporary one. It does appear evident, however, that, when an appeal committee believes a section of the Act or Regulations to be ambiguous, it should not attempt to remove that ambiguity by its own interpretation. Because of their very nature, which is non-specialist, tribunals should concern themselves with questions of fact only. If the meaning of the Act or Regulations is in doubt, they should refer the case to the Deputy Minister of Justice for clarification.

The experience of the British Columbia appeal committee was unfortunate. Because he believed that this decision might establish a precedent in deciding questions of residence, the Regional Director requested the appeal committee to request the National Director to state the case for the opinion of the Deputy Minister of Justice. 25 Greater confidence in the appeal procedure would have undoubtedly resulted if he had accepted the ruling of the tribunal in at least this first case. This would have been possible considering the change in residence requirements brought about by the amendment to the Act of April, 1949.

NOTES TO CHAPTER XIX

- 1 Family Allowances Act, 1944, Section 6.
- 2 Amendment to Family Allowances Regulations of August 3, 1945,
made by Order in Council 2316 of June 7, 1946, Part Eight.
- 3 Ibid., Par. 59 (1)
- 4 Ibid., Par. 62 (1)
- 5 Ibid., Par. 52
- 6 Ibid., Par. 39 (1)
- 7 Ibid., Par. 57
- 8 Stehelin, Paul Regional Director of Family Allowances,
Nova Scotia, Interview, Halifax, August 11, 1949.
- 9 Letter from Deputy Minister of Welfare to the Minister of
National Health and Welfare, dated October 1, 1947.
- 10 Appeal of Madame Rebecca Parisé, March 9, 1948, Quebec Appeal
Committee for Family Allowances. Typewritten copy of
decision on file in Central Office of the Family
Allowances Division.
- 11 Appeal of Madame Joseph Gagnon, March 9, 1948, Quebec Appeal
Committee for Family Allowances. Typewritten copy of
decision on file in the Central Office of the Family
Allowances Division.
- 12 Appeal of Madame Rose Alma Plourde, March 9, 1948, Quebec
Appeal Committee for Family Allowances. Typewritten
copy of decision on file in the Central Office of the
Family Allowances Division.
- 13 Appeal of Mrs. W.F. Stevenson, May 4, 1949, British Columbia
Appeal Committee for Family Allowances. Typewritten
copy of decision on file in the Central Office of the
Family Allowances Division.
- 14 Family Allowances Regulations of September 15, 1948 made by
Order in Council, P.C. 4081, Par. 6 (3).
- 15 Letter from Mrs. W.F. Stevenson to the Regional Director
of Family Allowances in British Columbia dated
April 21, 1948.

- 16 Letter from the Regional Director of Family Allowances in British Columbia to Mrs. W.F. Stevenson, dated April 24, 1948.
- 17 Letter from Mrs. W.F. Stevenson to the Regional Director of Family Allowances in British Columbia dated April 26, 1948.
- 18 Letter from the National Director of Family Allowances to the Regional Director of Family Allowances in British Columbia dated May 4, 1948.
- 19 Letter from the Minister of National Health and Welfare to R.W. Mayhew, dated October 25, 1948.
- 20 Letter from Mrs. J.C. Gates to the Minister of National Health and Welfare dated December 1, 1948.
- 21 Canada, Order in Council, P.C. 136, January 18, 1949.
- 22 Letter from the Regional Director of Family Allowances in British Columbia to the National Director of Family Allowances dated February 26, 1949.
- 23 Canada, Order in Council, P.C. 1532, March 31, 1949.
- 24 See note No. 13 above.
- 25 Letter from the National Director of Family Allowances to the Deputy Minister of Justice dated May 20, 1949.

CHAPTER XX

CONCLUSION TO PART TWO

As specified in the Introduction, the principal intent of this Part has been to describe in comparatively general terms the administration of the Family Allowances Act. No attempt has been made to analyze in detail the procedures involved in the payment of Allowances or to be exhaustive in regard to the relationships among the departments of the federal government and between the Dominion and provincial governments and private agencies. Even on the basis of such a survey, however, some evaluation is possible, and suggestions for the possible improvement of administrative organization and practice would appear to be appropriate.

Since no definite standards of performance by which Regional Office administration can be accurately measured have been developed by the Family Allowances Division, it is not possible to assess with any precision the effectiveness of the organization and procedures which have been developed since Allowances were first paid during July, 1945. From observing the operations in three Regional Offices and discussing methods and problems of administration with personnel involved, however, the writer has concluded that the purposes of the legislation are being fulfilled in that Allowances are paid promptly,

there have been few complaints received from recipients and other members of the community, and, except in the Province of Quebec, overpayments have not been numerous or large. As regards interdepartmental relationships on the Dominion level, it appears that all concerned have cooperated fully and that the Department of National Health and Welfare has, with a minimum of friction, made good use of existing resources of personnel and services in other federal departments. Chapter XVIII makes it apparent that, although most of the Regional Directors have established satisfactory cooperative arrangements with provincial authorities, there is room for improvement in several provinces, especially in the matter of reporting school attendance.

The principal weakness in the administration of the Family Allowances Act seems to be the absence of any effective machinery for determining whether the Act, Regulations, and policy directives are being interpreted identically in all eleven Regional Offices. A valid reason for instituting a centralized, Dominion administration for Family Allowances, rather than a provincially administered scheme, would be to insure that all children in Canada receive Allowances on exactly the same basis. A major responsibility of the Central Office of the Family Allowances Division, therefore, should certainly be the detection and correction of any divergencies in the interpretation of the Act, Regulations, and policy directives among the Regional Offices. As pointed out in the preceding Chapters,

the only means of control now available to the National Director are visits made to the Regional Offices by himself and Central Office staff members, discussion of policy matters at the annual meetings of the Regional Directors, and correspondence with Regional Directors in which specific cases are cited. In addition, discrepancies often come to the attention of the Regional Directors when families move from one province to another. Visits by Central Office staff members have limited effectiveness as a control device since much of the visitor's time is spent discussing overall policy with the Regional Directors and such individual and specific cases which are considered are those concerning which there already is some doubt. Central staff members stated to the writer that they also examine records and question personnel concerning their proper function. It is possible that such a procedure has some value but it is in no sense sufficient to determine the extent of variation. The limitations as a control device of the annual meetings of the Regional Directors and correspondence between Ottawa and the Regional Offices are quite apparent as they do not pretend to discover discrepancies but discuss matters which have already come to the attention of the Regional Directors and the central staff. The examination by Regional Office personnel of records received from other provinces is effective in locating differences but limited in scope. There is always the faint possibility, of course, that there is no more discrepancy existing than has been pointed

out in this study, but as yet there has been no methodical attempt to discover whether or not that is so.

The most direct expedient for solving this problem of control would be the appointment of a team of inspectors who would visit each Regional Office at intervals and examine a prescribed sample of records. The members of this team would be thoroughly trained in all aspects of accepted policy interpretation and, ideally, would be chosen at least partially on the basis of the length of their experience in Regional Office administrative duties so as to ensure their recognition of extenuating circumstances which must be taken into consideration when determining eligibility in particular provinces. The reports of such a team would not only be valuable to the National Director in his attempt to pay Allowances uniformly throughout the Dominion but also should be welcomed by the Regional Directors who, at the present time, have no method of objectively measuring the quality of work performed in their Offices. A second control device which the Family Allowances Division has neglected was discussed in some detail in Chapter XIX. By establishing appeal tribunals in each province and giving them full publicity, the National Director would be fulfilling the provisions of the Act and would also be providing a means by which inequities caused by misinterpretation of policy could be brought to the attention of all concerned. Consideration should also be given by the Director of Family

Allowances to the possibility of further in-service training. At least prior to July, 1949, only a single course had been conducted for which personnel from the Regional Offices were assembled in Ottawa. The instruction in this instance was offered by the Personnel Division of the Department and concerned general problems of public administration rather than those applicable specifically to the payment of Family Allowances. Greater uniformity would certainly be assured if clerks responsible for the determination of detailed aspects of eligibility could be assembled for further training in their particular areas of Family Allowances administration and for discussion of problems which they have encountered.

Another matter which deserves consideration here was emphasized by the Regional Directors at their annual meeting which was held during June, 1949. As stated in the minutes of this meeting:

It was suggested that it would be advisable to have a person working out of Ottawa who would spend nearly full time visiting Regional Offices. This official would develop refinements of procedure in such matters as job analysis, simplification of systems and standardization of reports. It was observed that if such work is not taken on by our own division some other agency will take over this function and the result will be less satisfactory.

The Regional Office supervisory personnel with whom the writer discussed the problems of administration expressed the desire that such a person be appointed with whom they could consult. They were generally of the opinion that greater uniformity among the Regional Offices would result since such a consultant

would be able to explain to them the relative advantages of procedures employed in other Offices. It was further suggested that he would be able to assist in establishing more effective relationships with provincial government departments in such matters as reporting non-attendance at school by keeping in mind the experiences of other provinces. It was not suggested that this administrative consultant should be one of the present staff of the Central Office. There seems to be a general lack of confidence in their opinions concerning matters of Regional Office administration as none of them have had any extensive experience with the many problems which must be faced by the Regional Directors and tend to underestimate their importance and difficulty. The general concensus of opinion seemed to be that one of the present Regional Directors in whom the others have confidence should be appointed.

It appears that there is some confusion in the minds of the Regional Directors as to just what the functions of such a consultant should be. The summary of their suggestions in the minutes of their annual meeting in 1949 implies that their principal objective is to avoid interference by the Organization and Methods Branch of the Civil Service Commission. The procedure of job analysis is a very specialized and technical one and is rightly within the sphere of the Civil Service Commission. Consultation as regards Office organization and relations with provincial governments departments could undoubtedly be satisfactorily combined with the inspection

team which was recommended above. The person in charge of this team could very well be a person with extensive Regional Office supervisory experience.

When discussing the position of the Supervisor of Welfare Services in the Central Office in Chapter XIII, the question was raised as to whether this position should be within the Family Allowances Division. The writer wishes to repeat here the recommendation that a Division of Welfare Services be established which may be consulted by all divisions of the Department of National Health and Welfare. Its function in regard to questions of social service would be much the same as that of the Legal Division in regard to questions of law.

A final suggestion is that the Family Allowances Division should consider, as a long range administrative reorganization plan, the possibility of decreasing the number of Regional Offices. On the surface at least, it appears reasonable that a division of the Dominion into five regions in accordance with the plan of the Unemployment Insurance Commission would be more economical and efficient. This would involve the establishment of regional headquarters for the Maritimes, Quebec, Ontario, the Prairies, and British Columbia. Such an arrangement would not eliminate the close contact now maintained by the Regional Offices with provincial government departments and private agencies. A sub-office could be operated in each provincial capital city for the purpose of ensuring such liaison. Before such a reorganization is contemplated, however, a thorough

investigation of the relative costs of large and small Offices should be undertaken from the points of view of both the Family Allowances Division and the Treasury.

Two criticisms of such a reorganization are generally presented by Family Allowances Division personnel. They maintain, in the first place, that by moving the Office from the provincial capital city, changes in Allowances would take much longer to effect and that overpayments would result. Certainly it would take no longer to report changes from Charlottetown to Halifax than it does at present from Port Arthur to Toronto. The second criticism is to the effect that opposition to the plan by the provinces would be too strong to permit it as they cherish the jobs which the Regional Offices provide. This obstacle could no doubt be overcome in time.

APPENDIX

APPENDIX A

Report of the Special Committee on Social Security - July 23, 1943.

Journal of the House of Commons of Canada, 4th Session 19th
Parliament, July 23, 1943.

Mr. MacMillan from the Special Committee on Social Security presented the Fourth Report of the said Committee which is as follows:-

It was obviously impossible to consider, this session, all the problems involved in a program of Social Security. Only certain urgent phases could therefore be discussed. Recognizing that the primary basis of Social Security is Health, the Committee considered first the Act to establish a national council for Physical Fitness, and the Health Insurance Bill prepared by the Advisory Committee on Health Insurance appointed by Order in Council, P.C. 836, of the 6th of February, 1942. All the organizations which desired to give evidence were permitted to do so, either in person or by submitting a brief for the record, and no applicant was refused a hearing. It was the opinion of the Committee that, because of the importance of the subjects under discussion, complete representation on the part of all concerned should be encouraged. The Committee held thirty-two meetings, examined one hundred and seventeen witnesses representing thirty-two organizations.

The Act for the establishment of a national council for physical Fitness has already been approved by the Committee and has been reported to the House.

The Committee approves the general principles of Health Insurance set forth in the Health Insurance Bill, respecting public health, health insurance, the prevention of disease, and other matters relative thereto.

The Committee recommends:-

1. That before the Bill is approved in detail or amended and finally reported, full information regarding its provisions be made available to all provinces.
2. That to provide this information, officials of the various government departments concerned be instructed to visit the various provinces and to give full details of the proposed legislation to the provincial authorities.

3. That, if possible, before the next session of Parliament, a conference of the representatives of the governments of the various provinces and the Dominion be held to discuss certain complex problems involved, especially financial and constitutional questions.
4. That in the light of all the information meanwhile obtained, study of the Bill be continued by a Committee of the House and by the Advisory Committee on Health Insurance.
5. That the government review the existing regulations governing Old Age Pensions, Pensions for the Blind, and War Veteran's Allowance, and consider the advisability of adjusting the eligibility age to a lower level and of increasing the amount of pension.
6. That an investigation be made into conditions and bases of grants of these pensions in the various provinces, cost of subsistence, inequalities, responsibility for and distribution of obligation, and all the matters relating to the problems involved, in order to effect greater coordination equality and adequate adjustments.
7. That a study of a program of Social Security be continued during the next session of parliament, with the object of making a coordinated framework of the various topics and problems.
8. That this Committee, or the Committee subsequently appointed to consider Social Security, be provided with necessary research assistance.

APPENDIX B

Statutes of Quebec 1943, 7 Geo VI, Chapter 29

AN ACT RESPECTING THE PAYMENT OF FAMILY ALLOWANCES UNDER
COLLECTIVE LABOUR AGREEMENTS

(Assented to the 23rd of June, 1943.)

His Majesty, with the advice and consent of the Legislative Council and of the Legislative Assembly of Quebec, enacts as follows:

1. Section 1 of the Collective Agreement Act (Revised Statutes 1941, chapter 163) is amended by adding, at the end of paragraph i, the words: "The word does not include family allowances".
2. Section 10 of said act is amended by inserting, after the word: "respecting", in the third line of the first paragraph thereof, the words: "Family allowances".
3. Section 20 of said act is amended by adding thereto the following paragraph:
 - "m. If the decree provides for family allowances:
 1. Collect the requisite contributions;
 2. Pay the allowances directly or through the employer;
 3. Verify the existence of the family charges for which allowances are payable;
 4. Determine, by resolution, the person to whom any allowance is to be paid pursuant to the following principles:
 - a) the allowance belongs to the person (child or other person) on whose account it is granted;

- b) normally, the employee receives it as trustee for such person;
 - c) if the employee does not actually use the allowance for the benefit of the said person, payment is made to someone who takes care of such person."
4. This act shall come into force on the day of its sanction.

APPENDIX C

Copy of Letter from Deputy Minister of Labour,
Province of Quebec.

Quebec, Avril 28, 1950.

Mr. Frank R. Breul,
3609 Hutchison Street,
Montreal, Que.

Dear Sir:-

In reply to your letter of April 26th, I beg to state that the Collective Agreement Act was effectively amended in 1943 to permit the Lieutenant-Governor in Council to render obligatory the family allowance provisions of a collective agreement in a particular industry or commerce, within a certain territorial jurisdiction.

Many contracting parties, on account of the increasing cost of living, were ready to include in the agreements provisions for family allowances. The contributions to such family allowances would have been paid by the employers exclusively and collected by the Joint Committees having the responsibility to enforce a decree under the Collective Agreement Act.

A flat percentage on the payroll, let us say about 3%, would have been collected and allowances would have been paid to the employees in a proportion with the number of their children.

As a matter of fact, the amendment was never resorted to because a few months after, the Federal Government passed its Family Allowance Act.

This amendment to the Collective Agreement Act was legal; it had been prepared by Mr. L.P. Pigeon himself who was legal counsellor to ex-Premier Godbout.

Yours very truly

Signature

Gérard Tremblay,
T.

Deputy Minister of Labour.

APPENDIX D

8 GEORGE VI.

CHAP. 40.

An Act to provide for Family Allowances.

(Assented to 15th August 1944.)

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:-

1. This Act may be cited as The Family Allowances Act, 1944.

2. In this Act, unless the context otherwise requires:-

(a) "allowance" means the monthly allowance authorized by section three of this Act;

(b) "child" means any person under the age of sixteen years who is a resident of Canada at the date of registration, and -

(i) who was born in Canada and has been a resident of Canada since birth; or

(ii) who has been a resident of Canada for three consecutive years immediately prior to the date of registration; or

(iii) whose father's or mother's domicile at the time of such person's birth and for three years prior thereto was in Canada and has continued to be in Canada up to the date of registration; or

(iv) who was born while his father or mother was a member of the Naval, Military, or Air Forces of Canada or within twelve months after his father or mother had ceased to be a member of such forces;

but shall not mean any person who is in Canada contrary to the provisions of the Immigration Act;

- (c) "institution" shall have such meaning as may be prescribed in the regulations;
- (d) "maintains" means maintains wholly or substantially, and "substantially" shall have such meaning as may be prescribed in the regulations;
- (e) "Minister" means the Minister of National Health and Welfare;
- (f) "parent" means a father, stepfather, adoptive father, foster father, mother, stepmother, adoptive mother, foster mother or any other person who maintains or has the custody of a child, but does not include an institution;
- (g) "registration" means registration pursuant to section four of this Act and regulations;
- (h) "regulations" means regulations made by the Governor in Council pursuant to this Act.

3. Subject as provided in this Act and in regulations, there may be paid out of unappropriated moneys in the Consolidated Revenue Fund from and after the first day of July, one thousand nine hundred and forty-five, in respect of each child resident in Canada maintained by a parent, the following monthly allowance:-

- (a) in the case of a child less than six years of age, five dollars per month;
- (b) in the case of a child six or more years of age but less than ten years of age, six dollars per month;
- (c) in the case of a child ten or more years of age but less than thirteen years of age, seven dollars per month;
- (d) in the case of a child thirteen or more years of age but less than sixteen years of age, eight dollars per month:

Provided that the allowance payable shall, in respect of a fifth child maintained by the parent, be reduced by one dollar and in respect of a sixth child and a seventh child respectively so maintained, by two dollars and in respect of an eighth child and each additional child respectively so maintained, by three dollars.

4. (1) The allowance shall be payable only after registration of the child, and shall commence in the first month after registration, and shall be payable to a parent in accordance with regulations or to such other person as is authorized by or pursuant to the regulations to receive the same.

(2) The allowance shall cease to be payable with the payment for the month when the child attains his sixteenth birthday or when, being above the age of six years and physically fit to attend school, he fails to attend school or to receive equivalent training as prescribed in the regulations or when he dies or ceases to reside in Canada or, in the case of a female child, when she marries.

(3) The increase in the allowance payable under section three consequent upon the child attaining his sixth, tenth or thirteenth birthday shall commence with the payment for the month following such birthday.

(4) A person to whom an allowance is payable shall, within one month of the allowance ceasing to be payable, report such fact in accordance with regulations.

5. The allowance shall be applied by the person receiving the same exclusively towards the maintenance, care, training, education and advancement of the child, and, if the Minister or such officer as is authorized by regulations in that behalf is satisfied that the allowance is not being so applied, payment thereof shall be discontinued or made to some other person or agency.

6. If any person is dissatisfied with a decision as to his right to be paid an allowance or as to the amount of an allowance payable to him or as to any other matter arising under this Act, he may appeal against such decision to a tribunal to be established and conducted in accordance with regulations, and the decision of the tribunal shall not be subject to appeal or review by any court of law.

7. No allowance under this Act shall be subject to taxation or to the operation of any law relating to bankruptcy or insolvency or be assigned, charged, attached, anticipated or given as security, and the allowance is payable subject to these conditions.

8. (1) Nothing in this Act shall preclude such adjustment of the deduction on account of a dependent child from tax payable

under the Income War Tax Act as may be necessary to avoid duplication of benefits under the Income War Tax Act and this Act.

(2) Where he considers it necessary to prevent duplication the Governor in Council may by regulation provide for the reduction or withholding of the allowance payable to any person receiving aid from the Government of Canada for the maintenance of a child in respect of whom the allowance is payable under this Act, provided that such reduction or withholding shall not be made by reason of a pension under the Pension Act or dependents allowance payable in respect of a dependent child of a member of the Naval, Military, or Air Forces of Canada.

9. The Minister shall have the powers necessary to administer this Act, and he may

(a) establish committees or boards and arrange with departments of government and other public and private agencies and organizations to assist him in carrying out the purposes of this Act;

(b) appoint any person to enquire into any matters concerning which information is required in the administration of this Act, which person shall have the powers of a commissioner under Part I of the Inquiries Act.

10. The Minister may, with the approval of the Governor in Council, make arrangements with the government of any province to facilitate the carrying out of this Act.

11. The Governor in Council may make regulations to give effect to and carry out the objects of this Act, and, without restricting the generality of the foregoing, may by regulations -

(a) provide generally or in respect of any province or any class of cases that payment shall be made to the parent prescribed in the regulations;

(b) provide that where, by reason of age, infirmity, ill health, insanity, improvidence or other reasonable cause of disqualification of the person to whom the allowance is payable or in other special circumstances, payment may be made to another suitable person or agency;

(c) provide the procedure of the tribunal established pursuant to section six of this Act;

(d) provide that in the case of Indians and Eskimaux payment of the allowance shall be made to a person authorized by the Governor in Council to receive and apply the same;

(e) prescribe the manner and form of registration and the information and evidence which may be required in connection therewith;

(f) impose penalties for violation of any such regulation by way of fine not exceeding two hundred dollars or imprisonment for a term not exceeding three months enforceable upon summary conviction.

12. (1) Regulations made under this Act shall forthwith after approval by the Governor in Council be published in the Canada Gazette and shall be laid before Parliament within fifteen days after they are made if Parliament is then sitting, and, if not, then within fifteen days after the commencement of the next ensuing session.

(2) No regulation shall be effective until published in the Canada Gazette and, upon such publication, shall be effective and shall have the same force and effect as if it had been enacted in this Act.

13. (1) Any person receiving an allowance or cheque therefor to which he is not entitled shall forthwith return the amount thereof or the cheque.

(2) When an allowance has been paid to a person who was not entitled thereto or in excess of the amount to which a person was entitled under this Act, the amount so paid to which the person was not entitled may be recovered at any time from the person to whom it was paid or his legal representative as a debt due to the Crown, and the amount of any such indebtedness may be retained by way of deduction or set off out of any sums of money which may be payable to that person at any time under this Act.

14. (1) Every person shall be guilty of an offence and liable, on summary conviction, to imprisonment for a term not exceeding six months, with or without hard labour, or to a fine not exceeding five hundred dollars, or to both such imprisonment and such fine, who knowingly

(a) makes a false or misleading statement orally or in writing with the intention of influencing any decision with respect to the payment of an allowance either for

himself or for any other person;

(b) makes or presents to any inspector or person appointed to make an inquiry under this Act any statement or document which is false in any material part;

(c) being a person to whom an allowance is payable, fails to report, as required by subsection four of section four of this Act, that an allowance has ceased to be payable in respect of such child or, in the case of a parent, that he has ceased to maintain the child.

(2) No prosecution under this section or for an offence created by the regulations may be commenced after three years from the commission of the offence.

(3) No prosecution under this section or for an offence created by the regulations shall be instituted without the written consent of the Minister.

15. The Minister shall submit to Parliament within fifteen days of the commencement of the first session of Parliament in each year a report of expenditures and administration in connection with this Act during the previous fiscal year.

16. The expenses necessary for the administration of this Act, other than payment of allowances, shall be payable out of moneys appropriated by Parliament for the purpose.

10 GEORGE VI.

CHAP. 50.

An Act to amend The Family Allowances Act, 1944.

(Assented to 31st August, 1946.)

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:-

1. Subsection two of section four of the Family Allowances Act, 1944, chapter forty of the statutes of 1944-45, is repealed and the following substituted therefor:-

"(2) The allowance shall cease to be payable with the payment for the month when the child

- (a) ceases to be maintained by a parent;
- (b) ceases to be a resident of Canada;
- (c) attains the age of sixteen years;
- (d) dies; or
- (e) in the case of a female child, marries.

"(2a) The allowance shall cease to be payable if the child does not regularly attend school as required by the laws of the province where he resides, or does not receive training which, in the opinion of the competent educational authority designated by such province or, in the case of an Indian, or an Eskimo or a child resident in the Northwest Territories or the Yukon Territory, of the educational authority prescribed by regulation, is training equivalent to that which he would receive if he attended school: Provided that where information as to school attendance or equivalent training, as may be requested, is not furnished by the competent educational authority of the province, the Governor in Council may prescribe the manner in which such information may be obtained."

2. (1) Paragraph (b) of section eleven of the said Act is repealed and the following substituted therefor:-

"(b) provide that the allowance may be paid to any suitable person or agency in any case where it is considered necessary to do so by reason of the age, infirmity, ill health, insanity, improvidence or other reasonable cause of disqualification of the person to whom the allowance is otherwise payable, or in any case where it is considered that other special circumstances or reasonable cause of any kind whatsoever so require;"

(2) Paragraph (d) of section eleven of the said Act is repealed and the following substituted therefor:-

"(d) provide, in the case of Indians and Eskimos, for payment of the allowance to such persons, to receive and apply the same, and for such purposes as may be authorized by the regulations;"

3. This Act shall come into force on a day fixed by proclamation of the Governor in Council.

13 GEORGE VI.

CHAP. 17.

An Act to amend The Family Allowances Act, 1944.

(Assented to 30th April, 1949.)

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:-

1. Subparagraph (ii) of paragraph (b) of section two of The Family Allowances Act, 1944, chapter forty of the statutes of 1944-45, is repealed and the following substituted therefor:

"(ii) who has been a resident of Canada for one year immediately prior to the date of registration; or"

2. The proviso to section three of the said Act is repealed.

3. This Act shall be deemed to have come into force on the first day of the month in which it is assented to.

APPENDIX E

REGULATIONSThe FAMILY ALLOWANCES (Prince Edward Island Registration)
REGULATIONS

Established by Order in Council dated the
15th day of February, 1945

Short Title

1. These Regulations may be cited as the "Family Allowances (P.E.I. Registration) Regulations".

Definitions

2. In these Regulations, and in any amendments thereto, unless the context otherwise requires:-
 - (a) "Act" means The Family Allowances Act, 1944;
 - (b) "approval" and "approved" respectively mean the approval of the Regional Director to, and written, printed, endorsed or stamped on, a registration form;
 - (c) "birthday" means an anniversary of the birth of a child and does not include the day of birth;
 - (d) "Director of Family Allowances" means the Director of Family Allowances for the Dominion of Canada;
 - (e) "province" means the Province of Prince Edward Island;
 - (f) "Regional Director" means the Regional Director of Family Allowances for the Province of Prince Edward Island;
 - (g) "registration" means registration in the manner prescribed by these Regulations, of a child or children for the allowance payable under the Act;
 - (h) "registration form" means the form shown in the first schedule of these Regulations, including such additions thereto as are provided herein:

- (i) "resident of Canada" and "resident in Canada" means a child who normally makes his home in Canada and is physically present therein; provided that temporary absence from Canada from time to time for purposes of health, education or recreation which includes visiting friends or relatives outside Canada, shall not be deemed to affect the status of such child as a resident of, or in, Canada;
- (j) the words and phrases defined in the Act shall have the same meaning where used herein.

Administration

- 3. The persons for the time being holding the offices of Director of Family Allowances and Regional Director and such officers, clerks and employees as may be appointed, shall respectively perform the functions and duties and carry out the responsibilities conferred by the Act and Regulations and those given by the Minister.

Registration

- 4. The Regional Director shall, as soon as may be practicable after the first day of February, 1945, in such manner as he may from time to time determine, cause a registration form to be made available to all parents resident within the province.
- 5. (1) A registration form, on being completed by a parent or parents to the satisfaction of the Regional Director, shall, if received and approved by him on or before the 30th day of June, 1945, be deemed to effect registration of the child or children named therein, in respect of whom such approval is given, as of the 30th day of June, 1945. A registration form so completed shall, if approved by the Regional Director after the 30th day of June, 1945, be deemed to effect registration of the child or children named therein, in respect of whom such approval is given, as of the last day of the month in which the approval was given.

(2) The Regional Director may, before giving approval to the registration of any particular child or children named in a registration form, require a parent to furnish such further information or evidence regarding such parent or child or children and, in such form, as he may consider advisable. The Regional Director may also cause an investigation to be made into any further information

or evidence so furnished, or into such other matters affecting the status of such parent or child or children as he may consider necessary for the efficient administration of the Act and these Regulations.

(3) In any case where, pursuant to this Regulation, approval of the registration of any particular child or children named in a registration form is given after the expiration of 30 days from the date the registration form was received by the Regional Director, the Director of Family Allowances may, in his discretion, declare that approval of the registration of such child or children or any of them shall be effective as of the last day of the month in which the form was received by the Regional Director and registration of such child or children shall accordingly be deemed to have been effected as of such date; provided that nothing in this Regulation shall empower the Director of Family Allowances to declare a registration effective prior to the 30th day of June, 1945.

6. At any time after the registration of a child or children, a parent may register any child or children not previously registered, including any child or children born since such registration or since registration as is provided in this Regulation. Such registration shall be made in manner prescribed by, and subject to, the provisions of Regulation 5.
7. The Regional Director may at any time after registration is effected and from time to time, require a parent to furnish further information or evidence regarding such parent or any child or children named in the registration form and in such form, as he may consider advisable. The Regional Director may also cause such investigation to be made into any information or evidence so furnished or into matters affecting the status of such parent or child or children as he may consider necessary for the administration of the Act and these regulations.
8. Any record of information or evidence obtained by the Regional Director from a parent, either before or after registration, in regard to the status of any parent or child or children named in a registration form may, on receipt thereof, be appended by the Regional Director to such registration form, and if so appended, shall form a part thereof as if originally contained therein.
9. No person shall disclose or communicate, or allow to be disclosed or communicated, any information or evidence obtained under the provisions of this Act and Regulations unless the same is necessary for the administration thereof or is required by law.

THE FAMILY ALLOWANCES REGULATIONS

Established by Order in Council 5093
dated the 3rd day of August, 1945

Short Title

1. These regulations may be cited as the "Family Allowances Regulations".

PART ONE

Definitions

2. In these regulations, and in any amendments thereto, unless the context otherwise requires:-

- (a) "Act" means The Family Allowances Act, 1944;
- (b) "birthday" means an anniversary of the date of birth of a child but does not include the day of birth;
- (c) "Director of Family Allowances" means the Director of Family Allowances for Canada appointed under the Act;
- (d) "institution" means an orphanage, children's home, shelter, residential school or other building not being a private residence, home or dwelling, in which children are cared for separate and apart from their parents, and shall include any other institution for the care of children, separate and apart from their parents, licensed as such by the laws of the province or territory in which it is situated;
- (e) "Regional Director" means the Regional Director of Family Allowances of the Province for which he is appointed under the Act;
- (f) "Regional Director of the Territories" means the Regional Director of the Northwest Territories and Yukon Territory appointed under the Act.;
- (g) "registration" means registration in the manner prescribed by these regulations of a child or children for the allowance payable under the Act;

- (h) "registration form" means the form shown in the first schedule to these regulations, including such additions thereto as are authorized by these regulations;
- (i) "supplementary registration form" means the form shown in the second schedule of these regulations including such additions thereto as are authorized by these regulations for registration of an additional child or children for the allowance;
- (j) "territory" means, in the case of a person residing in the Northwest Territories, the Northwest Territories, and in the case of a person residing in the Yukon Territory, the Yukon Territory;
- (k) the words and phrases defined in the Act shall have the same meaning where used in these regulations and the expression "parent" shall include "parents" and the expression "child" shall include "children".

PART TWO

Administration

Performance of Duties

3. The persons for the time being holding the offices of Director of Family Allowances and Regional Directors and such officers, clerks and employees as may be appointed shall, respectively, perform the functions and duties and carry out the responsibilities prescribed by the Act and these regulations and by the Minister.

Delegation of Duties

4. The Director of Family Allowances may, in such manner as he may from time to time determine, and as approved by the Minister, delegate to Regional Directors, any duty, power, responsibility, or discretion conferred on him by these regulations.

Administrative Instructions

5. The Director of Family Allowances may issue such instructions to Regional Directors, officers, clerks and employees as he

considers necessary for the efficient administration of the Act and these regulations.

PART THREE

Registration

Distribution of Forms

6. (1) The Director of Family Allowances shall, in such manner as he may from time to time determine, cause registration forms and supplementary registration forms, to be made available to all parents in Canada for the registration of children who are residents of Canada.

Resident of Canada

(2) A child shall be deemed to be a resident of Canada at the date of registration if such child is making his home in Canada and is ordinarily physically present in Canada.

Absences from Canada

(3) For the purposes of sub-sections (i) and (ii) of section 2 (b) of the Act, temporary absences from Canada during the three years preceding the date of registration and not exceeding a total period of twelve months shall not affect the status of a child as a resident of Canada at the date of registration, if the parents or other persons maintaining such child have maintained a home in Canada during the period of such absences.

Application to Register Generally

7. A parent other than a parent specifically referred to in Part six or seven of these regulations may make application to register a child, who is a resident of Canada, for the allowance by completing a registration form and causing the same to be delivered or mailed to the office of the Regional Director in the Province where such child ordinarily resides

or in the case of a child ordinarily residing in the territory, to the Regional Director of the Territories.

Examination of Forms

8. (1) The Director of Family Allowances shall examine or cause to be examined, the registration form, and if satisfied that any child named therein is eligible under the Act for registration, he shall so certify in respect of each such child by making or causing to be made an appropriate entry on the registration form.

Date of Registration

(2) The certificate of the Director of Family Allowances shall, if given on or before the thirtieth day of June, 1945, effect registration of the child in respect of whom it is given, as of the said thirtieth day of June.

Date of Registration

(3) The certificate of the Director of Family Allowances shall, if given after the thirtieth day of June, 1945, effect registration of the child in respect of whom it is given as of the date of certificate is given.

Supplementary Registration

9. At any time after any parent has made application to register a child, such parent may make application to register any child not previously registered, including any child born since such application was made. The application to register such additional child shall be made in the manner prescribed by and subject to the provisions of these regulations except that such application shall be made on a supplementary registration form.

Retroactive Registration

10. Where the certificate of the Director of Family Allowances in respect of a child named in a registration form or supplementary registration form, as hereinbefore provided, is given

after the last day of the month in which such form was received in the office of the Regional Director of the Province or the Regional Director of the Territories, where such child or children reside, as the case may be, the Director of Family Allowances may, in his discretion, declare that the registration of the child in respect of whom the certificate is given shall be effective as of the date when the registration form was received in such office and registration of such child shall accordingly be deemed to have been effected as of such date; provided that nothing in this regulation shall empower the Director of Family Allowances to declare a registration effective prior to the thirtieth day of June, 1945.

PART FOUR

Payment

Resident in Canada

11. (1) A child shall be deemed to be resident in Canada within the meaning of Section 3 of the Act when such child is making his home in Canada and is ordinarily physically present in Canada, but such child may be temporarily absent from Canada from time to time without ceasing to be resident in Canada or affecting his status as a resident of Canada at the date of registration, if during the period of such absence the parents or other persons maintaining him maintain a home, or are domiciled in Canada.

(2) Where a child resident in Canada is so temporarily absent from Canada the allowance shall be payable for the first three months of such absence, but thereafter shall be suspended until such child has returned to Canada and may then be reinstated as of the fourth month following such return and provided such child has remained in Canada since his return.

Substantially

12. (1) A parent shall be deemed to maintain a child substantially so long as the amount or value of the contributions made by such parent, in cash or in kind, for the maintenance, care, training, education and advancement of such child, exclusive of the allowance is \$5.00 or more per month, and provided such amount or value exceeds the amount or value of contributions for such purpose made by any other individual or individuals.

(2) A parent shall be deemed not to cease to maintain a child who is attending school or receiving equivalent training, only by reason of such child being partially employed or engaged in work unless the earnings received therefor exceed, on an average, the sum of \$35.00 a month.

(3) A parent shall be deemed to cease to maintain a child who is not attending school or receiving equivalent training and who is fully or partially employed or engaged in work for which he receives a salary or wages.

Payment

13. (1) Save in the case of a child to whom Part six or seven of these regulations applies, the allowance payable in respect of a child registered in accordance with the Act and these regulations and resident in Canada shall be paid:-

- (a) where the application to register such child is made jointly by a male and a female parent, to the female parent;
- (b) where the application to register such child is made by one parent only, to such parent, provided that evidence satisfactory to the Director of Family Allowances is given as to the reason why such application was made by such parent only.

(2) Notwithstanding anything in subsection (1) of this section where, in the opinion of the Director of Family Allowances, the age, infirmity, ill health, insanity or improvidence of the parent to whom the allowance would otherwise be payable, makes it proper to do so, or where other reasonable cause or special circumstances require, he may direct that the allowance be paid to such other person or agency as in the best interests of the child he considers suitable.

Cancellation or Suspension of Allowance

(3) Notwithstanding the provisions of sub-sections (1) and (2) of this section, the Director of Family Allowances may direct the suspension of the payment of the allowance in respect of any child, where it appears to him that such child is or has become ineligible for payment of the allowance and such suspension shall continue until evidence satisfactory to the Director of Family Allowances is given that such child is or has become eligible for the allowance.

Death of Payee

(4) Where the person to whom the allowance is payable under these regulations dies, the Director of Family Allowances shall make such designation as to the person to whom the allowance will thenceforth be paid as he considers desirable in the best interest of the child, and for such purpose shall have authority to instruct the cancellation of any cheque to the deceased which has been issued and not cashed, and may require the return of such cheque to the Family Allowances office for cancellation and reissue of a cheque for the amount of the allowance to the person so designated in the place and stead of the deceased.

14. A child being above the age of six years and physically fit to attend school shall be deemed to fail to attend school or to receive equivalent training unless -

School Attendance

- (a) such child attends school as required by the laws of the province or territory in which he resides; or

Equivalent Training

- (b) there is produced in respect of such child evidence that he is receiving training which in the opinion of the superintendent of education for the province or territory in which such child resides is training equivalent to that which the child would receive if attending school.

PART FIVE

General

Further Information before Registration

15. (1) The Director of Family Allowances may, at any time before giving a certificate under Section 8 of these regulations, require the parent to furnish in such form as he may

consider advisable, further information or evidence regarding the eligibility of any child for registration or payment of the allowance or the right of such parent to receive the allowance.

Further Information after Registration

(2) The Director of Family Allowances may, at any time after giving his certificate under Section 8 of these regulations or after payment of an allowance has commenced, require the parent or person receiving the allowance to furnish such further information or evidence regarding the eligibility of any child for payment of the allowance or the right of such parent or person to receive the allowance or the use to which the same is put.

Investigation before or after Registration

(3) The Director of Family Allowances may, at any time, cause such investigation to be made as he may consider necessary into the further information or evidence so furnished, any other matters affecting the eligibility of any child for registration, payment of the allowance, the right of any person to receive the allowance or the use to which the allowance is put.

Added Information to the Registration Form

16. A record of any additional information or evidence or any part thereof obtained under Section 15 of these regulations may be appended by the Director of Family Allowances to the registration form or supplementary registration form to which it relates and if so appended shall form a part thereof, as if originally contained therein.

Notice to Parent or Payee by Director

17. (1) The Director of Family Allowances shall give notice to the parent or person concerned when he decides or directs that:

- (a) any particular child named in a registration form is ineligible under the Act for registration and payment of the allowance; or

- (b) a parent making application to register any child or children is ineligible to receive the allowance; or
- (c) the allowance is not being applied as required by Section 5 of the Act and payment thereof should be discontinued or made to some other person or agency; or
- (d) any particular child named in a registration form is or has become ineligible for payment of the allowance; or
- (e) the allowance under the provisions of subsection (2) of Section 13, should be paid to a person other than the parent, and so directs.

(2) The notice shall be given such parent or persons as soon as may be practicable after the making of such decision or direction and shall be in such form as the Director of Family Allowances may determine. Such notice shall be sufficiently given if sent by ordinary post to the last known address of the person making application or receiving the allowance, as the case may be.

Notice to Director by Payee

18. Wherever any child in respect of whom the allowance is being paid:

- (a) attains his sixteenth birthday; or
- (b) ceases to attend school or to receive equivalent training; or
- (c) dies; or
- (d) ceases to reside in Canada; or
- (e) if a female child, marries; or
- (f) ceases to be maintained by a parent; or
- (g) is absent from Canada for a period in excess of three consecutive months;

the person to whom the allowance is being paid shall within one month thereof and in such form as the Director of Family Allowances shall prescribe, report such fact to the Regional Director of the Province or territory in which such child resides or has been residing.

Secrecy

19. No person shall disclose or communicate, or allow to be disclosed or communicated, any information or evidence obtained under the provisions of the Act and these regulations unless the same is necessary for the administration thereof or is required by law.

Penalties

20. Every person who wilfully contravenes any of the provisions of these Regulations shall be guilty of an offence and liable on summary conviction to a fine not exceeding \$200.00 or imprisonment for a term not exceeding three months.

PART SIX - INDIANS

21. In this Part and in any amendments thereto, unless the context otherwise requires -

- (a) "Indian" shall mean an Indian as defined by the Indian Act, but shall not include any Indian in an organized territory who does not reside permanently on a Reserve;
- (b) "Indian Agent" and "Reserve" shall have the same meaning respectively as in the Indian Act.

Application

22. Save as in this part of these regulations, otherwise specifically provided, the provisions of the other parts of these regulations except Part seven shall apply to Indians.

Registration

23. (1) An Indian parent shall be deemed to make application to register a child for the allowance when a registration form is completed by or on behalf of such Indian parent in respect of the child named therein, and such form is delivered or mailed to the Indian agent of the agency where the parent resides.

(2) Such Indian agent shall on receipt thereof deliver or mail such form to the Regional Director of the province or the Regional Director of the Territories, according as the child resides in a province or in the territory, together with such information in regard thereto or in explanation thereof as appears to him to be relevant or as may be required by the Director of Family Allowances, and such Indian agent shall state the Band Number of such parent, the name of the agency and the source of any information given by such agent, and shall certify that all information contained on the form or given by him is, to the best of his knowledge, information and belief, true and correct in every particular.

Supplementary Registration

24. At any time after an application has been made by or on behalf of an Indian parent to register a child, as provided by this Part, an application may be made to register any child born after such application was made. The application to register such additional child shall be made in the manner prescribed by and subject to the provisions of this Part, and shall be accompanied by such additional evidence as may be required by the Director of Family Allowances.

Examination of Forms

25. (1) The Director of Family Allowances shall examine or cause to be examined the registration form and, if satisfied that any child named therein is eligible under the Act for Registration, he shall so certify in respect of each such child by making or causing to be made an appropriate entry on the registration form.

Date of Registration

(2) The certificate of the Director of Family Allowances shall, if given on or before the thirtieth day of June, 1945, effect registration of the child in respect of whom it is given as of the said thirtieth day of June, 1945.

(3) The certificate of the Director of Family Allowances, if given after the thirtieth day of June, 1945, shall effect registration of the child in respect of whom it is given as of the date the certificate is given.

Retroactive Registration

26. Notwithstanding the provisions of sub-section (3) of section 25 -

(1) In the case of a child born on or before the thirtieth day of June, 1945, where the application to register such child is not received until after the said thirtieth day of June, 1945, but it appears to the satisfaction of the Director of Family Allowances that the application to register such child was made as soon as practicable, having due regard to the circumstances of the case, geographical situation of the parent and the mailing facilities available to the Indian agent, he may in his discretion declare that the registration of the child in respect of whom the application is made shall be effective as of the said thirtieth day of June, 1945, and registration of such child shall accordingly be deemed to have been effective as of such date.

(2) In the case of a child born after the thirtieth day of June, 1945, and it appears to the satisfaction of the Director of Family Allowances that the application to register such child was made as soon as practicable after the birth of such child, and having due regard to the circumstances of the case, the geographical situation of the parent and the mailing facilities available to the Indian agent, the Director of Family Allowances may, in his discretion, declare that the registration of the child in respect of whom application for registration is made shall be effective as of the day of the month in which such child was born, and the registration of such child shall accordingly be deemed to have been effective as of such date.

Payment

27. (1) The allowance payable in respect of a child registered in accordance with the Act and this Part, and resident in Canada, shall be paid:-

- (a) where the application to register such child is made jointly by or on behalf of a male or a female parent, to the female parent; or
- (b) where application to register such child is made by or on behalf of one parent only, to such parent, provided that satisfactory evidence is given as to the reason why such application was made by or on behalf of such parent only.

(2) Notwithstanding the provisions of subsection (1) of this section, where, in the opinion of the Director of Family Allowances, it is in the best interests of the child to do so, he may direct that the allowance be paid:-

- (a) to the Indian agency Trust Account of the agency where such parent resides, to be administered on behalf of the child by the Indian agent, in accordance with instructions issued to such agent from time to time and as may be agreed to between the Director of Family Allowances and the Indian Affairs Branch of the Department of Mines and Resources; or
- (b) to the Indian Affairs Branch of the Department of Mines and Resources, to be disbursed by such Branch on behalf of the child in respect of whom the allowance is paid in accordance with the provisions of agreements from time to time made between the Director of Family Allowances and such Branch.

Reporting Change of Circumstance

28. (1) The Indian agent shall from time to time and upon receiving or learning any information which may affect the eligibility of a child for the allowance or the payment of the allowance as provided in these regulations, forthwith report such information to the Director of Family Allowances.

(2) The Director of Family Allowances, upon receipt of such report from the Indian agent or upon receipt of any other information respecting the child, shall forthwith review the circumstances of the case and if, in his opinion, such circumstances warrant, may direct that the allowance be paid in accordance with any other of the provisions of section 27, or if the child is or has become ineligible for payment of the allowance under the Act, shall suspend such payment.

School Attendance

29. An Indian child registered in accordance with the provisions of this Part and being above the age of six years and physically fit to attend school, shall be deemed to fail to attend school or to receive equivalent training -

- (a) unless such child attends school as required by the provisions of the Indian Act; or
- (b) unless the Indian Affairs Branch of the Department of Mines and Resources certifies that such child is receiving training equivalent to that which the child would receive if attending school.

PART SEVEN - ESKIMOS AND NOMADS

30. In this Part and in any amendments thereto, unless the context otherwise requires;

- (a) "Eskimo" means a person who is listed as an Eskimo on the roll or records of, and to whom an identification disc has been issued by, the Bureau of Northwest Territories and Yukon Affairs of the Department of Mines and Resources;
- (b) "Nomad" means a person of mixed Indian or Eskimo blood, residing in the Northwest Territories or the Yukon Territory, who is neither an Eskimo nor an Indian, but who follows the Indian or Eskimo mode of living.

Application

31. Save as in this Part of these regulations, otherwise specifically provided, the provisions of the other Parts of these regulations except Part six shall apply to Eskimos and Nomads.

Registration

32. (1) An Eskimo or Nomad parent shall be deemed to make application to register a child for the allowance when a registration form is completed by or on behalf of such Eskimo or Nomad parent in respect of the child named therein, and such form is delivered or mailed to the Registrar of vital statistics of the district of the province or territory where such parent resides.

(2) Such Registrar shall, on receipt thereof, deliver or mail such form to the Regional Director of the Territories together with such information in regard thereto or in

explanation thereof, as appears to him to be relevant or as may be required by the Director of Family Allowances, and such Registrar shall state the identification number of such parent, if an Eskimo, and the source of any information given by such Registrar, and shall certify that all information contained on the form or given by him is, to the best of his knowledge, information and belief, true and correct in every particular.

Supplementary Registration

33. At any time after an application has been made by or on behalf of an Eskimo or Nomad parent to register a child as provided by this Part, an application may be made to register any child born after such application was made. The application to register such additional child shall be made in the manner prescribed by and subject to the provisions of this Part, and shall be accompanied by such additional evidence as may be required by the Director of Family Allowances.

Examination of Forms

34. (1) The Director of Family Allowances shall examine or cause to be examined the registration form, and, if satisfied that any child named therein is eligible under the Act for Registration, he shall so certify in respect of each such child by making or causing to be made an appropriate entry on the registration form.

Date of Registration

(2) The certificate of the Director of Family Allowances shall, if given on or before the thirtieth day of June, 1945, effect registration of the child in respect of whom it is given as of the said thirtieth day of June, 1945.

(3) The certificate of the Director of Family Allowances if given after the thirtieth day of June, 1945, shall effect registration of the child in respect of whom it is given as of the date the certificate is given.

Retroactive Registration

35. (1) Notwithstanding the provisions of subsection (3) of section 34 where the application to register a child born on

or before the thirtieth day of June, 1945, is not received until after the said thirtieth day of June, but it appears to the satisfaction of the Director of Family Allowances that the application to register such child was made as soon as practicable, having due regard to the circumstances of the case, geographical situation of the parent and the mailing facilities available to the Registrar of Vital Statistics of the district of the province or territory where such parent resides, he may in his discretion declare that the registration of the child in respect of whom the application is made shall be effective as of the said thirtieth day of June, 1945, and registration of such child shall accordingly be deemed to have been effective as of such date.

(2) Notwithstanding the provisions of subsection (3) of section 34 where it appears to the satisfaction of the Director of Family Allowances that the application to register a child born after the thirtieth day of June, 1945, was made as soon as practicable after the birth of such child, and having due regard to the circumstances of the case, the geographical situation of the parent and the mailing facilities available to the Registrar of Vital Statistics of the province or territory where such parent resides, the Director of Family Allowances may, in his discretion, declare that the registration of the child in respect of whom application for registration is made shall be effective as of the day of the month in which such child was born, and the registration of such child shall accordingly be deemed to have been effective as of such date.

Payment

36. The allowance payable in respect of an Eskimo or Nomad child registered in accordance with the provision of this part of these regulations shall be paid to the Bureau of Northwest Territories and Yukon Affairs, to be disbursed by such Bureau on behalf of the child in respect of whom the allowance is paid, in accordance with the provisions of agreements from time to time made between the Director of Family Allowances and such Bureau.

37. An Eskimo or Nomad child above the age of six years and physically fit to attend school shall be deemed, where there is no school provided for such child, to receive equivalent training when the Bureau of Northwest Territories and Yukon Affairs is satisfied that he is receiving training by his parents or otherwise according to prevailing Eskimo customs if an Eskimo child, or according to prevailing Nomad customs if a Nomad child.

THE FAMILY ALLOWANCES REGULATIONS

Amendments to Regulations of August 3rd, 1945 made by Order in Council 6588 of November 6th, 1945.

1. Delete subsection (d) of section 2 and substitute the following:-

"(d) institution means an orphanage, children's home, shelter, refuge, residential school, hospital, maternity home or other building not being a private residence, home or dwelling, in which children are cared for separate and apart from their parents."

2. Add as subsection (hh) of section 2 the following:-

"(hh) 'superintendent of education' includes, in the Province of Alberta the Supervisor of Schools, in the Province of British Columbia, Manitoba, New Brunswick, Nova Scotia, Quebec, and Saskatchewan the Superintendent or Chief Superintendent of Education, as the case may be, in the Province of Ontario the Chief Director of Education, and in the Province of Prince Edward Island the Director of Education, and in the case of each province, the Deputy Minister of Education thereof, if any, and in the Northwest Territories the Deputy Commissioner of the Northwest Territories, and in the Yukon Territory the Controller of the Yukon Territory, and such other persons as may be appointed or designated by a province or for the territory to perform the duties therein of a 'superintendent of education' for the purposes of section 14 of these regulations."

3. Add as section 8A after section 8 the following:-

"8A (1) Where the parent who made an application to register a child requests, instructs or authorizes that the registration of such child be cancelled or withdrawn or that the payment of the allowance be discontinued, and such request, authority or instruction is in form satisfactory to the Director of Family Allowances, the registration of such child shall be cancelled and any allowance being paid shall cease to be payable."

(2) Where registration of a child has been cancelled, as provided in subsection (1) of this section, an application may at any time again be made to register such child for the allowance, and such application shall, if made, be treated as a new application."

4. Add as subsection (2) to section 14 the following:-

"(2) Notwithstanding the provisions of subsection (1) of section 14, where no arrangement has been made with a province or the territory with respect to the production of the evidence required under paragraph (b) of section 14 of these regulations, a child shall be deemed to receive equivalent training if the Director of Family Allowances, upon the production of evidence satisfactory to him, so certifies."

5. Delete subsection (2) of section 32 and substitute the following:-

"(2) Such registrar shall, on receipt thereof, deliver or mail such form to the Bureau of Northwest Territories and Yukon Affairs, together with such information in regard thereto or in explanation thereof as appears to him to be relevant and shall state the identification number of such parent, if an Eskimo, and the source of any information given by such registrar, and shall certify that all information contained on the form or given by him is, to the best of his knowledge, information and belief, true and correct in every particular.

(3) The Bureau of Northwest Territories and Yukon affairs shall, on receipt of such form, verify the information contained thereon, or furnished therewith, against any available records in the possession of the said Bureau, and after so doing deliver or mail such form to the Regional Director of the Territories, together with any additional information in regard thereto or in explanation thereof, as appears relevant."

THE FAMILY ALLOWANCES REGULATIONS

Amendments to Regulations of August 3rd, 1945 made by Order
in Council 2316 of June 7th, 1946.

1. Delete sections 8, 8A, 9 and 10 and substitute the following:-

8. At any time after any parent has made application to register a child, as provided in Section 7, such parent may make application to register any child not named in the application so made by completing a supplementary registration form in respect of such child and causing the same to be delivered or mailed to the office of the Regional Director in the province where such child ordinarily resides, or, in the case of a child ordinarily residing in the Territories, to the Regional Director of the Territories.
9. (1) The Director of Family Allowances shall examine or cause to be examined the registration form or supplementary registration form as the case may be and, if satisfied that any child named therein is eligible under the Act for registration, he shall so certify in respect of each such child by making or causing to be made an appropriate entry on the said form.

(2) The certificate of the Director of Family Allowances shall, if given on or before the thirtieth day of June, 1945, effect registration of the child in respect of whom it is given, as of the thirtieth day of June, 1945.

(3) The certificate of the Director of Family Allowances shall, if given after the thirtieth day of June, 1945, effect registration of the child, in respect of whom it is given, as of the date thereof, provided that:

(a) where the registration or supplementary registration form is received in the office of the Regional Director of the province or territory as the case may be, within thirty days from the date of birth of the child, the certificate if so declared by the Director of Family Allowances shall effect registration as of the last day of the month when the child was born; or

- (b) where the registration or supplementary registration form is received after thirty days from the date of birth of the child, the certificate, if so declared by the Director of Family Allowances, shall effect registration as of the thirtieth day of June, 1945, or the last day of the month when the registration or supplementary registration form was received, whichever is the later.
- 10. Notwithstanding the provisions of subsection 3 of section 8, where the registration or supplementary registration form is in respect of a child residing in a remote area of Canada, the Director of Family Allowances, having due regard to the circumstances of the case, geographical situation of the parent and the mailing facilities available where such parent resides, if satisfied that the application to register such child was made as soon as possible after the date of birth of the child, or, as soon as possible after facilities were provided for the registration of children for the allowance, may, in his absolute discretion, declare that registration of the child therein named shall be effective as of the thirtieth day of June, 1945, or the last day of the month when such child was born, whichever is the later.
- 10A (1) Where the parent who made an application to register a child requests, instructs or authorizes that the registration of such child be cancelled or withdrawn or that the payment of the allowance be discontinued, and such request, authority or instruction is in form satisfactory to the Director of Family Allowances, the registration of such child shall be cancelled and any allowance shall cease to be payable.
- (2) Where registration of a child has been cancelled, as provided in subsection (1) of this section, an application may at any time again be made to register such child for the allowance, and such application shall, if made, be treated as a new application.
- 2. Delete subsection (2) of section 13 and substitute the following:-
 - 2. Notwithstanding anything in subsection 1 of this section, where in the opinion of the Director of Family Allowances,
 - (a) the person receiving the allowance does not exclusively apply the same towards the maintenance, care, training, education and advancement of the child in respect of whom it is paid; or

- (b) the age, infirmity, ill health, insanity, improvidence, or other reasonable cause of disqualification of the person to whom the allowance is payable makes it necessary to do so; or
- (c) other special circumstances or reasonable cause of any kind whatsoever requires;

he may from time to time, and for such periods as he considers necessary, direct that the allowance be paid to such other person or agency as in the best interests of such child he considers suitable.

3. Add PART EIGHT

PART EIGHT

Definitions

38. In this Part, unless the context otherwise requires:

- (a) "appeal" means an appeal by any person against a decision as to his right to be paid an allowance or as to the amount of an allowance payable to him or to any other matter arising under the Act;
- (b) "appeal committee" means a tribunal constituted under this Part for the hearing of appeals;
- (c) "appellant" means a person who appeals under this Part;
- (d) "chairman" means the person designated under this Part as chairman of an appeal committee on an appeal;
- (e) "order" means a decision made by an appeal committee on an appeal;
- (f) "secretary" means the secretary of an appeal committee;
- (g) "Territories" means the area comprised by the Northwest Territories and the Yukon Territory;
- (h) "member" means a person appointed to be a member of an appeal committee.

Establishment of Appeal Committees

39. (1) There shall be an appeal committee for each province, consisting of such persons resident therein as the Governor in Council may appoint to be members thereof, to hear and determine appeals by persons resident in such province.

(2) There shall be one appeal committee for the Territories, consisting of such persons as the Governor in Council may appoint to be members thereof, to hear and determine appeals by persons resident in the Yukon Territory or the Northwest Territories.

(3) The Minister may, at such time and places as he deems proper, convene a meeting of the chairmen of the appeal committees to discuss the hearing and determination of appeals, matters related thereto, and such other matters as in his opinion are necessary and desirable for the efficient administration of the Act and this Part.

40. (1) A member shall be appointed for a period of two years.

(2) Any member on the expiration of his term of office is eligible for re-appointment.

(3) A member holds office during good behavior for the period of his appointment but may be removed for cause at any time by the Governor in Council.

41. Every member is entitled to receive and be paid his actual travelling and living expenses necessarily incurred in connection with the discharge of his duties as a member, but is not entitled to receive any remuneration for his services as a member.

42. The Governor in Council may from time to time designate any member of an appeal committee to be chairman thereof.

Secretary

43. (1) The Governor in Council may appoint for each appeal committee a person to be the secretary thereof.

(2) The secretary shall, in addition to the regular duties assigned to him, perform such other duties as the Governor in Council may from time to time direct or as may be prescribed by the appeal committee.

(3) The secretary is responsible for convening the appeal committee.

(4) The secretary of an appeal committee shall be paid out of monies appropriated by Parliament for the administration of the Act such remuneration as the Governor in Council may consider proper.

Sittings and Transaction of Business

44. An appeal committee shall sit as often as may be necessary to hear and determine appeals, but there shall be a sitting of the appeal committee at least once each month if there is an appeal to be heard.

45. The appeal committee for a province shall sit to hear and determine appeals in the capital city of the province or such other place in the province as may be most convenient and the appeal committee for the Territories shall sit to hear and determine appeals in the city of Ottawa or in such other place as may be most convenient.

46. Any three members of an appeal committee constitute a quorum and may lawfully hear and determine appeals.

47. When the chairman is not present at a sitting of an appeal committee, the members present shall elect one of their number to act as chairman during his absence.

48. Except as provided in the act or these regulations, the procedure on the hearing of an appeal shall be determined by the chairman or acting chairman of the appeal committee.

49. The determination of an appeal shall be according to the opinion of the majority of the members present at the hearing.

50. (1) An appeal committee may at any time and from time to time adjourn its proceedings to such day as may to it seem proper.

(2) The chairman may at any time, either before or during the hearing of an appeal, where in his opinion it is necessary, appoint a committee of members to inquire into and

report to the appeal committee on any question relating to an appeal or group or class of appeals, or upon any matter in regard thereto, and the committee so appointed shall thereupon make such investigation and report as may appear necessary, but the members of the committee shall thereafter be disqualified from participating in the hearing and determination of the appeal or appeals in respect of which such investigation and report is made.

Jurisdiction

51. An appeal shall be to the appeal committee for the province or the Territories where the decision appealed against was made.

52. An appeal committee upon an appeal may affirm the decision appealed against, or may make such order as may properly be made under the Family Allowances Act and these regulations.

53. An appeal committee may at any time extend the time within which anything is required by this Part to be done.

54. (1) An appeal shall be commenced by an appellant delivering or mailing to the Regional Director of a province or the Territories as the case may be notice in writing setting forth a statement of the grounds of the appeal.

(2) The notice of appeal shall be given within three months from the day the notice of a decision or direction was given under section 17 of these regulations, or if it relates to a matter not within the provisions of the said section 17, it shall be given within three months from the day the decision in such matter was made.

55. The Regional Director shall on receipt of the notice of appeal prepare copies thereof and shall furnish a copy to the Secretary and to all persons affected by the decision appealed against.

56. On receipt of a notice of appeal the secretary shall examine the same and if, in his opinion, such notice does not sufficiently and clearly set forth a statement of the grounds of appeal, or should be accompanied by other explanations or information or documents, he shall cause the appellant to be

informed so that any such insufficiency in the notice may be remedied by the appellant, or such explanation or information may be furnished in order that all facts, documents and information may be before the appeal committee for consideration upon the hearing of the appeal.

57. A Regional Director shall, within ten days from the day he receives the notice of appeal, cause to be filed with the secretary a short statement of the facts upon which the decision appealed against was made, together with the registration or supplementary registration form as the case may be, and any correspondence, reports, statements or other information in his possession relating to the appeal, and the secretary shall make such material available to the appeal committee.

58. When, in the opinion of the secretary, or the appeal committee, the appeal could be more properly or conveniently heard and determined by an appeal committee in another province or in the territory, the secretary shall transmit the notice of appeal and all documents in connection therewith to such other appeal committee and shall notify the appellant thereof, and such appeal committee shall thereafter hear and determine the appeal as fully and effectively as if it had arisen in such province or the Territories as the case may be.

Hearing and Review

59. (1) An appeal committee shall not decide an appeal until a reasonable opportunity has been given to an appellant to file with the appeal committee in writing any representations that he desires the appeal committee to consider in making its order.

(2) An appellant who, within 14 days from the mailing to him of notice of such opportunity, fails to file with the secretary such representation or information, as the case may be, shall be deemed to have had reasonable opportunity to do so.

60. All evidence considered by an appeal committee shall be in writing except where it is made to appear to the satisfaction of an appeal committee that it is necessary in the interests of justice that oral testimony be heard in which case the appeal committee may receive and consider oral testimony.

61. (1) The order of the appeal committee shall be in writing and shall be signed by the chairman or acting chairman.

(2) A copy of the order shall be furnished by the Secretary to the appellant and to the Regional Director concerned.

(3) The order shall not become effective until the expiration of ten days from the day the same was furnished to the Regional Director.

62. (1) An appeal committee may at any time request the Director of Family Allowances to state in the form of a special case for the opinion of the Deputy Minister of Justice, any question of law arising in, from, or in connection with an appeal to such appeal committee.

(2) At any time during the hearing of an appeal, or within ten days from the furnishing of a copy of an order to the Regional Director, the appeal committee, if so requested by such Regional Director, shall request the Director of Family Allowances to state a special case for the opinion of the Deputy Minister of Justice upon any question of law arising in, from, or in connection with such appeal.

(3) Pending the receipt of the opinion of the Deputy Minister of Justice upon a special case as in this section provided all proceedings shall be stayed and such opinion when given shall be conclusive of the question of law involved and shall be binding upon the appeal committee.

(4) An appeal committee may re-consider an appeal with respect to which an opinion of the Deputy Minister of Justice has been stated and may amend any order in that appeal.

THE FAMILY ALLOWANCES REGULATIONS

Amendments to Regulations of August 3rd, 1945 made by Order
in Council P.C. 24, 3 January 1947.

- (1) Delete subsection (hh) of section (2);
- (2) Delete section 14 and substitute the following:-
 - "14. Pursuant to section 2 (a) of section 4 of the Family Allowances Act, 1944,
 - (a) The Director, Indian Affairs Branch, Department of Mines and Resources, is prescribed as the competent educational authority in respect of an Indian; and
 - (b) The Directors, Lands, Parks and Forests Branch, Department of Mines and Resources, is prescribed as the competent educational authority in respect of an Eskimo; and
 - (c) The Deputy Commissioner of the Northwest Territories is prescribed as the competent educational authority in respect of a child, other than an Indian or Eskimo, resident in the Northwest Territories; and
 - (d) The Comptroller of the Yukon Territory is prescribed as the competent educational authority in respect of a child, other than an Indian or Eskimo, resident in the Yukon Territory.
- (3) Delete section 29.
- (4) Delete section 37.

THE FAMILY ALLOWANCES REGULATIONS

By Order in Council P.C. 4081, September 15, 1948, the Family Allowances Regulations established by Order in Council, P.C. 5093 of August 3rd, 1945 as amended were revoked and a new set of Regulations established. Significant changes made by these regulations are included below.

PART ONE

Delete Section 2 (h). Substitute:-

"(h) "registration form" means the form prescribed by the Minister for making application to register a child for the allowance."

Delete Section 2 (i). Substitute:-

"(i) "supplementary registration form" means the form prescribed by the Minister for making application to register an additional child or children for the allowance;"

Delete Section 2 (k).

PART TWO

No Change.

PART THREE

Delete Section 6 (3). Substitute:-

"(3) For the purposes of subsection (i) and (ii) of section 2 (b) of the Act, intervals of absence of a child from Canada during the three consecutive years immediately prior to the date of registration which are of a temporary nature and which

when totalled and averaged do not exceed one hundred and twenty days per year, shall be deemed not to have affected the status of a child as resident of Canada at the date of registration."

Delete Section 7. Substitute:-

"7. (1) Except as herein otherwise provided, application to register a child for the allowance shall be deemed to have been made when a registration form completed by a parent, other than a parent specifically referred to in Part six or seven of these regulations, is received in the office of the Regional Director in the province where such child ordinarily resides, or in the case of a child ordinarily resident in the Territory, in the office of the Regional Director of the Territories.

(2) Except as herein otherwise provided, application to register a child additional to a child for whom application has been made, as provided in the preceding subsection to this section, and in respect of a child not named in the application so made, shall be deemed to have been made when a supplementary registration form completed by a parent, other than a parent specifically referred to in Part six or seven of these regulations, is received in the office of the Regional Director in the province where such child ordinarily resides, or in the case of a child ordinarily resident in the Territory, in the office of the Regional Director of the Territories."

Delete Section 8 as amended June 7th, 1946, Substitute:-

"8.(1) The Director of Family Allowances shall examine or cause to be examined the registration form or supplementary registration form as the case may be and, if satisfied that any child named therein is eligible under the Act for registration, he shall so certify in respect of each such child by making or causing to be made an appropriate entry on the said form.

(2) The certificate of the Director of Family Allowances shall effect registration of the child in respect of whom it is given,

- (a) as of the last day of the month when the child was born, where the registration or supplementary registration form is received as provided in section 7, within 30 days of the date of birth of the child; or
- (b) as of the last day of the month when such form was received where the registration or supplementary registration form is received as provided in section 7, after 30 days from the date of birth of the child."

Delete Section 9. Substitute:-

"9. Notwithstanding the provisions of subsection 2 of section 8, where the registration or supplementary registration form is in respect of a child residing in a remote area of Canada, the Director of Family Allowances, having due regard to the circumstances of the case, geographical situation of the parent and the mailing facilities available where such parent resides, if satisfied that the application to register such child was made as soon as possible after the date of birth of the child, or, as soon as possible after facilities were provided for the registration of children for the allowance, may, in his discretion, declare that registration of the child therein named shall be effective as of the thirtieth day of June, 1945, or the last day of the month when such child was born, whichever is the later."

Delete Section 10. Substitute:-

"10. (1) Where a child who is registered for the allowance ceases to be resident in Canada, the registration of such child shall be cancelled.

(2) Where the parent who made an application to register a child requests, instructs or authorizes that the registration of such child be cancelled or withdrawn or that the payment of the allowance be discontinued, and such request, authority or instruction is in form satisfactory to the Director of Family Allowances, the registration of such child shall be cancelled and any allowance being paid shall cease to be payable.

(3) Where registration of a child has been cancelled, as provided in subsections (1) and (2) of this section, an application may at any time again be made to register such child for the allowance, and such application shall, if made, be treated as a new application."

PART FOUR

Delete Section 11. Substitute:-

"11. (1) A child shall be deemed resident in Canada within the meaning of section 3 of the Act if such child makes his home in Canada and is ordinarily physically present in Canada; provided however that if such child, while so resident in Canada, has temporarily absented himself therefrom and has returned to Canada, he shall be presumed to have continued to be a resident in Canada during the period of such absence.

(2) Where a child resident in Canada is so temporarily absent from Canada, the allowance shall be suspended following the payment for the month in which such child departed from Canada and thereafter shall be suspended until such child has returned to Canada and may then be reinstated the month following such return, if such child has remained in Canada since his return; provided, however, that, when such absence is not more than three consecutive months, the allowance if reinstated may be paid for the entire period of such absence."

Section 12. Add at end of subsection (1).

"who has or have applied to register the child for the allowance".

Section 13, subsection (1). Add Par. (c).

"(c) where the application to register such child is made by a parent other than the father, stepfather, adoptive father, foster father, mother, stepmother, adoptive mother, foster mother, of the child, to such parent; and subject to section 5 of the Act, special terms and conditions under which the allowance shall be paid, used and accounted for, may be prescribed by the Director of Family Allowances."

Section 13, Section (4) 1945 Regulations becomes Section (5) 1948 Regulations.

Section 13. Add subsection (4).

"(4) For the purposes of making any inquiry into the eligibility of the person to whom the allowance is being paid to continue to receive the payment, the Director may cause payment of the allowance to be suspended for any period of time necessary therefor and at the completion of such inquiry the Director shall direct payment of the allowance, which may include payment of the allowance for the period of suspension, to the person to whom it was being paid to be resumed, or under the provision of subsection (2) of this section direct that such allowance be paid to such other person or agency as in the best interests of such child he thinks suitable."

Delete Section 14. Substitute:-

"14. Pursuant to subsection (2a) of section 4 of the Family Allowances Act, 1944,

- (a) The Commissioner of the Northwest Territories is prescribed as the competent educational authority in respect of a child, other than an Indian or Eskimo, resident in the Northwest Territories; and
- (b) The Commissioner of the Yukon Territory is prescribed as the competent educational authority in respect of a child, other than an Indian or Eskimo, resident in the Yukon Territory."

PART FIVE

Delete Section 18. Substitute:-

"18. Where ever any child in respect of whom the allowance is being paid:

- (a) ceases to attend school or to receive equivalent training; or
- (b) dies; or
- (c) ceases to be resident in Canada; or
- (d) if a female child, marries; or
- (e) ceases to be maintained by a parent; or
- (f) is temporarily absent from Canada;

the person to whom the allowance is being paid shall within one month thereof and in such form as the Director of Family Allowances shall prescribe, report such fact to the Regional Director of the Province or territory in which such child resides or has been residing."

PART SIX

Delete Section 23. Substitute:-

"23 (1) (a) An Indian parent shall be deemed to make application to register a child for the allowance when a registration form, completed by or on behalf of such Indian parent, is received by the Indian agent of the agency where such parent ordinarily resides.

(b) Application to register a child additional to a child for whom application has been made, as provided in

para. (a) of subsection (1) of this section, and in respect of a child not named in the application so made, shall be deemed to have been made when a supplementary registration form completed by or on behalf of such Indian parent is received by the Indian agent of the agency, where the parent ordinarily resides.

(2) Such Indian agent shall, on receipt thereof deliver or mail such registration or supplementary registration form to the Regional Director of the province or the Regional Director of the Territories, according to whether the child resides in a province or in the territory, together with such information in regard thereto or in explanation thereof as appears to him to be relevant or as may be required by the Director of Family Allowances, and such Indian Agent shall state the Band number of such parent, the name of the agency and source of any information given by such agent, and shall certify that all information contained on the form or given by him is, to the best of his knowledge, information and belief, true and correct in every particular.

Section 25 becomes section 24. Delete subsection (2).
Substitute:-

" (2) The certificate of the Director of Family Allowances shall effect registration of the child in respect of whom it is given,

- (a) as of the last day of the month when the child was born, where the registration or supplementary registration form is received as provided in subsection 1 of section 23, within 30 days of the date of birth of the child; or,
- (b) as of the last day of the month in which the form was received, where the registration or supplementary registration form is received as provided in subsection 1 of section 23, after 30 days from the date of the birth of the child."

Section 26 becomes Section 25. Delete and substitute:-

"25. Notwithstanding the provisions of subsection 2 of section 24 where the registration or supplementary registration form is in respect of a child residing in a remote area of Canada, the Director of Family Allowances if satisfied that the

application to register such child was made as soon as possible after the date of birth of the child and having due regard to the circumstances of the case and the geographical situation of the parent may, in his discretion, declare that the registration of the child therein named shall be effective as of the thirtieth day of June, 1945, or as of the last day of the month when such child was born, whichever is the later."

Section 29 becomes Section 28. Delete and substitute:-

"28. Pursuant to subsection (2a) of section 4 of the Family Allowances Act, 1944, the Director, Indian Affairs Branch, Department of Mines and Resources, is prescribed as the competent educational authority in respect of an Indian."

PART SEVEN

Amendments in the case of Eskimos were substantially the same as for Indians.

PART EIGHT

No Change except for difference in section numbering.

APPENDIX F

REPORT ON SURVEY OF THE OPERATION OF THE FAMILY ALLOWANCES QUEBEC REGIONAL OFFICE AND ITS ASSOCIATED TREASURY OFFICE

Organization and Methods
Division
Civil Service Commission

Ottawa, Ontario.
Sept. 1950.

SUMMARY OF RECOMMENDATIONS

This summary presents an overall picture of the changes which could be made with advantage. The recommendations herein are presented in the same order, by Sections and Units, as they are dealt with in the report. They are as follows:

Eligibility Section

1. That the whole staff of the Section be rotated through different sub-sections in order to maintain the production flow at a proper level when peak loads occurred in one sub-section.
2. That for a certain period, records of causes, time and correspondence for each case be kept for further analysis in order to investigate possibilities of improving the work load.

Files Control Unit

3. That approved applications only be given a Family Allowance Account number in order to keep to a minimum the number of inactive accounts.

Filing Unit

4. That a document indicating the amount in pay be placed on file after every change in order to facilitate the computation of amounts payable or

recoverable and the answer to inquiries without referring the case to the Treasury Office.

5. That all documents be fastened in chronological order at the top of the inner right page of the file cover in order to facilitate the analysis of cases and the auditing of accounts.
6. That destruction of dead files, or microfilming of most important documents, be done after retention of five years in order to reduce the storage space to a minimum.

Index Unit

7. That one index for the joint use of the Family Allowance Director and the District Treasury Officer be set up on the second floor of the office in order to avoid the duplication of the indexing work, and unnecessary movements of files and documents.
8. That a number of the Treasury Staff be placed with the Family Allowance Index Staff to take care of special references from the Treasury Office.
9. That the Treasury Office's three address specialists be located adjacent to the Index in order to eliminate movements of documents between floors for identifications of payees.
10. That six rolldex units of 100,000 cards each be installed on the second floor of the office to increase by 50% the output per index clerk and to permit the use of changed addressograph plates imprints to record changes of address.
11. That a new form of index card be used which will enable advantage to be taken of the address plate method of recording changes of address.

Mail Unit

12. That the mail be opened, sorted, and then electrically dated and number stamped in order to obtain an accurate count of the mail and to facilitate the identification of documents when on file.

13. That readers code the correspondence sufficiently to forward it to the first section which can deal with it, from which it can, if necessary, be redirected because, as the staff is now experienced and peak loads are infrequent, a preliminary analysis of each case is no longer required.
14. That an electric office folding machine be used to fold out-going letters and questionnaires to reduce the folding ~~time~~ from 5 hours to 20 minutes each day

Messenger Services

In order to facilitate the transportation of documents and files between floors, to permit a more rapid redirection of documents transferred to other sections, and to extend the messenger service to Treasury Sections located on the second and third floors, thus eliminating the necessity of recording movements of documents passing between Family Allowance and Treasury Offices.

15. That five sorting points be set up: two on the third floor and three on the second floor of the office.
16. That the elevator located in the center of the building be adapted to files transportation.
17. That an elevator be built at the south end of the building extending from the third floor to the basement.

Processing Section

18. That an Examination Sub-unit be set up to deal with approval of incomplete applications involving correspondence or other difficulties in order to reduce the work load for reversions by speeding up the approval of complete applications.
19. That a special application form be supplied to children's aid societies and agencies in order to request special information regarding maintenance and domicile of children.

20. That application forms (original and supplementary) be combined in one form to be used for the registration of one child only, with emphasis on questions regarding applicants, the child, the relationship of applicants to the child, the maintenance and the domicile of the child, the status quo of the account, and signature of applicants, in order to facilitate their examination and to prevent indiscriminate use of originals and supplementaries.
21. That applicants be required to provide the Regional Director with birth certificates of children for whom they apply, because it will facilitate the identification of applicants and the validation of applications while permitting substantial economies, or
22. That birth verification cards be punched cards instead of typed cards in order to permit the mechanical verification of 50% of births, to reduce the hand writing, and to eliminate manual sortings of cards in different orders.

Recovery of overpayments section

In order to aid the reduction of overpayments recoverable by collection:

23. That the time between the first courteous warning letter and the registered firm warning letter be shortened from sixty to fifteen days,
24. That proper advertisements be included periodically with the cheque to inform payees about facts which cause overpayments, and about consequences of not reporting them.

Steno Pool

25. That two typists be transferred to the Processing Section for typing or punching B.V. card in order to straighten up the production line.
26. That the possibility of using autotypist equipment for questionnaires and form letters be investigated in order to increase the production and the service to the public.

Computation of amounts payable

27. That the Family Allowance Staff compute all amounts payable or recoverable, and that the Treasury Staff check and audit them, so that the Minister of National Health and Welfare administer the Family Allowances Act in stating the amount payable or recoverable, and that the Comptroller of the Treasury, according to the Consolidated Revenue and Audit Act, ascertain the validity of the disbursement or the recovery.

Intra Office Forms

28. That an omnibus form replace the forms used for requisitions, B.F.'s and transfers of files to save time and paper.
29. That the change order form be organized to reduce the handwriting, and to facilitate the recording of facts and the making of computations.
30. That a weekly work load report be prepared instead of a daily report, and that the same form be used by all sections, in order to give the management the average work load of the period and the summary of its variation.

Office lay-out

31. That sections and units be reorganized to shorten the production line and to facilitate the implementation of a new system in the Treasury Office.

Results

The implementation of the recommendations summarized above will enable the Department to provide a better service to the public more economically in that the minimum annual savings possible represent approximately \$22,000.00 and the maximum \$34,000.00.

N.B. The errors in grammar are those of the Civil Service Commission.

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