

# GROWTH OF THE WELFARE STATE

The Depression helped change Canadians' expectations about the role of government. Many Canadians now expected government intervention for those in need, and they pressed for legislation that would do just that. Between 1931 and 1982, Canada became a **welfare state**. A welfare state has a variety of government programs—sometimes called social security or a social safety net—to ensure all citizens have a minimum standard of living.

During the Depression, neither level of government had clear responsibility for, and the ability to fund, social security programs. Moreover, Canadians became more aware of regional differences in their standard of living. The Royal Commission on Dominion-Provincial Relations was established in 1937 to recommend changes to alleviate these problems. The commission was led by Newton Rowell and then Joseph Sirois.

**HP** Take a historical perspective to consider why the Fathers of Confederation gave most of the ability to raise funds to the federal government, but responsibility for expensive social programs to the provincial governments. What priorities did the Fathers of Confederation have at the time of Confederation? What were Canadians' priorities by the 1930s?

In the *Rowell-Sirois Report*, the commission recommended that the federal government take control of unemployment insurance and old age pensions. It also recommended the creation of **equalization payments**. These payments are transfers of money from the federal government to provinces with lower tax revenues. The payments are intended to make standards of living in all the provinces more equal. The report advised against the federal and provincial governments sharing costs for social programs. Despite this recommendation, many of the post-war social welfare developments became shared-cost programs because the division of powers in the *British North America Act* made it difficult for the federal government to fund and administer such programs. Although the recommendations from the *Rowell-Sirois Report* were not immediately adopted, many appeared, in one form or another, during and after the Second World War.

A 1943 report written by Leonard Marsh—the *Report on Social Security for Canada*, or *Marsh Report*—became the basis for the social security programs that operate in Canada today. Marsh suggested the government run programs to prevent unemployment, to assist people who are ill, and to help Canadians living in poverty. By 1966, most of the recommendations in his report had been acted upon.

**Figure 11-21** The family allowance program, which began in 1945, sent monthly cheques to Canadian families. Cheques were issued to mothers in all provinces except Québec, where cheques were sent to fathers. This advertisement from the *Hamilton Spectator* encouraged mothers to sign up for the benefit.

**HEY MOM! why haven't you sent in that form?**

This is a reminder: If you haven't completed and returned your Family Allowances Registration Form, please do so immediately in the interests of your children. First cheque will be mailed in July 1949, but only to those eligible families which have completed and returned the registration form.

**FAMILY ALLOWANCES**

will be paid every month for every eligible child under 16, to help parents provide children with medical, dental and nursing services, more nutritious food, adequate clothing and shelter. They will help equalize opportunities for all children. Parents have the practical assistance for you in raising your children. Please do your part by returning the Registration Form promptly.

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1949  
WAR  
EUROPEAN  
1939  
CANADA  
LABOUR  
FAMILY  
ROMUS  
ASS.

## COMPONENTS OF THE SOCIAL SAFETY NET

### OLD AGE INCOMES

One of the first components of Canada's social safety net addressed the poverty facing many elderly Canadians. Unless people had significant savings, retirement meant poverty or dependence on other family members and charities. A pension is a lifetime payment to an individual by an employer or the government in recognition of past service. The first public pension program was introduced in 1927, with the federal government's *Old Age Pension Act*. The act provided low-income Canadians, excluding status Indians, with a small pension of up to \$20 per month. To qualify, recipients had to have lived in the country at least twenty years and pass a "means test" to prove their income was low enough to receive benefits.

**HP** The "means test" was widely considered demeaning and was inconsistently applied by administrators across the country. Take a historical perspective to consider why the government developed the test.

In 1951, this program was replaced by Old Age Security, which sent monthly cheques to all Canadians over the age of seventy. Old Age Security was a **universal program**, which meant all Canadians received

benefits, regardless of their other income sources. In 1965, the age at which Canadians could qualify for Old Age Security was lowered to sixty-five. One year later, the government introduced a Guaranteed Income Supplement to increase benefits for seniors with little or no other income.

In 1957, the federal government established the Registered Retirement Savings Plan (RRSP). The program encourages Canadians to save for their own retirement. In 1966, the Canada Pension Plan was initiated. This program is partially funded by employers, the government, and workers. Workers pay into the program through automatic deductions from their paycheques.

**Figure 11-22** Under the *Old Age Pension Act*, provinces had to match federal funding. Some provinces, such as Nova Scotia, were unable to offer the program. This cartoon was published in the *Halifax Herald* on June 16, 1928.



STILL ADRIFT

## HEALTH CARE

The Depression highlighted problems with a health-care system that requires people to pay for their care. If people are sick, they cannot work, and if they cannot work, they cannot pay their health-care bills.

In 1945, Saskatchewan Premier Tommy Douglas introduced a province-wide hospital insurance program. In 1957, the federal government offered to share the cost of hospital insurance programs introduced by the provinces. These programs helped eliminate the crowded “charity wards” in hospitals, where people who could not pay for services hoped to be treated. However, hospital insurance did not cover visits to the doctor. In 1962, Saskatchewan introduced a universal medical insurance plan covering a broad range of medical services. It was the first of its kind in North America. In 1966, the federal government passed the *Medical Care Act*, which helped fund provincial health-care programs, known as **medicare**. To qualify for federal funding, provincial programs had to meet federal standards. For example, all medicare programs had to provide a broad range of medical services to all provincial residents.

## VOICES

The only thing more expensive than good health care is no health care.

— Emmett Hall, Chairperson of the Royal Commission on Health Services, 1961

### ESTABLISHING HISTORICAL SIGNIFICANCE

# HS The Development of Medicare

The development of universal health-care programs in Canada was not as straightforward as the information on this page might suggest. Tommy Douglas’s Saskatchewan government faced many critics as it pursued its plan and even a strike by doctors in 1962 as they protested the introduction of universal health care.



**Figure 11-23** As the premier of Saskatchewan, Tommy Douglas started North America’s first universal health-care program. In 1961, Douglas was elected as the leader of the New Democratic Party. In 1966, he was successful in encouraging Liberal Prime Minister Lester B. Pearson to introduce a national health-care program.

## NS

Research the events leading to Saskatchewan’s adoption of universal health care.

- In a CBC poll in 2004, Tommy Douglas was voted “Greatest Canadian” because of his role in the development of medicare. Visit the *Shaping Canada* web site to find out more about this poll and about Douglas’s role. In a small group or as a class, discuss whether you agree with his selection.
- In a 2005 survey by the Centre for Research and Information on Canada, 85 percent of respondents said that universal health care is an essential characteristic of Canada and that getting rid of it would change the nature of the country. What does universal health care say about a country? Do you agree or disagree that this program is an essential characteristic of Canada? Explain your judgment in terms of universal health care’s historical significance.

## ...SHAPING CANADA TODAY...

In 1996, Unemployment Insurance was renamed Employment Insurance in order to focus on the obligation of people collecting from the program to look for "employment" as opposed to collecting money because they are "unemployed."



### Let's Discuss

What are the benefits and drawbacks of universal social programs? What programs, if any, do you think should be universal?

## UNEMPLOYMENT INSURANCE

In 1940, a constitutional amendment gave the federal government responsibility for unemployment programs. That same year, the federal government introduced the *Unemployment Insurance Act*. Like the Canada Pension Plan, Unemployment Insurance is funded by worker payroll deductions, employer contributions, and the federal government. If individuals lose their job, they can then collect money from the program while they look for a new job. The program has continued to this day, with some changes for the unique labour conditions in certain provinces, such as the predominance of seasonal work in industries such as lumber and fishing.

## FAMILY ALLOWANCE

In 1945, Prime Minister King introduced a family allowance, sometimes called the baby bonus, to help Canadians raise their children. It was created as a universal program. Critics argued that those with higher incomes did not need the allowance and that making the program universal was a waste of money. However, with a universal program, people did not need to feel embarrassed about receiving "handouts" from the government. In 1989, the federal government renamed the program the Child Tax Benefit. The revised program ended payments to families with higher incomes in order to increase payments to other families.

## WELFARE

In 1966, the Canadian Assistance Plan, commonly called welfare, was created to help people unable to work. The federal and provincial governments shared costs for the program. However, like health-care programs, provincial welfare programs had to meet national standards, such as the requirement that those on welfare would not be required to work in order to receive their payments.



**Figure 11-24** In the 1945 election, one of Mackenzie King's election promises included a family allowance program. Cheque amounts were based on the number of children in the family; larger families received larger cheques. This cartoon was published in the *Montréal Gazette* on June 6, just days before the election. How does the cartoonist portray the promise of a "baby bonus"?

## RECALL... REFLECT... RESPOND

1. How was the development of Canada's social security programs historically significant?

HS

2. Do you think these programs are a direct consequence of the Depression, or do you believe they would have been developed even if the Depression had not happened? Explain.

BC-C