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AN ARCHAEOLOGY OF KEYNESIANISM:
THE MACRO-POLITICAL FOUNDATIONS
OF THE MODERN WELFARE STATE IN CANADA, 1896-1948

by

Timothy Bruce Krywulak, B.A. (Hons.), M.A.

A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfilment of
the requirements for the degree of

Doctor of Philosophy

Department of History

Carleton University
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in partial fulfilment of the requirements
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23 September 2005

Abstract

The conventional wisdom on socio-economic policy in Canada underwent a dramatic shift between the First National Policy of Sir John A. Macdonald and the Second National Policy of William Lyon Mackenzie King. Over the course of just one generation during the early to mid-twentieth century, the federal government moved from a fairly narrow pursuit of economic development through tariff protection, transportation subsidies, and immigration promotion to a much more expansive quest for economic and social stability through a host of new policy initiatives such as old-age pensions, unemployment insurance, and family allowances. Thus far, this transition has been variously described as a revolution in economic thought emanating from the mind of British economist John Maynard Keynes, a dramatic re-engineering of the state by civil service mandarins who had been influenced by Keynesian ideas, a liberal-democratic response to socialism, or a natural outcome of industrialization, urbanization, the Great Depression, and other historical events.

This study suggests that we can advance our understanding of this process even further by reevaluating our assumptions about the seemingly autonomous influence of individuals, ideas, and events. To do so, it seeks to dig down below the immediate causes to the longer-term transformations that propelled the transition from one policy paradigm to another. This "archaeological" approach thus directs our attention towards long-run developments such as the expansion of the university system, the growth of large-scale business firms, the rise of organized labour, and the centralization of the provision of social welfare into large public and private bureaucracies. Moreover, at even deeper levels, it brings us to an examination of the rise of new scientific disciplines in areas such as business,

economics, and psychology, as well as the reshaping of concepts such as the individual worker, the unemployed worker, and the national income. Collectively, over the course of the late nineteenth to the early twentieth centuries, these complex and disparate transformations laid the intellectual and political groundwork for a new consensus on socio-economic policy among key interest groups in the state, academic, business, and labour communities in Canada. In short, these transformations formed the macro-political foundations of Canada's postwar, "Keynesian" welfare state.

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My interest in the history of the modern Canadian welfare state was initially sparked over six years ago in a graduate political science seminar offered by Dr. Phillip Hansen at the University of Regina. Since that time, I have been extremely fortunate to have had the assistance of numerous individuals and institutions in my endeavour to carry this interest through to the completion of a doctoral thesis at Carleton University. As such, I would like to take this opportunity to express my sincere appreciation.

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List of Abbreviations

Archives, organizations, and legislation

AASW	American Association of Social Workers
ACCL	All-Canadian Congress of Labour
ACISR	Advisory Council on Industrial and Scientific Research
ACME	Association of Consulting Management Engineers
ACR	Advisory Committee on Reconstruction
AFL	American Federation of Labour
ASME	American Society Mechanical Engineers
CASW	Canadian Association of Social Workers
CBA	Canadian Bankers Association
CCC	Canadian Chamber of Commerce
CCF	Co-operative Commonwealth Federation
CCSW	Canadian Conference on Social Work
CCL	Canadian Congress of Labour
CFL	Canadian Federation of Labour
CHA	Canadian Historical Association
CIO	Congress of Industrial Organizations
CIPA	Canadian Institute of Public Affairs
CLOA	Canadian Life Office Association
CMA	Canadian Manufacturers Association
CNR	Canadian National Railway

COS	Charity Organization Society
CPR	Canadian Pacific Railway
CPSA	Canadian Political Science Association
CSCE	Canadian Society of Civil Engineers
CTCC	Confédération des Travailleurs catholiques du Canada
DBS	Dominion Bureau of Statistics
DHA	Dominion Housing Act
DICA	Dominion Institute of Chartered Accountants
DL	Department of Labour
DVA	Department of Veterans' Affairs
EAC	Economic Advisory Committee
ESC	Employment Service of Canada
GTP	Grand Trunk Pacific Railway Company
HBC	Hudson's Bay Company
IBM	International Business Machines
IDLA	Industrial Disputes Investigation Act
IWW	Industrial Workers of the World
JCPC	Judicial Committee of the Privy Council
JDA	Juvenile Delinquents' Act
LAC	Library Archives Canada
LMPC	Labour-Management Production Committee
LOMA	Life Office Managers Association

MIC	Manufacturing Investment Company
MUA	McGill University Archives
NBER	National Bureau of Economic Research
NEC	National Employment Commission
NLF	National Liberal Federation
NHA	National Housing Act
NICB	National Industrial Conference Board
NLRB	National Labor Relations Board
NRC	National Research Council of Canada
OMA	Ontario Manufacturer's Association
PGC	Procter and Gamble Company
PSUL	Pennsylvania State University Library
QUA	Queen's University Archives
RBA	Railway Board of Adjustment
RLDA	Railway Labour Disputes Act
SSCC	Social Service Council of Canada
SRB	Sales Research Bureau
TLC	Trades and Labour Congress
UIA	Unemployment Insurance Act
UTA	University of Toronto Archives
UWOA	University of Western Ontario Archives
WSGA	War Service Gratuity Act

YMCA	Young Men's Christian Association
YWCA	Young Women's Christian Association

Publications

<i>BHR</i>	<i>Business History Review</i>
<i>CB</i>	<i>Canadian Business</i>
<i>CCA</i>	<i>Canadian Chartered Accountant</i>
<i>CCJ</i>	<i>Canadian Congress Journal</i>
<i>CHR</i>	<i>Canadian Historical Review</i>
<i>CJEPS</i>	<i>Canadian Journal of Economics and Political Science</i>
<i>CW</i>	<i>Child Welfare</i>
<i>CY</i>	<i>Canada Yearbook</i>
<i>DR</i>	<i>Dalhousie Review</i>
<i>GM</i>	<i>Globe and Mail</i>
<i>IC</i>	<i>Industrial Canada</i>
<i>RI/IR</i>	<i>Relations Industrielles/Industrial Relations</i>
<i>JCBA</i>	<i>Journal of the Canadian Bankers' Association</i>
<i>JCHA</i>	<i>Journal of the Canadian Historical Association</i>
<i>JCS</i>	<i>Journal of Canadian Studies</i>
<i>LG</i>	<i>Labour Gazette</i>
<i>L/LT</i>	<i>Labour/Le Travail</i>
<i>QRC</i>	<i>Quarterly Review of Commerce</i>

<i>RI/IR</i>	<i>Relations Industrielles/Industrial Relations</i>
<i>HS/SH</i>	<i>Histoire sociale/Social History</i>
<i>SPE</i>	<i>Studies in Political Economy</i>
<i>SW</i>	<i>Social Welfare</i>
<i>TS</i>	<i>Toronto Star</i>
<i>TSW</i>	<i>The Social Worker</i>

1. INTRODUCTION

In 1965, *Time* magazine declared: “We’re All Keynesians now.”¹ Today, it seems as though hardly any of us are. During the years from the early 1970s to the early 1990s, welfare states based upon Keynesian principles faced profound economic, political, and ideological challenges. As international competition intensified and government indebtedness mounted, a variety of new “isms” – Thatcherism, neo-conservatism, and neo-liberalism – sprang up to challenge Keynesianism. For a time, these challenges appeared to throw the entire project of the welfare state into doubt across the advanced-capitalist democracies of the Western world. But following a period of retrenchment in social policy and a resurgence of economic growth during the mid- to late 1990s, the general sense of an immediate “fiscal crisis of the state” in these nations began to subside. Nevertheless, as recent experience indicates, social welfare programs everywhere must continue to find ways of adjusting to long-term economic and demographic changes, while also competing with other political and economic priorities. As such, in the words of Dharam Ghai, the former Director of the United Nations Research Institute for Social Development (1987-1997), the future of the welfare state still remains “one of the most pressing social issues of our times.”²

¹ *Time*, cover story, 31 December 1965.

² Dharam Ghai, cited in *Welfare States in Transition: National Adaptations in Global Economies*, edited by Gosta Esping-Anderson (London: SAGE, 1996), vii. The “crisis of the welfare state” literature was most fashionable in the mid-1970s to the mid-1980s. See, in particular, James O’ Connor, *The Fiscal Crisis of the State* (New York: St. Martin’s Press, 1973); Cy Gonick, “Boom and Bust: State Policy and the Economics of Restructuring,” *Studies in Political Economy* (hereinafter, *SPE*) 21 (1983), 25-47; and John Myles, “Decline or Impasse? The Current State of the Welfare State,” *SPE* 26 (1988), 73-107. More recent work on state downsizing can be found in Tony Cutler and Barbra Waine, *Managing the Welfare State: The Politics of Public Sector Management* (Oxford: Providence, 1994); and John Shields and M. B. Evans, *Shrinking the State: Globalization and Public*

The challenges faced by today's welfare states are not entirely new. State officials have long grappled with the questions of how to most effectively govern their respective societies. In attempting to achieve this objective, their efforts have typically been guided by certain rules, assumptions, and expectations. Collectively, these "norms" form what political scientists sometimes call "policy paradigms," or what might also be described as a set of "common-sense" notions that policymakers and other key political groups hold about the broad parameters of what must, should, and could be done by the state at a given point in time. As this definition indicates, these paradigms are neither static nor all encompassing; indeed, they are continually being reshaped over time as new problems and solutions are generated, circulated, adopted, and challenged both within and without the state itself. This raises the question: why is it that some problems and solutions move on or off a society's political agenda over a certain period while many others do not?³

During the early to mid-twentieth century, Canada's socio-economic paradigm underwent one of its most dramatic shifts in the transition from the First National Policy of Sir John A. Macdonald to that of the Second National Policy of William Lyon Mackenzie King. Over the course of just one generation, the nation's socio-economic policies went from a fairly narrow pursuit of economic development through tariff protection, transportation subsidies, and immigration promotion to a much more expansive quest for economic and

Administration "Reform." (Halifax: Fernwood Publishing, 1998).

³ On policy paradigms, see Thomas Kuhn, *The Structure of Scientific Revolutions* (Chicago: University of Chicago Press, 1962); Michael Howlett and M. Ramesh, *Studying Public Policy: Policy Cycles and Policy Subsystems* (Oxford: Oxford University Press, 1995); and Neil Bradford, "Governing the Canadian Economy: Ideas and Politics," in Michael Whittington and Glen Williams (eds.), *Canadian Politics in the 21st Century*, 5th ed. (Scarborough: Nelson, 1999), 193-215.

social stability through a host of new policy initiatives such as old-age pensions, unemployment insurance, and family allowances, among others.⁴ Traditionally, this transition has been variously described as a “revolution” in economic thought emanating from the mind of British economist John Maynard Keynes, a dramatic re-engineering of the state by “civil service mandarins” who had been influenced by Keynesian ideas, a liberal-democratic “response to socialism,” or a natural outcome of industrialization, urbanization, the Great Depression, and other “historical events.”⁵ But was this really such an apparently seismic realignment of socio-economic thought and policy? Was it suddenly invented and hastily assembled by a small group of politicians and policy advisors? Was it the natural response brought forth by big events such as Great Depression and the Second World War? Or was it perhaps some combination of the above?

This study proposes that we might further our understanding by asking even more basic questions about the seemingly “autonomous influence” of individuals, ideas, and events. In other words, its purpose is to dig down below the immediate causes to the longer-term transformations, which, collectively, incrementally resulted in the shift from one policy

⁴ Vernon Fowke, “The National Policy – Old and New,” *Canadian Journal of Economics and Political Science* (hereinafter, *CJEPS*) 18, 3 (1952), 271-86; Donald Smiley, “Canada and the Quest for a National Policy,” *Canadian Journal of Political Science* 8,1 (1975), 40-62; and Janine Brodie, *The Political Economy of Canadian Regionalism* (Toronto: Harcourt Brace Jovanovich, 1990).

⁵ See, for instance, David A. Wolfe, “The Rise and Demise of the Keynesian Era in Canada: Economic Policy, 1930-1982,” in M.S. Cross and G.S. Kealey (eds.), *Readings in Canadian Social History*, Vol. V: *Modern Canada 1930-1980s* (Toronto: McClelland and Stewart, 1984), 46-78; J.L. Granatstein, *The Ottawa Men: The Civil Service Mandarins 1935-1957* (Toronto: Oxford University Press, 1982); Doug Owram, *The Government Generation: Canadian Intellectuals and the State 1900-1945* (Toronto: University of Toronto Press, 1986); Alvin Finkel, “Paradise Postponed: A Re-examination of the Green Book Proposals of 1945,” *Journal of the Canadian Historical Association* (hereinafter, *JCHA*) 4 (1993), 120-42; and Dennis Guest, *The Emergence of Social Security in Canada*, 2nd rev. ed (Vancouver: University of British Columbia Press, 1985).

paradigm to another. By proceeding in a manner inspired and informed by the post-structuralist school of historical analysis, particularly that of Michel Foucault, this “archaeological” approach directs our attention towards long-run developments such as the expansion of the university system, the growth of large-scale business organizations, the rise of organized labour, and the centralization of the provision of social welfare into large public and private bureaucracies. At even deeper level, it also brings us to an examination of rise of new scientific disciplines in areas such as business, economics, and psychology, as well as the reshaping of concepts such as “the individual worker,” the “unemployed worker,” the “national income.” In doing so, it thereby abandons the goal of demonstrating the existence of a “teleological historical process” or a “grand underlying theory” embodied by the transition from the First to the Second National Policy. And, in place of that objective, it substitutes that of surveying the often complex, disparate, and disconnected transformations that occurred among the institutions, ideologies, and practices embedded within this particular slice of Canada’s past. As this investigation suggests, it is here that the macro-political foundations of the modern welfare state are to be found.

The very first task that confronts any study of Keynesianism is that of adequately defining the term itself, since the term long ago succumbed to the plasticity brought on by polemics. As Keynes biographer Robert Skidelsky and other scholars have pointed out, entire books can and have been written on what Keynes “said,” what he “meant to have said,” and what he “should have said,” in his writings on economic policy. More specifically, as political scientist Robert M. Campbell explains, the many variants of Keynesianism can be delineated

by their relative emphasis on the supply or demand side of the economy, as well as their preference for leaning towards either state- or market-oriented solutions to the objectives of growth and stability. Keynesianism can also be narrowly defined in terms of the specific economic theories promulgated by Keynes, or more broadly in terms of the variety of economic policies, social programs, and attitudes towards governing the economy that have come to be commonly associated with his name.⁶

Given its emphasis upon the larger “conventional wisdom” on socio-economic policy in Canada, this thesis adopts the broader definition. As outlined in an oft-cited article by political scientist David A. Wolfe, this understanding of the Keynesian paradigm encompasses four main elements: (1) a willingness on the part of the state to engage in counter-cyclical financing in order to offset swings in the business cycle and thereby maintain full employment; (2) an acceptance by the state to provide social assistance to “those individuals who ... [are] unable to participate in the labour market adequately enough to provide for their own needs;” (3) the extension of collective bargaining rights to certain segments of the labour force; and (4) the understanding that investment decisions will be left largely, though to varying degrees, in the hands of private investors. At some point, once too many investment decisions are taken over by the state, economic policy can be said to have become more socialist than Keynesian. Hence, the Keynesian welfare state is commonly understood to embody not only Keynesian economic theories relating to the role of government but also a specific political

⁶ Robert Skidelsky, *John Maynard Keynes*, Vol. I: *Hopes Betrayed* (London: Macmillan, 1983), xv; David C. Colander and Harry Landreth, editor’s introduction to *The Coming of Keynesianism to America: Conversations with the Founders of Keynesian Economics* (Cheltenham and Brookfield: Edward Elger, 1996), 1; and Robert M. Campbell, *Grand Illusions: The Politics of the Keynesian Experience in Canada 1945-1975* (Peterborough: Broadview Press, 1987), 32-5.

compromise between capital and labour.⁷

Just as there have been many definitions of Keynesianism, there have been many approaches to Canadian political history since the appearance of the Keynesian welfare state. During the 1950s and 1960s, political biographies dominated the field. Donald G. Creighton's *John A. Macdonald* (2 vols, 1952-55), H. Blair Neatby's *Laurier and a Liberal Quebec: A Study in Political Management* (1956), J.M.S. Careless's *Brown of the Globe* (2 vols, 1959-1963), and other many other classics were produced over this period. In these works, politics was the story of politicians, political parties, and elections; and political history, in Creighton's now famous phrase, was the story of the intersection between "character and circumstance." Although this genre told us much about the activities of the political elite, it thus told us very little about the larger dynamics of the political process.⁸

From the early 1960s to the early 1980s, a new generation of scholars began to substantially broaden the writing of Canadian history. For first time, significant numbers of women, minorities, and working-class Canadians began entering the historical profession, many of whom chose to pursue a diverse range of research interests that appeared to speak more directly to their own concerns. Gender, labour, ethnic, and regional studies all started

⁷ David A. Wolfe, "The Rise and Demise of the Keynesian Era," in *Readings in Canadian Social History*, Vol. V: *Modern Canada, 1930-1980* (Toronto: McClelland and Stewart, 1984), 47; and Stephen McBride and John Shields, *Dismantling a Nation: The Transition to Corporate Rule in Canada*, 2nd ed. (Halifax: Fernwood Publishing, 1997), 35-51.

⁸ Additional examples would be R. MacGregor Dawson, *William Lyon Mackenzie King: A Political Biography* (Toronto: University of Toronto Press, 1958); Kenneth McNaught, *A Prophet in Politics: A Biography of J.S. Woodsworth* (Toronto: University of Toronto Press, 1959); and Roger Graham, *Arthur Meighen*, 3 vols. (Toronto: Clarke and Irwin, 1960-1965). Also, see John S. Moir (ed.), *Character and Circumstance: Essays in Honour of Donald Grant Creighton* (Toronto: Macmillan of Canada, 1970).

to flourish as a result. So too did a range of new theoretical approaches, as historians attempted to become “more scientific” in an effort to stave off the challenges posed by alternative forms of social science.⁹ By the late 1990s, the scope of theoretical and methodological approaches touching upon some aspect of Canadian politics or public policies had become so large as to confound even the most avid reader. While an extended review of this vast body of literature is obviously beyond the scope of this study, a few representative examples can provide some sense of the prominent historiographical themes that have been most closely associated with the transition from the First to the Second National Policy.¹⁰

One such theme was the relationship between economic ideas and socio-economic policies. During the ascendancy of political biography in Canada, Canadian intellectual historians tended to focus upon how the interactions among different ideas progressively led from one to another set of assumptions about the essential nature of various phenomenon, such as economic and social processes. Examples include Irving Brecher's *Monetary and Fiscal Thought and Policy in Canada, 1919-1939* (1957), C.D.W. Goodwin's *Canadian Economic Thought* (1961) and, more recently, Robin Neill's *History of Canadian Economic Thought* (1991). According to these works, the fierce debates among the proponents of a

⁹ A general discussion of these trends can be found in Carl Berger, *The Writing of Canadian History: Aspects of English Canadian Historical Writing Since 1900*, 2nd ed. (Toronto: University of Toronto Press, 1996), 259-320; and Josh Tosh, *The Pursuit of History: Aims, Methods, and New Directions in the Study of Modern History*, 2nd ed. (London and New York: Longman, 1984), 228-33.

¹⁰ For a more comprehensive survey of these works, see Allan Moscovitch (ed.), with Theresa Jennissen and Peter Findlay, *The Welfare State in Canada: A Selected Bibliography, 1840 to 1978* (Waterloo: Wilfrid Laurier University Press, 1983); James Struthers, *The Limits of Affluence: Welfare in Ontario 1920-1970* (Toronto: University of Toronto Press, 1994), 5-16; John R. Graham “An Analysis of Canadian Social Welfare Historical Writing,” *Social Service Review* 70, 1 (Mar 1996), 140-58; and Doug Owrarn (ed.), *Canadian History: A Reader's Guide*, Vol. 2: *Confederation to the Present* (Toronto: University of Toronto Press, 1994).

vast assortment of economic ideas circulating throughout the Western World during the tumultuous 1920s and 1930s – ranging from the orthodox certitudes of classical economics to the radical nostrums of social credit theory – eventually resolved themselves, and in the process of doing so propelled policymakers toward the Keynesian consensus of the 1940s.

As the field of intellectual history expanded from the early 1960s onwards, other scholars turned to examining how a nation's central societal values, or "political culture," affected the nature of its public policies. When combined with the simultaneous trend towards what Careless called Canada's "limited identities" of region, class, and ethnicity, the result was a dramatic expansion of works dealing with the nation's variegated regional and provincial political cultures. Along these lines, for instance, S.F. Wise probed the roots of Ontario's "Tory values" in *God's Peculiar Peoples: Essays on Ontario's Political Culture in Nineteenth-Century Canada* (1993), while Jack Warnock probed those of Saskatchewan's "left-populist" politics in *Saskatchewan: The Roots of Discontent and Protest* (2004). That said, certainly not everyone was prepared to abandon the search for the national political culture. And, at times, what they found was not all that attractive. Most notably, in *The Ugly Canadian: The Rise and Fall of a Caring Society* (1993), Barbra Murphy has argued that the great majority of Canadians long possessed only limited sympathy for the poor. In her view, the Canadian people were only willing to tolerate some sharing of the "growing pie for all" because of the relatively prosperity that they enjoyed during the mid-1940s to the mid-1970s. However, once tougher economic conditions returned during the mid-1970s to the early 1990s, so too did harsher attitudes towards poverty dating from the poor-law traditions of the early seventeenth to the late nineteenth centuries. With the concomitant reappearance of

policy instruments such as “workfare” and “welfare-fraud investigators,” less-fortunate Canadians were thus once again increasingly forced to demonstrate their worthiness for social assistance by conforming with middle-class notions of hard work and propriety.¹¹

Around the same time, another approach to political history shifted the analytical focus to various “policy communities.” Those associated with this research program delved into the extent to which a certain group of state officials, policy experts, or social organizations contributed to shaping a specific area of public policy. Jack Granatstein, for example, adopted the method of collective biography in *The Ottawa Men: The Civil Service Mandarins, 1935-1957* (1982). As Granatstein saw it, the Keynesian revolution was transmitted to Canada during the 1930s and 1940s through an elite group of civil servants working in key federal government agencies such as the Department of Finance, the Department of External Affairs, and the Bank of Canada, then operating under the pressures of the Great Depression and the Second World War. Doug Owram later situated Granatstein’s “Ottawa men” in the context of the nation’s burgeoning community of academic and business leaders in *The Government Generation: Canadian Intellectuals and the State, 1900-1945* (1986). From Owram’s perspective, it was the gradual diffusion of favourable attitudes towards a more activist state among this entire group that propelled the process of policy reform in Canada over the course of the early twentieth century. Other scholars looked

¹¹ J.M.S. Careless, “Limited Identities in Canada,” *Canadian Historical Review* (hereinafter, *CHR*) 50, 1 (1969), 1-10. On the evolution of Canadian intellectual history in general, also see A.B. McKillop, *The Contours of Canadian Thought* (Toronto: University of Toronto Press, 1987); Doug Owram, “Intellectual History in the Land of Limited Identities,” *Journal of Canadian Studies* (hereinafter, *JCS*) 24, 3 (1989), 114-28; and Doug Owram, “Writing About Ideas,” in John Schultz (ed.), *Writing About Canada: A Handbook of Modern Canadian History* (Scarborough: Prentice-Hall Canada, 1990), 47-70.

beyond the largely Ottawa-centric analyses of Grantatstien and Owram. Alvin Finkel, for instance, concluded that it was primarily “the Canadian business community that initiated or approved all of the reforms” of the Great Depression in *Business and Social Reform in the 1930s* (1979). At the other end of the spectrum, Desmond Morton and Terry Copp argued that most of the credit should go to the nation’s organized labour movement in *Working People: An Illustrated History of the Canadian Labour Movement* (1980). Peter McInnis, meanwhile, provided a more middle-of-the-road perspective. In *Harnessing Labour Confrontation: Shaping the Postwar Settlement in Canada* (2002), he maintained that the development of Canada’s postwar system of industrial relations emerged as a result a process of class compromise among business, labour, and government.¹²

Still other scholars opted to concentrate their efforts upon how a variety of social and institutional structures impinged upon the policymaking process. The interrelations between the family and the state, for instance, have been the subject of recent investigations such as Jane Ursel’s *Private Lives, Public Policies: 100 Years of State Intervention in the Family* (1992), Dominique Marshall’s *Aux origines sociales de l’État-providence: familles québécoises, obligation scolaire et allocations familiales, 1940-1955* (1998), and Nancy Christie’s *Households of Faith: Family, Gender, and Community in Canada 1760-1969* (2002). In the perspective of these works, state policy was not so much imposed upon Canadian families by one or more policy communities, as much as it grew out of the

¹² On the notion of policy communities, see Howlett and Ramesh, *Studying Public Policy*, 128-9. Also, see J.J. Richardson and A.G. Jordan, *Governing Under Pressure: The Policy Process in a Post-Parliamentary Democracy* (Oxford: Martin Robertson, 1979); and Stephen Wilks and Maurice Wright (eds.), *Comparative Government-Industry Relations: Western Europe, the United States, and Japan* (Oxford: Clarendon Press, 1987).

interconnected processes of policy formation, implementation, and readjustment, all of which, in turn, were shaped by changing concepts of gender, family, class, and other variables.

This last group of studies furnishes a few examples of an emerging area of research on “state formation.” As Allan Greer and Ian Radforth explain in their introduction to *Colonial Leviathan: State Formation in Mid-Nineteenth Century Canada*, a 1992 collection of essays on the topic, this area of research begins from the premise that the development of the state and civil society are entirely interdependent. Granted, this has long been a well established proposition. What has been less well established is the precise nature of this interdependence, which, for the most part, has often been assumed rather than problematised. It is here that the research on state formation seeks to contribute to historical scholarship. To achieve this objective, it proceeds by combining an analysis of many of the traditional subjects of political history, such as politicians, bureaucrats, and public policies, together with that of the other subjects of political analysis that have gained popularity over the last four decades. The latter, as Greer and Radforth point out, includes the “agencies and officers sharing in [the exercise of] sovereign authority,” such as the school system, the medical system, and the economic system, as well as business owners, church officials, and social workers. And, it includes “the actual practices by which citizens came under the control of the state” and other social organizations, such as the tactics of police forces, the administrative procedures of government departments, and the labour relations policies of business organizations. By bringing these elements together, research on state formation thereby offers exciting possibilities for reinterpreting the “national history” of the state in

Canada and elsewhere. The purpose of this study is to expand upon these possibilities.¹³

These possibilities might now be more important than ever. Paradoxically, despite the remarkable expansion of writings on specific, micro-aspects of the state and its policies, there has been a simultaneous decline in writings on the macro-level of the state itself. In fact, over the last generation of scholarship, there has only been a handful of works that might claim to provide anything approaching a general history of the Canadian welfare state. Up to this point, the most popular of these by far has been Dennis Guest's *The Emergence of Social Security in Canada* (1979), now in its third edition (1997). Guest, a sociologist, originally undertook to write this work out of a dismay arising from the lack of a sufficient introductory text for his courses on the development Canadian social welfare policy. Not surprising, therefore, he remained primarily concerned with providing a descriptive account of the evolution of social welfare legislation. For their part, historians have thus far preferred to present their general histories in the form of collections of essays; for instance, Jim Albert and Alan Moscovitch's *The Benevolent State: The Growth of the Welfare State in Canada* (1987), Jacqueline S. Ismael's *The Canadian Welfare State: Evolution and Transition* (1987), and Raymond Blake, Penny Bryden, and Frank Strain's *The Welfare State in Canada: Past, Present, and Future* (1997). Unfortunately, in the majority of cases, the contributions

¹³ Allan Greer and Ian Radforth, *Colonial Leviathan: State Formation in Mid-Nineteenth Century Canada* (Toronto: University of Toronto Press, 1992), 3-16; Graham, "An Analysis of Canadian Social Welfare Historical Writing," 140-58; and Ian McKay, "The Liberal Order Framework: A Prospectus for a Reconnaissance of Canadian History," *Canadian Historical Review* 81, 4 (2000), 617-45. See, as well, the earlier work on state formation in Leo Panitch (ed.), *The Canadian State: Political Economy and Political Power* (Toronto: University of Toronto Press, 1977); and Paul Craven, *An Impartial Umpire: Industrial Relations and the Canadian State, 1900-1911* (Toronto: University of Toronto Press, 1980).

to these collections have often been on highly-specific and widely-varied topics. Worse yet, there has typically been very little effort to integrate the findings of each article in these works. Their usefulness as general histories, therefore, has been limited.

This growing fragmentation of the history of the welfare state reflects similar trends of ever-narrowing specialization in the historical scholarship on race, gender, labour, and other areas of study – trends that have recently resulted in the expenditure of a good deal of ink and angst among historians. At the same time, scholars more generally have become far more sceptical of “master narratives” which, some contend, serve mainly to circumscribe the scope of debate and to impose particular systems of power. History, depending on one’s perspective, accordingly has been either “privatized,” “sundered,” and “killed” or is “active,” “engaged,” and “alive.”¹⁴ Whatever one believes, though, surely the time has come to move beyond polemics and to address the stubborn questions of the extent to which a macro-history of the state, the nation, or any “historical experience” is possible? To what ends might such a history be directed? And what might such a history look like?

In thinking through these questions in relation to what Greer, Radforth, and others have identified as the *process* of state formation, scholarly research on the theme of “governmentality” is particularly instructive. During the late 1970s and early 1980s, this stream of research was developed by philosopher and historian Michel Foucault and his

¹⁴ For the contours of this debate, see Michael Bliss “Privatizing the Mind: The Sundering of Canadian History, the Sundering of Canada,” *Journal of Canadian Studies* (hereinafter, *JCS*) 26, 4 (Winter 1991-2), 5-17; Doug Owsram, “Narrow Circles: The Historiography of Recent Canadian Historiography,” *National History: A Canadian Journal of Enquiry and Opinion* 1, 1 (1997), 5-21; Jack Granatstein, *Who Killed Canadian History?* (Toronto: HarperCollins, 1998); and A.B. McKillop, “Who Killed Canadian History? A View from the Trenches,” *CHR* 80, 2 (1999), 270-99.

colleagues at the Collège de France.¹⁵ For Foucault, the history of governmentality was the history of the processes by which the expansion of the art and practice of government, broadly conceived, was constituted, extended, and resisted. In the sixteenth century, as Foucault explained, the Western world witnessed the simultaneous “shattering of the structures of feudalism” leading to “the establishment of the great territorial, administrative, and colonial states” and the rise of “religious dissidence” connected with “the Reformation and Counter-Reformation.” Bound up with these transformations were rapid escalations in the development of new knowledge and new practices relating to the “art of government” or the “management” of life and things: the self, the family, the political community. These investigations and their applications, in other words, concerned not only the formal structures state itself but also a much larger constellation of social institutions (public schools, universities, hospitals, factories, etc.) and the individuals (students, patients, workers, etc.) situated within them.¹⁶

According to Foucault, the development of these new processes of governance accelerated from the seventeenth century onwards. Over the course of this period, “a power over life evolved in two basic forms ... [or] rather two poles of development linked together

¹⁵ For a very useful introduction, see Colin Gordon, “Government Rationality: An Introduction,” in Graham Burchell, Colin Gordon, and Peter Miller (eds.), *The Foucault Effect: Studies in Governmentality* (London: Harvester Wheatsheaf, 1991), 1-51. On Foucault’s body of work, more generally, also see Gary Gutting, *Michel Foucault’s Archeology of Scientific Reason* (Cambridge: Cambridge University Press, 1989).

¹⁶ Michel Foucault, “Governmentality,” in *The Foucault Effect*, 87-104. Also, by the same author, see *Discipline and Punish: The Birth of the Prison*, trans. by Alan Sheridan (New York: Pantheon, 1977); *The History of Sexuality*, Vol. 1: *An Introduction*, trans. by Robert Hurley (New York: Random House, 1978); and *Politics, Philosophy, and Political Culture: Interviews and Other Writings 1977-1984*, edited by Lawrence D. Kritzman and translated by Alan Sheridan et al. (New York: Routledge, 1988).

by a whole intermediary cluster of relations.”

[T]he first ... centred on the body as a machine: its disciplining, the optimization of its capabilities, the extortion of its forces, the parallel increase in its usefulness and its docility, [and] its integration into systems of efficient and economic controls ... The second, formed somewhat later, focussed on the species body, the body imbued with the mechanics of life and serving as the basis of the biological processes: propagation, births and mortality, the level of health, life expectancy and longevity, with all the conditions that can cause these to vary.

These, he explained, were “indispensable” preconditions for the evolution of capitalism, which, as an economic and social system, “would not have been possible without the controlled insertion of bodies into the machinery of the production process and the adjustment of the phenomenon of population to economic processes.” Moreover, he added, this “was not all that was required ... [capitalism] also needed the growth of both of these factors, their reinforcement as well as their availability and docility; it had to have methods of power capable of optimizing their forces, aptitudes and life in general without at the same time making them more difficult to govern.” In short, individuals and populations had to be shaped in ways that would make them productive, sustainable, and governable.¹⁷

When studying these processes, Foucault was often interested in examining the transition from the *episteme* of one type of governance to another. For our purposes, an *episteme* can be considered to be analogous to a policy paradigm. It was a set of norms “which at a given period and for a given society,” as Foucault put it, defined the “limits and forms of the *sayable*” – or “the possible” – in certain contexts. In the case of governmentality, therefore, it was the norms by which individuals and populations were

¹⁷ Foucault, *The History of Sexuality*, vol. 1, 135-45.

governed in all of the political, economic, and social contexts in which they might be found. In his view, as discussed below, these norms were established by the relationships among what he broadly referred to as the “discourses” of a particular time and place. Furthermore, he regarded these norms as an open and constantly evolving system of power.

In order to understand Foucault’s approach to analysing the evolution of different *epitemes* of governance, it is first useful to begin with his philosophical orientation. On one occasion, Foucault explained the goals and assumptions of his work by comparing them with those of Immanuel Kant (1724-1804), one of the towering figures of philosophy dating from the late eighteenth century. For Kant, all human beings possessed both reason and free will. As such, as Kant saw it, the problem was to “define the conditions under which the use of reason” was “legitimate,” so that one could know “what must be done, what can be done, and what may be hoped.” Once such conditions were defined, Kant believed that reason would then assume its proper role as the guiding principle in the functioning of society, and the end result would be a better society for all. Foucault, by contrast, began his work from a rejection of all “universals,” such as innate human properties (genius, reason, ego, etc.) or timeless forces of history (divine will, tradition, economics). Hence, unlike Kant, he was certainly not concerned with establishing a set of universal principles by which individuals and societies could govern themselves. On the contrary, by historicising what appeared to be given by human nature or human reason, Foucault hoped that the individual might be able to see beyond these *historical creations*, and the limitations that they produced in relation to the possibilities for

individual life.¹⁸

Foucault's philosophical orientation directed his work towards a series of crucial methodological choices. First, he explained, it led to the "bracketing" of "all of the old forms of strained continuity which ordinarily serve to attenuate the raw fact of change (tradition, influence, habits of thought, broad mental forms, constraints of the human mind)." Second, it also led him into the "bracketing" of "all psychological explanations of change (the genius of great inventors, crises of conscience, the appearance of a new cast of mind)." That is to say, it meant relinquishing the attempt to unify the causes of historical change under the broad rubrics of innate human qualities or universal historical processes.

Having set these notions aside, Foucault turned his efforts to examining different types of discourses and different types of transformations. In Foucault's theoretical perspective, a discourse is a particular set of statements and practices that could be individualized on the basis of: (1) a common set of "rules of formation" which were applicable for all of its "objects, operations, concepts, and theoretical options;" (2) a common "set of conditions which must have been fulfilled at a precise moment in time, for it to have been possible for its objects, operations, concepts and theoretical options to have been formed;" or (3) a common "set of relations which define and situate it" among other discourses. The exact nature of these conditions vary in each case. The operative factor, however, is that they provide a basis for individualization. By this definition, for instance, one can speak of a medical discourse on heart disease. In this example, there are clearly a set of rules that define

¹⁸ Michel Foucault, "What is Enlightenment?" in Paul Rabinow (ed.), *The Foucault Reader* (London: Penguin Books, 1984), 32-50. Also, see Gutting, *Michel Foucault's Archeology*, 1-4; and James Miller, *The Passion of Michel Foucault* (New York: Simon and Schuster, 1993).

it from other types of discourse: only certain individuals are recognized as qualified to make “medical statements,” only certain types of statements can be made about what is “known” about the disease, etc.. A medical discourse on heart disease can also be clearly delimited from other types of discourses, such as the diagnosis and prescriptions for heart disease that are offered by so-called “alternative” forms of healing, or a socio-economic analysis of the relative income levels and lifestyle options of those who suffer from heart disease, and so on.

Turning to Foucault’s conception of transformations, a transformation is the changes that could occur: (1) within a discourse; (2) between different discourses; or (3) between a discourse and the socio-economic context within which it is situated. Again, the exact nature of these transformations varies from one case to another. They could, though, include: a change in the interpretation of a law, a change in the relationship between business practices and the discipline of psychology, or a change between the disbursement of charity and a whole range of other economic, political, and social changes. For example, in his first major work, *Madness and Civilization: A History of Insanity in the Age of Reason* (1961), Foucault examined the relationships between the economic, political, and social changes of the Enlightenment, the confinement of the insane, and the emergence of the discipline of psychology. In this way, he was able to demonstrate how what it meant to be insane was not universal and constant, but rather historically conditioned and subject to change over time.¹⁹

The question that this leads us to is: what conditioning agents, out of this wide field

¹⁹ In relation to politics and discursive analysis, see Michel Foucault, “Politics and the Study of Discourse,” in Graham Burchell, Colin Gordon, and Peter Miller (eds.), *The Foucault Effect*, 53-72; and, by the same author, *The Archaeology of Knowledge*, translated by A.M. Sheridan Smith (London and New York: Routledge Classics, 2002 [originally published by Editions Gallimard, 1969]).

of possibilities, might our analysis of Keynesianism in Canada be focussed upon? In explaining the linkage between politics and his analysis of discursive transformations, Foucault once reflected upon his methodological approach in *The Birth of the Clinic* (1963). As he understood it, “if indeed” there was “a link between political practice and medical discourse,” this was not because political practice transformed the meaning or form of medical discourse, but rather its “conditions of emergence, insertion, and functioning.” This process took shape through “a certain number of operations,” including: “a new criteria to designate those who receive by law the right to hold a medical discourse;” “a new delineation of the medical object through the application of another scale of observation;” “a new law of assistance which makes the hospital into a space for observation and medical intervention;” “a new mode of recording, preserving, accumulating, diffusing, and teaching medical discourse;” and “a new mode of functioning of medical discourse as part of a system of administrative and political control of the population.” In addition, he emphasised, “these transformations” were not “‘reflected,’ ‘transposed’ or ‘expressed’ in the concepts, methods and utterances of medicine. They modified] their rules of formation.” To put it another way, he noted, “what is transformed by political practice” is not medical “objects,” “methods of analysis,” and “concepts.” What was transformed by political practice was the very systems that governed their formation, such as the “administrative recordings illness, deaths, their causes, admissions and discharges from the hospital; the establishment of medical archives; relations between medical personnel and patients in the hospital,” and so on.²⁰

During the early to the mid-twentieth century, a similar series of transformations

²⁰ Foucault, “Politics and the Study of Discourse,” 67-8.

occurred in the institutions, methods of analysis, concepts and practices that “governed the formation” of socio-economic policy in Canada. This period witnessed profound changes in the distribution of social assistance, the constellation of scientific and political authorities participating in the formation of public policies, the forms of knowledge and the techniques of governance commonly applied in the formation of public policies, and in the very conception of the targets to which these methods of analysis and practices were directed. This suggests that we might undertake an analysis of these “discursive transformations” in Canada’s paradigm of socio-economic policy similar to those which Foucault conducted in relation to insanity in *Madness and Civilization* or to medicine in *The Birth of Clinic*. This is precisely what this study endeavours to accomplish through a wide-ranging examination of government documents, university records, professional and political conference proceedings, and contemporaneous books, journals, and articles, as well as multiple secondary sources drawn from the fields of economic, political, and social history.

In carrying out this analysis, chapter two begins by outlining the paradigm of the First National Policy, along with the main political authorities and business interests who defined this policy framework. It argues that from the late nineteenth to the mid-twentieth century, Canadian socio-economic policy was characterized by state-assisted efforts to promote the exploitation of natural resources, the development of manufacturing industries, and the expansion of consumer markets throughout the nation. These goals were pursued through the application of protective manufacturing tariffs, in conjunction with a variety of transportation, immigration, and agricultural subsidies. In the ideological perspective of government agencies, such as the Department of Trade and Commerce and the Department

of the Interior, and newly-formed business organizations, such as the Canadian Manufacturers' Association (CMA) and the Canadian Chamber of Commerce (CCC), Canada was conceived and promoted as a land of boundless opportunities – one that needed only but a small push from the state and a great effort on the part of its people to embark upon a new era of large-scale economic and social development. During the late 1890s to the late 1920s, at least some of these promises of prosperity were partially fulfilled, though in a sporadic and uncertain fashion, as the size of Canadian industries expanded and the western frontier was settled and developed. As new problems were defined, incremental policy changes were implemented along the way. For the most part, however, the basic structure of the First National Policy remained intact. Together with prevailing moral and religious attitudes towards wealth and poverty, which tended to equate one's social position with their social value, the existing paradigm thus provided little scope for state action to assist those who did not or could not fully share in the nation's growing prosperity. Consequently, this rigidity greatly exacerbated the economic crisis of the Great Depression, thereby threatening the very social fabric of the nation while also opening up new political space for more substantial reassessments and readjustments of Canadian socio-economic policy.

Chapter three moves on to consider the ongoing transformations within Canadian society associated with the "scientific-management" movement of the late nineteenth and early twentieth centuries. It asserts that these transformations played a primordial role in reshaping the ways in which Canadian socio-economic policy was conceptualized over the course of this period. Such transformations included, for example, the appearance of new types of "management experts" who, by uniting modern scientific practices with modern business

principles, established new niches within a wide range of social organizations. And, as this process unfolded, the “visible hand” of management soon came to assume an ever-greater presence in the lives and times of everyday Canadians.

The following two chapters further elaborate the theme of chapter three. Chapter four looks at the realm of industrial relations, while chapter five examines the area of socio-economic policy. Collectively, they contend that, during the late nineteenth and early twentieth centuries, the foundations of the Keynesian welfare state in Canada were generated and solidified through the evolving interrelations among the emergence of new scales of social and individual observation, such as the increasingly-detailed collection of price and wage statistics; the development of new modes of socio-economic analysis, such as those unfolding in the fields of political economy and social work; the appearance of new positions of scientific and administrative expertise, such as statistician, labour economist, and social worker; and in the new conceptions of various objects of analysis, such as those relating to the essential nature of different types of workers and non-workers or the natural functioning of the Canadian economy and society. In short, it was through these transformations that Canadians and their society increasingly came to be scientifically observed, analysed, and manipulated – ostensibly for the general benefit all.

Chapter six begins to round out the investigation by characterizing the new conventional wisdom on socio-economic policy that coalesced around the end of the Second World War. By the late 1930s and early 1940s, the growing impetus towards the scientific management of “life and things” in Canadian society sat in an awkward and uncertain juxtaposition against the older but still powerful discourses around personal freedom,

individual responsibility, and the unbridled potential of the nation's economic and social destiny. It was during this period, in the context of the ideological debates and practical challenges associated with the economic crisis of the Great Depression and the prosecution of the Second World War, that a common consensus around several themes began to emerge among key interest groups in the state, the business community, and the organized labour movement in Canada. These themes encompassed the "scientific" approach to social and economic problems; the protection of "fair" wage standards and the extension of collective bargaining "rights" to certain workers; the priority for employment, housing, children, and health care in the area of social policy; and the preservation of the largest possible scope for private enterprise and individual freedom. Taken together, these principles provided the intellectual and political undergirding for the formation of Canada's "Second National Policy." A direct casual line is not, however, assumed to exist between policy ideas and policy practices; for the most part, the focus here is on the transformed ethos out of which the broad goals and assumptions of policy emerged. As such, the chapter briefly goes on to lay out some of the main elements of the policy initiatives that initially came out of the new conventional wisdom, while suggesting several avenues for further research. Chapter seven then concludes the analysis by considering some of the wider implications of this work.

In the conceptual approach of this study, therefore, the process of state formation is to be analysed not in terms of the *autonomous influence* of individuals, ideas, and events, but rather in terms of the *simultaneous intersection* of multiple institutions, ideologies, and practices. To be sure, individuals, ideas, and events are still going to be part of this story.

Yet they will be part of it only insofar as they form part of the evidence of the larger historical transformations that were primordially contributing to the eventual formation of the Keynesian welfare state in Canada – in this case, the institutions, ideologies, and practices connected with the scientific management of individuals and society. In rethinking the history of Canadian socio-economic policy along these lines, the following study thereby seeks to open up new possibilities for both future research and future political action.

2. THE FIRST NATIONAL POLICY: THE TRIUMPH AND UNDOING OF A BUSINESS IDEOLOGY, 1837-1939

At the time of Confederation, the trajectory of socio-economic policy in Canada remained ambiguous. Throughout the period from the late 1830s to the late 1870s, a host of different policy options had been proposed either as an alternative to or the basis for the inchoate nation of Canada. These options ranged from the elaboration of the imperial connections between the Canadian colonies and the British empire, to the establishment of closer economic and political relations with the United States, to the creation of a politically unified and economically protected internal market within British North America. By the late 1870s, however, it was the "protectionist" vision then being articulated by a growing segment of political and business leaders that eventually won out. Such a victory was largely attributable to the intersection of a series of propitious developments: the occurrence of several shifts in the international political economy that seemed to rule out other the options, the formation of nationally organized and politically active business interests within Canada, and the association of the aspirations of these business communities with those of the new Canadian nation. Between the late 1870s and the early 1890s, this vision of social and economic development through tariff protection, transportation improvements, immigration promotion, and western settlement was thus consolidated as the basis of Canada's first coherent framework of socio-economic policy.

As the development of Canada proceeded apace during the "Laurier boom" from the early 1890s to the early 1910s, the apparent success of the First National Policy reinforced its position at the centre of the mainstream conventional wisdom. Indeed, it was not until the

interwar period of the 1920s and 1930s that the first substantial challenges to this policy framework began to appear. Following the economic and social dislocations that occurred after the First World War, a mounting number of disgruntled veterans, farmers, workers, and other groups of Canadians began to question as to whether or not the First National Policy actually served either their interests or those of general good. In response, the supporters of the First National Policy sought to incorporate a series of incremental policy changes, including new investments in industrial research, technical education, and means-tested old-age pensions, aimed at containing such challenges. But with the onset of the Great Depression during the early to mid-1930s, these minor accommodations ultimately proved to be insufficient. As a result, the broad-based consensus on the First National Policy soon began to dissolve both within and without the nation's political and business elite, thereby opening up the possibilities for the actualization of an alternative policy framework. Out of this process of erosion and reconstruction would emerge Canada's early version of the "Keynesian" welfare state, a fusion of values, assumptions, and communities that would shape Canadian socio-economic policy through to the late twentieth century.

2.1 National policies and national progress, 1837-1919

The initial roots of the First National Policy can be traced to a major shift in British colonial policies that took place during the mid-nineteenth century. For much of period between the early seventeenth to the early nineteenth centuries, these policies had been largely patterned on the economic philosophy of mercantilism. According to this philosophy, the state should aim to promote autonomous national development through tariff protection,

export restrictions, government subsidies, and territorial expansion. The rationale of such policies was to secure control over the largest possible quantity of natural, monetary, and human resources, while denying the same to one's competitors. These were the policies that had propelled the growth of European colonial empires throughout much of this period. But by the late eighteenth century this rationale was beginning to erode, as the costs of colonial governance continued to rise and European business leaders sought to free their industries from what they regarded as an excess of government regulations, favouritism, and interference in economic life. Around this time, a new philosophy of *laissez-faire* economics that had been evolving over the last century began to influence the formulation of state policies within Britain and, to a lesser extent, elsewhere. It held that by creating "artificial" barriers to trade or otherwise altering the normal costs of doing business, most forms of government intervention in economic activity actually impeded rather than fostered economic growth and national progress. Alternatively, it argued that if these costs could be reduced by allowing greater scope for entrepreneurs "to do as they see fit," then each nation, region, and individual would be able to specialise in the production of those goods and services that they could produce most efficiently, which, in turn, would leave everyone better off.¹

In British North America, Britain's shift towards the *laissez-faire* philosophy of governance was manifested in two successive changes: the granting of responsible

¹ On the mercantilist and *laissez-faire* philosophies, and the growth of European empires, see Karl Pribram, *A History of Economic Reasoning* (Baltimore: John Hopkin's University Press, 1983), 31–135; Eric Roll, *A History of Economic Thought*, 5th rev. ed. (London: Faber and Faber, 1992), 42–155; R.R. Palmer and Joel Colton, *A History of the Modern World*, 6th ed. (New York: McGraw-Hill Publishing, 1983), 116–8, 312–3, and *passim*; and Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000* (London: HarperCollins, 1988).

government and the reduction of imperial trade preferences. The first change was a response to the problems of political management. During the early nineteenth century, the executive councils of Upper and Lower Canada were controlled by a predominantly English mercantile elite who aspired to employ the state to undertake an expensive program of economic development and to protect their entrenched commercial interests. These were the merchant princes of Donald Creighton's *Empire of the St. Lawrence* (1937), men who provided the first evidence of the ability of one class to "capture" the state mechanism. This group was opposed by English and French agricultural landowners who wanted a more democratic form of government in order to protect themselves against the imposition of excessive taxation and the monopoly power of the mercantile elite. In Lower Canada, the conflict was additionally complicated by the French-Canadians' desires to maintain their traditional customs and language, which, they believed, were threatened by the mercantile interests' proposed plan to politically unify the two colonies and promote more British immigration. In 1837, out of frustration with their seemingly declining economic prospects and apparent inability to achieve any significant reforms, the more radical elements of the agricultural interests in both colonies launched an abortive rebellion. In effect, in the 1830s, colonial Canada for the first time suffered a conflict of fundamentally-opposed visions of "national" purpose.²

Shortly after this upheaval, British authorities dispatched John George Lampton, the first Earl of Durham, to investigate. He made several recommendations. To begin with, Lord

² Donald G. Creighton, *The Empire of the St. Lawrence, 1760-1850* (Toronto: Macmillan Canada, 1972 [originally published by the Ryerson Press, 1937]), 255-320; G.M. Craig, *Upper Canada: The Formative Years, 1784-1841* (Toronto: McClelland and Stewart, 1963), 188-251; and Fernand Ouellet, *Lower Canada: Social Change and Nationalism, 1791-1840*, translated and adapted by Patricia Claxton (Toronto: McClelland and Stewart, 1980), 117-341.

Durham concluded that the colonies of Upper and Lower Canada should be amalgamated in the hopes of eventually assimilating the French minority. He also whiggishly suggested that the British government should actively support the commercial development of the new colony by loaning additional funds for the improvement of the St. Lawrence canal system. And finally, he asserted that the colonists of British North America should be provided a greater say in local affairs through executive councils that were elected by – and, therefore, “responsible” to – the people, rather than the Governor General. Over the next two decades, this was precisely the program that the British government pursued with the creation of the United Province of Canada (1840), the granting of a \$1.5 million imperial loan for canal development (1841), and the concession of responsible government throughout British North America during the 1840s and 1850s.³

The second change stemmed from economic motives. During the 1820s and 1830s, farmers in Upper and Lower Canada had benefited from the preferential British tariffs on wheat, known as the corn laws, which provided them with modest protection from lower-priced European and American competitors. Through this period, however, many farmers continued to struggle to earn a decent income, as British domestic producers became more efficient and the demand for Canadian exports became stagnant. These factors contributed to the discontentment that sparked the Rebellions of 1837. Therefore, in 1843, the British parliament followed up on its efforts to bolster the Canadian economy by passing the Canada

³ John George Lampton, the first Earl of Durham, *Lord Durham's Report*, edited by G.M. Craig (Toronto: McClelland and Stewart, 1963 [Originally published in 1839]); Creighton, *The Empire of the St. Lawrence*, 325-31; and Kenneth Norrie and Douglas Owsram, *A History of the Canadian Economy* (Toronto: Harcourt Brace Jovanovich, 1991), 193-5.

Corn Act. This act further reduced the duty on wheat exported to Britain from Canada to the nominal figure of “one shilling per quarter (1 quarter = 8 bushels).” One year earlier, in anticipation of this legislation, the United Province of Canada had levied a duty of “three shillings per quarter on all American agricultural produce.” This duty was high enough to ensure that the British market would not be flooded with low-priced American wheat entering Britain through Canada, but not so high as to prevent all such American imports. As Ken Norrie and Doug Owram point out in their economic history of Canada, this created “a situation with something to please everyone.” Canadian farmers were granted preferential access to the British market, Canadian shippers and merchants were provided with additional American business generated by the new price differentials, and Canadian and British agricultural interests were still afforded a degree of protection from US competition.⁴

Despite the economic assistance that British authorities extended to the United Province of Canada during the early 1840s, the overall trend in British policy was nonetheless towards the *laissez-faire* philosophy of colonial governance. It was not long before this trend collided with the commercial and agricultural interests of British North America. As noted above, the *laissez-faire* philosophy held that the lowering of imperial trade preferences would reduce the price of food and other imports. Moreover, by the mid-1840s, the former had been made imperative by onset the Irish potato famine, while the latter had been made possible by the comparative advantage already enjoyed by the British manufacturing sector. In short, for many British policymakers and industrialists, by this time the mercantile system

⁴ Norrie and Owram, *A History of the Canadian Economy*, 193-5; and John McCallum, *Unequal Beginnings: Agriculture and Economic Development in Quebec and Ontario until 1870* (Toronto: University of Toronto Press, 1980), 9-44.

and the colonies that Britain subsidized through this system appeared to have become both more troublesome and less necessary than they had been during the preceding century. Over the next decade, the British government thus proceeded to phase out most of the remaining elements of this system, including the Canada Corn Act. The organizing principle of Canada's colonial existence was therefore dealt a sharp, exogenous blow.⁵

The reduction of imperial trade preferences initiated a short but intense period of economic instability and political uncertainty in British North America. For much of the last generation, the wholesalers, shippers, and millers of the St. Lawrence valley had built their hopes and businesses upon the tariff protections afforded by the British mercantile system. In absence of these tariffs, it became economical to ship even more of North America's trade to Britain via New York rather than Montreal. Consequently, as imperial trade preferences were reduced, the exports and customs revenues generated by the recently-expanded canal system of the United Province of Canada declined precipitously. Not only that, but the economic effects of the reduction of imperial trade preferences wheat and other products were further exacerbated a simultaneous drop in the British demand for timber exports from the colonies as well. And, as if this were not enough, it was also at this time that nearly 250,000 hungry, unemployed, and "often diseased" Irish immigrants who were seeking refuge from the Irish potato famine began arriving in British North America. Little wonder, then, that a sense of gloom and betrayal began to settle across the colonies.⁶

⁵ J.M.S Careless, *The Union of The Canadas: The Growth of Canadian Institutions, 1841-1857* (Toronto: McClelland and Stewart, 1967), 108-12.

⁶ Creighton, *Empire of the St. Lawrence*, 358-63; and Norrie and Owrarn, *A History of the Canadian Economy*, 207-15.

For many political and business leaders in British North America, the development of closer economic relations with the United States offered an obvious alternative to the older system of imperial preferences. By 1850, the United States had a population of 23.4 million compared to British North America's 2.5 million persons. Moreover, by that time, just over 40 percent of the total exports of "timber, sawn planks, fish and other primary and semi-processed resources" from the British North American colonies were already destined to the United States. The overall trend in these trading relations also suggested that, unless thwarted by political considerations, this proportion would expand even further in time. In October 1849, an "Address to the People of Canada" signed by some 1,000 colonists – including prominent figures such as brewing magnate John Molson and future Canadian Prime Minister J.C. Abbott – even called for a "friendly and peaceful" political union with the United States to ensure that this would be the case.⁷

Such drastic measures proved to be unnecessary, however. Instead, in 1854, a reciprocal free-trade agreement was concluded between the colonies of British North America and the United States. Under the terms of this agreement, generally known as the Reciprocity Treaty, the colonies gained reciprocal access to the US market on the trade in grains, fish, timber and a range of other natural products, while the United States gained reciprocal access to the Maritime fishing grounds. Just as the agreement was going into effect, the international

⁷ Norrie and Owsram, *A History of the Canadian Economy*, 215-6; Randall White, *Fur Trade to Free Trade: Putting the Canada-US Trade Agreement in Historical Perspective*, 2nd ed. (Toronto: Dundurn Press, 1989), 43-50; J.L. Finlay and D.N. Sprague, *The Structure of Canadian History*, 6th ed. (Scarborough: Prentice Hall, 2000), 166-7. For a more detailed account, also see D.F. Warner, *The Idea of Continental Union: Agitation for the Annexation of Canada to the United States, 1849-1993* (Lexington: University of Kentucky Press, 1960).

markets for Canadian goods began to recover, and were sustained over the next dozen years by the Crimean War (1854-1856), the US Civil War (1861-1865), as well as the ongoing surges in railway construction, national income, and population growth.

Once again, these circumstances did not last. Particularly in the Northeastern states, many Americans complained that the Reciprocity Treaty was of more benefit to the colonies than it was to the United States. Many more across the northern United States were further perturbed by Britain's apparent support of the Confederate forces during the US Civil War, including its willingness to allow for the construction and arming of Confederate ships from British ports. To make matters worse, in October 1864, a small force of Confederate agents even managed to launch a successful raid on St. Alban's, Vermont, retreating to Canadian territory with some \$200,000 and leaving one local citizen killed. Amidst these mounting tensions, it came as little surprise when the US Congress issued its one-year notice to abrogate the Reciprocity Treaty in March 1865. By this time, nearly 70 percent of the exports of British North America were destined to the United States. To be sure, neither the beginning nor the end of the Reciprocity Treaty did much to alter the demand for Canadian natural products in the United States during 1850s and 1860s. That said, one effect that the sudden shift in US policy did have was to further highlight the extent to which the prosperity of the colonies of British North America was potentially dependent upon their external relations with other partners. In effect, at this juncture external factors took primacy in shaping the internal configuration of the nascent Canadian state.⁸

⁸ On the nature and implications of the Reciprocity Treaty, see Norrie and Owsram, *A History of the Canadian Economy*, 215-22; William L. Marr and Donald G. Paterson, *Canada: An Economic History* (Toronto: Gage, 1980), 137-48; and Lawrence H. Officer and Lawrence B. Smith, "The

One possible alternative for reducing this state of dependency was to create an economic and political union among the colonies themselves – an option that by the mid-nineteenth century had come to be increasingly attractive. In the first place, such a union would enlarge the domestic market by reducing the internal barriers to the movement of goods and services within British North America. Secondly, it would also enlarge the tax base for the purposes of funding railway development, territorial expansion, and military defence. And third, by “reseparating” the former colonies of Upper and Lower Canada into the provinces of Ontario and Quebec, it would provide a means for ending the political deadlock between the English and French factions that had paralysed the political process in the United Province of Canada throughout much of its existence. Propelled by these considerations, and following a lengthy and complex set of negotiations, a Confederation of the colonies of Nova Scotia, New Brunswick, Ontario, and Quebec was realized in 1867.⁹

Whatever the advantages perceived by its advocates, the achievement of Confederation did not immediately produce a consensus on socio-economic policy. Even as the new nation was just getting started, one of its founding provinces already wanted out! In the very first federal election, Nova Scotians elected eighteen “repealers” out of their total

Canadian-American Reciprocity Treaty of 1855 to 1868,” *Journal of Economic History* 28, 4 (December 1968), 598-623. Also, regarding abrogation, see W.L. Morton, *The Critical Years: The Union of British North America, 1857-1873* (Toronto: McClelland and Stewart, 1964), 185-7.

⁹ The “road to Confederation” has been exhaustively studied by Canadian historians, but see in particular D.G. Creighton, *The Road to Confederation: The Emergence of Canada, 1863-1867* (Toronto: MacMillan, 1964); Morton, *The Critical Years*; and P.B. Waite, *The Life and Times of Confederation: Politics, Newspapers, and the Union of British North America*, 3rd ed. (Toronto: Robin Blass Studio, 2001). In addition, for a general overview of perspectives on Confederation expressed by a selection of numerous political figures of the time, see Janet Ajzenstat, Paul Romney, Ian Gentles, and William Gairdner (eds.), *Canada’s Founding Debates* (Toronto: Stoddart, 1999).

allotment of nineteen seats in the Canadian Parliament. According to the leader of the repeal movement, Joseph Howe, Nova Scotia's entry into Confederation was invalid because the prior government of Charles Tupper, which had been elected several months before the Confederation process had been initiated, had no mandate to make such a significant change in the constitutional status of the colony. Tupper, meanwhile, maintained that his government, which had been duly elected, had acted well within the law, and had done its best to represent the interests of its constituents. Britain, for its part, regarded the matter as a *fait accompli*. Throughout entire the process leading to Confederation, it had actively encouraged the union an ideal means for reducing its administrative and defence commitments in British North America. Moreover, it warned those colonies which had been considering remaining outside the union that it would not look favourably upon requests for additional loan guarantees from the "independent" colonies. By 1869, Howe and his supporters were thus left with few other acceptable options but to settle for "better terms" within Confederation, including additional patronage appointments, provincial subsidies, and tariff adjustments. A similar "business-merger approach" to nation building was repeated elsewhere, bringing the Northwest Territories (1869), Manitoba (1870), British Columbia (1871), and Prince Edward Island (1873) into the union as well.¹⁰

Once it became clear that "colonial independence" was a non-starter with the "Home Government," many of the young nation's hopes were soon transformed into other expressions of "imperialist" sentiment. As historian Carl Berger explains, from the time of

¹⁰ Creighton, *The Road to Confederation*; Morton, *The Critical Years*, 192-277; and Finlay and Sprague, *The Structure of Canadian History*, 196-229.

Confederation to the beginning of the First World War, the imperialist movement typically referred to those who desired a “closer union of the British Empire through economic and military co-operation and through political changes which would give the dominions influence over imperial policy.” In Canada, its spokespersons included George M. Grant (1835-1902), the principal of Queen’s University; George T. Denison (1839-1925), a military officer, author, and Toronto police magistrate; and Stephen Leacock (1869-1944), a McGill University economics professor. More generally, imperialist sentiments were articulated through social organizations aimed at promoting imperialism, such as the Imperial Federation League and the British Empire League, as well as enthusiasm for pro-British initiatives and policies, such as Canadian participation in the Nile Expedition (1884-1885) and the Boer War (1899-1902). Given that between 1871 and 1901 some 60 percent of Canadians identified themselves as being of “British” descent, the potential appeal of imperialism in the predominantly English-speaking portions of Canada is perhaps not surprising. But regardless of imperialism’s attractiveness within certain sections of its dominions, British authorities were scarcely interested in providing the colonies with any formal input into imperial affairs. Nor were they prepared to change course in the area of economic policy. Even as other European nations began moving back towards protectionism over the late 1880s to the early 1900s, Britain remained steadfastly committed to free trade.¹¹

¹¹ Carl Berger, *The Sense of Power: Studies in the Ideas of Canadian Imperialism* (Toronto: University of Toronto Press, 1970), 3-48; Tony Michel, “‘To Represent the Country in Egypt’: The Voyageurs and Questions of Canadian Identity in an Imperial Context, 1884-1885” (PhD diss., Carleton University, forthcoming 2005); F.H. Leacy, M.C. Urquhart, and K.A.H. Buckley (eds.), *Historical Statistics of Canada*, 2nd ed. (Ottawa: Statistics Canada, 1983), Table A125-163; and Martin Pugh, *State and Society: A Social and Political History of Britain, 1870-1997* (London: Oxford University Press, 1997), 9.

The renewal of the Reciprocity Treaty was another popular policy option of the late 1860s and early 1870s. Among its supporters was Canada's first prime minister, John A. Macdonald, who twice attempted to reopen negotiations with the United States in 1869 and 1871. His successor, Alexander Mackenzie, tried the same in 1874. All such attempts failed, however. With the complaints against the former Reciprocity Treaty and the British-American tensions stemming from the US Civil War still fresh, there was little interest on the part of the United States in negotiating a new trade agreement. Furthermore, with the beginning of an economic downturn in North America and Europe during the early 1870s, policymakers in the United States, like many of those elsewhere, became increasingly reluctant to open any their markets to further competition.¹²

Much like the revival of imperial trade preferences, therefore, the possibility of another Reciprocity Treaty had become highly improbable by the late 1860 and late 1870s. The disappearance of these policy options made it all that more imperative to devise other ways for increasing the prosperity and "civilization" of British North America. As it happened, such a vision was just then beginning to be articulated by a new set of organized business groups that had been evolving amidst the economic, political, and social transformations taking place within Canada during the mid- to late nineteenth century.

At the beginning of the nineteenth century, Canada was a primarily rural and agrarian society. The great majority of the population earned their living from the land, either as large landowners, independent farmers, or tenant labourers. Entrepreneurs mostly consisted of small-scale craftsmen, wholesalers, shippers, and merchants, while large-scale manufacturers

¹² White, *Fur Trade to Free Trade*, 55-60.

were relatively rare, aside from a few notable exceptions in shipbuilding, timber production, and a few other areas. By the middle of the century, however, the economic and social landscape had substantially changed. The birth rate and immigration nearly tripled the population from just under 460,000 in 1806 to just over 1.6 million people in 1851. More-and-more, a growing proportion of these new workers found regular or, more often, semi-regular employment in construction, canal-building, railway development, and other such areas. At the same time, mercantile enterprises expanded in number, scale, and scope, while many once smaller-scale manufacturers began to experiment and invest in new machinery, new methods, and new medium- to large-scale production facilities. Even a rudimentary banking system began to appear. In essence, the rough and faint contours of a modern, advanced-capitalist society were beginning to emerge.¹³

But if opportunities were expanding, success was by no means guaranteed. The nineteenth-century business world was notoriously unstable, unpredictable, unforgiving. In a resource-dependent frontier economy of the “pre-Keynesian era,” the business cycle was inherently prone to rapid swings of spectacular “booms” followed by equally spectacular “busts.” Throughout this period, moreover, the business environment in British North America was becoming more-and-more competitive, as new arrivals and long-time residents increased the total number of business ventures while improvements in transportation reduced

¹³ Norrie and Owrarn, *A History of the Canadian Economy*, 96-286; Michael Bliss, *Northern Enterprise: Five Centuries of Canadian Business* (Toronto: McClelland and Stewart, 1987), 129-282; Graham D. Taylor and Peter A. Baskerville, *A Concise History of Business in Canada* (Oxford: Oxford University Press, 1994), 84-246; and the Department of Agriculture, *Censuses of Canada, 1665 to 1871* (Ottawa: I.B. Taylor, 1876), 16-21 [available: www.statcan.ca/english/freepub/98-187-XIE/colonial.pdf, 19 April 2005].

the competitive protections once offered by distance. Michael Katz, David Burley, and other historians have provided several examples of the resulting high rate of business failure. To be a businessman in mid-nineteenth century Canada was, as Katz reminds us, to be a member of the “uneasy class.” Of the fifty-one Hamilton-based business men that Katz followed in the R.G. Dun and Company credit ledgers for Wentworth County, Canada West, from 1851 to 1861, only twenty-two remained “wealthy or well-to-do,” while as many as nineteen had “failed.” Using the Dun records for Brant County, Canada West, Burley discovered a similar pattern in Brantford during the 1850s. The story of Daniel G., “a former freight superintendent for the Great Western Railroad,” was typical. Between the early to mid-1850s, G. had built up a “first-rate business” in Hamilton based upon building railway cars and locomotives for the Great Western Railway. At that time, Dun’s described him as a man of “exceptional character and habits,” who was in “prime credit and not sued, and [who] owns a great deal of real estate.” Like many others, however, G.’s business was hit hard by the economic downturn of 1857. In 1858, Dun warned G. was “pressed for want of money.” One year later, he was simply listed as: “All to pieces. Worth nothing.”¹⁴

The uncertainty of capitalist enterprise was resultantly a major impetus to the formation of business organizations. In numbers there was some hope of ensuring stability and acquiring influence over state policy. Throughout the medieval period, artisans and

¹⁴ See the work of Douglas McCalla, “An Introduction to the Nineteenth-Century Business World,” in Tom Traves (ed.), *Essays in Canadian Business History* (Toronto: McClelland and Stewart, 1984), 19-18; Taylor and Baskerville, *A Concise History*, 172-6; Michael Katz, *The People of Hamilton, Canada West: Family and Class in a Mid-Nineteenth-Century City* (Cambridge, Mass.: Harvard University Press, 1975), 176-208; and David Burley, *A Particular Condition of Life: Self-Employment and Social Mobility in Mid-Victorian Brantford, Ontario* (Montreal and Kingston: McGill-Queens University Press, 1994), 170-97.

tradesmen involved in similar lines of business had formed themselves into “guilds” in order to regulate standards, periods of work, prices, and other dimensions of competition. Their purpose, as they saw it, was to establish a basic set of “rules” to protect the integrity of a trade and its possibilities for earning a “fair” profit. During the early to mid-nineteenth century, many business owners built upon this precedent by creating their own forms of trade and industry “associations.” As the competitive pressures of doing business in British North America continued to escalate, these types of organizations became increasingly ubiquitous. Early examples included the Ottawa Lumber Association (1836), the Canada Oil Association (1862), the Canadian Iron Founders Association (1865), the Montreal Hardware Exchange (1874), and the Canadian Bookseller’s Association (1876), and the Dominion Wholesale Grocer’s Guild (1884).¹⁵

As might be expected, the public was frequently suspicious of the motives behind such organizations. In his classic statement of the *laissez-faire* philosophy of economics, *The Wealth of Nations* (1776), Adam Smith warned that “people of the same trade seldom meet together, even for merriment and diversion, but [when they do] the conversation ends in a conspiracy against the public, or in some contrivance to raise prices.” Just over a century later, the final meeting of the Canadian Association for the Promotion of Canadian Industry was derided by the *Toronto Leader* as a “miserable assemblage,” a sorry group of “Protectionist Propagandists!” “A Fizzle!” the *Toronto Globe* added, the aim of which had

¹⁵ Bliss, *Northern Enterprise*, 258-62; Michael Bliss, *A Living Profit: Studies in the Social History of Canadian Business, 1883-1911* (Toronto: McClelland and Stewart, 1974), 33-54; and Ben Forester, *A Conjunction of Interests: Business, Politics, and Tariffs 1825-1879* (Toronto: University of Toronto Press, 1986), 110-26.

been little more than “to put money in their own pockets at the expense of the community.”¹⁶

Fortunately for the public, price cartels were in fact quite difficult to organize and maintain. Many price-fixing arrangements, such as those in the baking and newsprint industries, imploded almost as quickly as they could be arranged, although some, such as those among the sugar and oil refiners, were more successful than others. For those who sought to fix prices or some other “rules of trade,” the essential problem was that such agreements tended to create powerful incentives for cheating. It was a typical case of the “free-rider” dilemma: once one group of firms raised prices or shortened hours, it opened the way for one or more of them, or others, to try to gain an advantage – or a “free ride” – by undercutting the existing agreement. As this process unfolded, it then set up a “race to the bottom,” as others abandoned the agreement as well in an effort to protect their own share of the market. To prevent this from happening, trade and industry associations usually attempted to employ some combination of moral suasion, official sanctions, financial penalties, or, if possible, state regulation. Whenever it could be secured, the latter could be one of the most effective means of enforcement. But the difficulty with this particular strategy was that the state was many times reluctant to intervene in areas in which the demands of business would be widely understood to be contrary to the “interests of the community.” More often than not, therefore, the success or failure of the majority of the early to mid-nineteenth century business and trade association agreements depended upon

¹⁶ Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, edited by Edwin Cannan (New York: The Modern Library, 1937 [originally published in 1776]), 128; and Library and Archives Canada (hereinafter LAC), MG28-I230, vol. 150, file “History,” the Canadian Manufacturers Association (hereinafter CMA), *The First Hundred Years* (Toronto, c1971), 2.

other factors such as the total number of firms involved, the consistency of demand for the product or service, and the level of barriers to entering the business in question.¹⁷

The trade and industry associations of the 1830s to the 1860s provided the basis for the evolution of the more sophisticated business interest groups of later decades. From late nineteenth to the late twentieth century, the Canadian Manufacturers' Association (CMA), founded in 1887, was among the most significant of the latter organizations.¹⁸ For much of the first fifteen years of its existence, the CMA remained largely based in Ontario. At that time, there was a separate association that represented Montreal-based manufacturers, and several other industrial groups, such as the steel, milling, and lumber manufacturers, continued to maintain their own non-affiliated organizations as well. Hence, although manufacturing was becoming a more important economic activity in Canada, the national political voice of manufacturing interests remained rather fragmented and incoherent.¹⁹

During the early twentieth century, this changed as the CMA began to develop more effective ways for consolidating and communicating the policy preferences of its membership. One of the first such steps occurred in 1900 when the CMA decided to expand the

¹⁷ Bliss, *Northern Enterprise*, 258-62; Bliss, *A Living Profit*, 33-54; W.D. Coleman, *Business and Politics: A Study of Collective Action* (Montreal and Kingston: McGill-Queen's University Press, 1988), 17-46; Lloyd G. Reynolds, *The Control of Competition in Canada* (Cambridge, Mass.: Harvard University Press, 1940).

¹⁸ The CMA is one of the oldest and largest of Canada's national business interest groups. Throughout its existence, it has been through a range of different monikers and acronyms. From 1875 to 1887, it was known as the Ontario Manufacturers Association (OMA). In 1996, it merged with the Canadian Exporters Association (CEA) and the Association of Provincial Research Organizations (APRO) to become the Alliance of Manufacturers and Exporters Canada (AMEC). AMEC, in turn, then became the Canadian Manufacturers and Exporters (CME) in 2000.

¹⁹ LAC, MG28-I230, vol. 150, file "History," CMA, *The First Hundred Years*, 6.

participation of its membership in the organization's policymaking process. To do so, it began by adding more elected positions, by supplementing its existing "Executive Committee" with a larger "Executive Council." Its next step was to establish numerous trade sections, so that "member companies in the same line [of business] could operate autonomously in matters of special interest, while supporting the CMA's overall policies and activities." Another major reorganization followed in 1919, this time in response to regional tensions and those between large and small manufacturers. In this process, it founded five new regional divisions to represent the Maritimes, Quebec, Ontario, Prairies, and British Columbia, and also instituted four new departments in the areas of industrial relations, education, publicity, and trade. All of the above were then placed under the direction of the newly-created position of "General Manager." Both of these reorganizations paid good dividends. By the end of 1901, the Montreal manufacturer's association had joined the CMA. Other new branches were soon established in Halifax, Toronto, Vancouver, Winnipeg, Quebec City, and elsewhere. In addition, several formerly independent industry associations, such the piano, woolen, agricultural-implement manufacturers, as well as the oatmeal millers, had joined the CMA by this time as well. In fact, within less than two years of its initial reorganization, the CMA had increased from 123 to 900 members. By the 1940s, it had over 5,000 members, which represented between 75-80 percent of all firms eligible for membership.²⁰

²⁰ To be eligible for membership, a firm had to employ at least five people in its mechanical department. LAC, MG28-I230, vol. 150, file "History," CMA, *The First Hundred Years*, 3, 6-7, and 12; S. D. Clark, *The Canadian Manufacturers' Association: A Study in Collective Bargaining and Political Pressure* (Toronto: University of Toronto Press, 1939), 7-9 and 63-7; LAC, MG-28, vol. 150, file "The Canadian Manufacturers Association: Its Objects and Services," 5 and 22; and LAC, MG28-I230, vol. 14, "Executive Council Minutes, 1933-1939," 11 Sept 1934, 4.

At least part of the appeal of the CMA resided in the range of organizational services and other benefits that it offered to its members. To begin with, it published an official journal to provide trade data and other information to its members, as well as a forum in which they might exchange ideas, and to circulate the CMA's message to a wider public. At its formation in 1887, these functions were fulfilled by the *Canadian Manufacturer*, which formerly had been the official journal of the Ontario Manufacturers Association (OMA). This publication was subsequently replaced in 1900 by *Industrial Canada*. Secondly, the CMA supplied a range of research and technical services. In 1900, for instance, it began publishing the Canadian Trade Index, an "annual directory of manufacturers and products." During the 1900s and 1910s, it also established transportation (1900), tariff (1908), insurance (1905), legal (1910), and other departments to advise members on shipping rates, tariff revisions, and corporate liability. And lastly, the CMA offered members the benefits of solidarity that came with participation in a political or community organization. Indeed, during the first three decades of the twentieth century, many of the CMA's gatherings could be described as social as much as they were political events. A brief excerpt from the CMA's excursion to Britain in 1905 provides something of the flavour of one such occasion:

[After a greeting from His Majesty] ... without asking whether court etiquette permitted it or not we burst into three cheers for their Majesties, not even omitting the "tiger," and then sang lustily "God Save the King." ... To the orangery we next wended our way where refreshments were awaiting us. The Royal larder, gardens and cellars had been drawn upon for our benefit and the Royal butlers and waiters had been deputed to wait upon us. We fared well [and w]hen we left ... those who smoked carried away Royal cigars and cigarettes.

For some, no doubt, participation in such activities might well have equalled, if not exceeded,

the importance of the group's political functions.²¹

But useful research services and social benefits alone do not fully explain the relative longevity and effectiveness of the CMA. As business historian Ben Forster explains, the other key to its success lay in its ability to work out a broad consensus on most issues prior to "going public" with its demands. This consensus was achieved through the organization's policymaking mechanisms, which were roughly patterned after those of Canada's political system. In CMA elections, each of the association's five regional divisions elected representatives to the "Executive Council," based on a formula that allowed one representative for each fifty members of the association. This council was analogous to a kind of parliament, the members of which then elected an "Executive Committee" to function as the association's cabinet. The organization also maintained several standing committees in areas such as tariffs, transportation and industrial relations, among others. The Executive Committee, then, was expected to oversee the policies developed within the standing committees and the various departments, as well as the day-to-day business of the association. Canadian sociologist S. D. Clark has argued that this structure, together with the increasing volume and complexity of federal, provincial, and municipal legislation, "tended to concentrate power in the hands of the General Manager" and the organization's permanent

²¹ LAC, MG-I230, vol. 150, CMA, *The First Hundred Years*, 6-11; LAC, MG28-I230, Vol. 150, CMA, *Official Souvenir: Visit of the CMA to Great Britain, June-July 1905* (Toronto: R. G. McLean, 1905), 26; "The Manufacturers' Banquet," *Industrial Canada* (hereinafter *IC*), Sept 1900, 67; and "Entertainment Features of the Convention," *IC*, July 1925, 139. On the functions and strategies of business interest groups in Canada, also see Stephen Brooks and Andrew Stritch, *Business and Government in Canada* (Scarborough: Prentice-Hall, 1991), 221-2; and W.T. Stanbury, *Business and Government Relations in Canada: Influencing Public Policy* (Scarborough: Nelson, 1993), 120-2 and 125-7.

staff of officials. But even if many of its general policies were largely directed from the top, the CMA's system of regional, sectoral, and policy sub-committees still allowed for some wider membership participation as well as the opportunity to deal with more specific matters of concern. In 1922, for example, the CMA reported that there were "over 700 members constantly working on committees." By the early 1940s, this number had risen to over 800. Much like Canadian political system, therefore, the CMA's political structure allowed for the possibility of generating a coherent policy consensus through the aggregation of numerous regional and sectional interests.²²

During the mid- to late nineteenth century, that policy consensus revolved around the promotion of national progress through protective tariffs and other measures that would assist the development of Canadian industry. In asserting this vision of Canada's future, the CMA was thus implicitly involved in shifting the conceptual framework in which most Canadians defined the socio-economic purpose of their union. As the manufacturer's "protectionist" literature of the early 1870s explained, as it stood, the only use that was currently being made of Canada's iron-ore deposits was "to feed [the] foreign furnaces" that made wealth for its neighbours. The result was that Canada remained "the only country pretending to civilization and progress" which was "wholly dependent upon other countries for supplies of iron." As such, it argued that the "full development of all the resources of our country is highly desirable and absolutely necessary" if Canada was to preserve "a respectable place [for itself]

²² "CMA Chart of Organization," *IC*, Mar 1922, 63; "Organization of the Administrative Staff," *IC*, Apr 1922, 51; "Objects of the Association," *IC*, July 1923, 178; "How the Association is Governed," *IC*, Aug 1926, 51; Clark, *The CMA*, 67-72; LAC, MG28-I230, vol. 150, file "The CMA: Objects and Services," 5; and Forester, *A Conjunction of Interests*, 3-12, 110-26, and 201-6.

among the progressive communities” of the world. Similar sentiments were later echoed at the formation of the OMA. At its inaugural meeting in 1875, its main objectives were outlined as: “To secure by all legitimate means the aid of both public opinion and governmental policy in favour of the development of home industry, and the promotion of Canadian manufacturing enterprise ... [and] To maintain Canada for the Canadians.”²³

The formation of the OMA, the CMA, and other manufacturers’ associations coincided with, as well as helped to propel, an important set of political realignments and policy changes that took shape in Canada over the period from early 1870s to the early 1890s. At the beginning of that period Canada had witnessed its first change in government, as the Liberal party came to office in the wake of a Conservative government scandal in 1874. Upon entering office, the new government faced difficult circumstances. On the one hand, a financial panic, which began in the United States in 1873, had quickly spread to Canada. It was then followed by a prolonged period of relative economic stagnation. On the other hand, only shortly after assuming office, the new government found its hopes of securing another Reciprocity Treaty with the United States dashed. Nor did the Liberals appear to be any more effective in completing the transcontinental railway or promoting the settlement of the west than their predecessors had been. With the nation in economic recession and the government’s main economic policy initiatives having produced few tangible results, the Liberals drifted into the election of 1878 with little to recommend themselves to the electorate

²³ LAC, MG28-I230, vol. 150, CMA, *The First Hundred Years*, 2-3; and S.D. Clark, “The Canadian Manufacturer’s Association and the Tariff,” *CJEPS* 5, 1 (1939), 19-23.

for another term.²⁴

As the Liberal government was struggling through the mid-1870s, the Conservative party was in the process of an ideological and political resurgence. At about the same time that the Liberals' Reciprocity proposal was beginning to stall, Macdonald was beginning to see the possibilities of the protectionist option. Macdonald's intuition told him that the national paradigm that had prevailed since the 1850s was exhausting its legitimacy in Canadian eyes, and that a new set of socio-economic values might be in the offing. Over the next three years from 1876 to 1878, he conducted a series of campaign-style tours of the "picnic grounds of Ontario," meeting with gatherings of businessmen, farmers, and labourers. What he found was that protectionism had begun to garner a wide appeal. Having rejected free trade, the United States was enjoying remarkable economic growth by the end of the 1870s. If Canadians were not able to share in America's "Great Barbecue," then many wondered if they might at least recreate a miniature replica of it in their own country. Certainly it seemed as though little hope could be held out for other possibilities, such as the revival of imperial preferences. In this context, protectionism was coming to be understood less as a policy that favoured the sectional interests of manufacturers at the expense of the community, and more as a potential vehicle for industrialization, job creation, and national progress that could be shared by all Canadians. By the spring of 1878, these themes came together in Macdonald's now famous "National Policy" of tariff protection, railway development, and western settlement. In the September election of that year, the

²⁴ P.B. Waite, *Canada, 1874-1896: Arduous Destiny* (Toronto: McClelland, 1971), 13-24 and 74-92; White, *Fur Trade to Free Trade*, 59-60; and Forester, *A Conjunction of Interests*, 86-109 and 127-64.

Conservatives were swept back into office.²⁵

Unfortunately, however, the initial results of the First National Policy proved to be mixed. Over the course of the 1880s, the completion of the Canadian Pacific Railway (CPR) marked an important step in the opening of the west. The rate of economic growth recovered to a respectable, if not spectacular, level of 3.6 percent per year as well. On the downside, though, Canada remained a victim of persistent outmigration, with 200,000 more people leaving the country than arriving. Many of these migrants were headed to United States, where the population and economy both continued to grow faster than in Canada. By these standards at least, the American “Barbecue” still seemed a much better offer.²⁶

In the election of 1891, Canadians were presented with the opportunity to choose for themselves. Once again, two distinct visions for economic development were put forth by Canada’s two main political parties. The Liberals urged a return to free trade in order to lower costs for consumers, open wider markets for exports, and improve overall economic performance. The Conservatives vowed to stay the course with “the Old Flag, the Old Policy, and the Old Leader” – meaning Canadian “independence,” the National Policy, and John A. Macdonald. In the end, the electorate chose the latter.²⁷

Following upon this result, the Liberals began to reconsider their commitment to free

²⁵ Waite, *Arduous Destiny*, 74-92; White, *Fur Trade to Free Trade*, 59-60; Forester, *A Conjunction of Interests*, 136-181; and Creighton, *John A. Macdonald*, vol. 2, 180-242.

²⁶ Norrie and Owram, *A History of the Canadian Economy*, 290-316.

²⁷ At that time, of course, maintaining Canadian “independence” essentially meant maintaining independence from the United States by way of preserving the British connection. See, for instance, Waite, *Arduous Destiny*, 221-5; White, *Free Trade to Fur Trade*, 71-2; and Creighton, *John A. Macdonald*, vol. 2, 545-60.

trade. Notable divisions over the political viability of Reciprocity had been forming within party circles since the late 1870s. Even as the party campaigned on a free-trade platform in 1878, for example, Liberal candidates such as W. Darling in Montreal, D.B. McLennan in Cornwall, and others in constituencies with significant manufacturing interests promised there would be tariff increases under a Liberal government. Still others, such as James Young of Galt (now Cambridge) and John Macdonald of Toronto, quietly pressed for changes through internal party channels. At a convention in June 1893, with the pressure to revisit the issue still rising, the party opted to “water down” its stance on Reciprocity, along with putting forth some “frank admissions” as to the importance of tariffs for revenue purposes.²⁸

When another election returned the Liberals to office in 1896, their transition from free trade to the National Policy continued. After initial consultations with the United States had indicated that reciprocity was still off the table, the Liberal government settled for a modest revision of the existing tariff system. Under the Liberals, there would be a “two-tier” system with protectionist tariffs against all those nations with protectionist policies towards Canada (mainly, the United States) and a slightly lower tier of tariffs for all those nations that would “reciprocate” (mainly, Great Britain). In effect, therefore, these changes created a new system of “imperial preferences.” More importantly, though, as historian Michael Bliss notes, they signified the extent to which the “use of higher tariffs to foster ‘made in Canada’ manufacturing” had become a “bi-partisan national policy.”²⁹

²⁸ Waite, *Arduous Destiny*, 102-3, 123, 238-9; and Forester, *A Conjunction of Interests*, 136-46, 151-64 and 174-181.

²⁹ White, *Fur Trade to Free Trade*, 75-6; R.C. Brown and Ramsay Cook, *Canada, 1896-1921: A Nation Transformed* (Toronto: McClelland and Stewart, 1974), 18-21; and Bliss, *Northern*

Ironically, it was under the Laurier Liberals that the promise of Macdonald's National Policy would be realized. Although the continuation of vigorous policies undoubtedly helped, the turnaround after 1896 was probably at least equally attributable to other factors such as the closing of the American settlement frontier in 1891, the development of new frost-resistant strains of wheat and dryland farming techniques, the long-run decline of shipping rates in and outside of Canada, and the overall upswing of the international economy. Whatever the case, the results were impressive. In 1891, there were still less than 250,000 people living on the Canadian prairies. By 1911, this figure had risen to 1.3 million. The population outflow from Canada also reversed, with 715,000 more people arriving in the country over the period from 1901-1911 than leaving it. Moreover, the number of acres of wheat production expanded by 400 percent from 1901-1911 compared to just 36 percent during the entire period from 1870-1901; while manufacturing expanded at a rate of 8.4 percent per year from 1901-1911 compared to only 1.7 percent per year from 1890-1900, 4.1 percent per year from 1880-1890, and 3.3 percent per year from 1870-1880. At the end of the First World War, the "Progress of Canada" since Confederation was both evident and duly noted in the Dominion Bureau of Statistics' *Canada Yearbook* of 1918 [Table 2.1].³⁰

Enterprise, 300-1.

³⁰ White, *Fur Trade to Free Trade*, 86-7; Brown and Cook, *A Nation Transformed*, 49-107; Norrie and Owsam, *A History of the Canadian Economy*, 290-387; Marr and Paterson, *Canada: An Economic History*, 153 and 173; and E.H. Godfrey, "Fifty Years of Canadian Progress, 1867 to 1917," Dominion Bureau of Statistics (hereinafter DBS), *Canada Yearbook* (hereinafter *CY*) (Ottawa: King's Printer, 1918), 70-1.

Table 2.1: "Fifty Years of Canadian Progress, 1867 to 1917"

Item	Unit	Year	Total	Year	Total
Population	No.	1871	3,689,257	1917	8,361,000
Immigration	No.	1867	14,666	1913	402,432
Wheat	Acres	1870	1,646,781	1917	14,755,850
Cattle	No.	1871	2,624,290	1917	7,920,940
Manufactures	C\$	1870	221,617,773	1915	1,407,137,140
Trade	C\$	1868	119,791,879	1917	2,024,567,406
Steam Railways	Miles	1867	2,288	1917	38,604
Branches of Chartered Banks	No.	1868	123	1917	3,135

Source: Adapted by the author from E.H. Godfrey, "Fifty Years of Canadian Progress, 1867 to 1917," Dominion Bureau of Statistics, *Canada Yearbook* (1918), 70-1.

The biggest miscalculation of the Liberals was to underestimate the extent to which the National Policy had become associated with the national interest by the first decade of the twentieth century. Notwithstanding the Liberal government's recent conversion to protectionism, many Liberals remained philosophically sympathetic to free trade. Throughout the late nineteenth century, however, there had been some significant obstacles to moving in this direction. One was the intransigence of the United States – one of Canada's largest trading partners [see Table 2.2]. Another was the opposition of Canada's increasingly well-organized manufacturing interests, most of whom opposed opening the domestic manufacturing market to further competition.

Table 2.2: Distribution of Canadian Exports, Selected years, 1869-1909

Year	UK%	US%	Other %	TOTALS *
1869	39.1	51	9.9	100
1879	47.1	40.8	12.1	100
1889	41.7	49.2	9	100
1899	62	29	9.4	100
1909	52.1	35.2	12.7	100

* Note that not all totals sum to 100 due to rounding

Source: Adapted by the author from C.P. Stacey, *Canada and the Age of Conflict*, vol. 1 (Toronto: MacMillan, 1981), 356-7.

During the spring of 1910, the situation began to change. In the United States, the election of the Republican administration of W.H. Taft opened up the possibilities for the negotiation of a new free-trade agreement. And in Canada, the higher prices caused by protectionism continued to fuel growing discontentment among at least some of the farmers and urban consumers who were not directly employed in manufacturing. By January 1911, an agreement had been reached that would provide for reciprocal free trade in most natural products; an initial tier of lower tariffs for food products, agricultural implements, and a few other commodities; and a third tier with slightly higher Canadian than American tariffs for everything else. The stage was thereby set for yet another electoral battle between the supporters of free trade and protectionism.

In the fall of 1911, the Liberal administration of Wilfrid Laurier entered its fourth consecutive election confident in the belief that it had secured, as political scientist Thomas

White puts it, “the kind of agreement that Canadian governments had gone begging for since the abrogation of the Reciprocity Treaty of 1854.” Unfortunately for the Liberals, however, the reopening of the trade issue inevitably led into the reopening of the free trade and protectionist divisions in their own party. In Toronto and elsewhere, prominent businessmen who had supported the party through prior elections in 1900, 1904, and 1908, now shifted their support to the Conservative camp. During the campaign, the Conservatives were also able to harken back to the old fears of the weakening of the British connection and the dangers of American annexation. When the final results came in, this was the message that had won out once again, with the Conservatives garnering a bare majority in the popular vote but a solid majority in the number of seats. For the second time in only twenty years, Canadians had opted for protectionism over free trade. And while elections seldom turn on a single issue, the lessons of 1891 and 1911 were clear enough: attempts at altering the National Policy were politically dangerous. A new and resilient national consensus had been established. And although Canada’s large-scale mobilization for participation in the First World War from 1914 to 1918 would bring forth some new ideas and new models of governance with respect to the state’s potential for managing the Canadian economy and society for the collective good, as evidenced by railway nationalization and the operations of the Imperial Munitions Board, it would still be some time before these concepts and practices appeared appropriate to “normal,” peacetime conditions.³¹

³¹ On the trade agreement of 1910 and the federal election of 1911, see White, *Fur Trade to Free Trade*, 87-95; Brown and Cook, *A Nation Transformed*, 179-183.

2.2 The interwar years: Expansion, adjustment, collapse

The period from the end of the First World War to the beginning of the Second World War surely ranks among the most tumultuous in Canadian history. It was time of rapid development and modernization. New resource frontiers were being opened in the exploitation of Canada's forests, minerals, and hydro-electricity, and new industrial sectors were being established for the production and support of modern technologies such as telephones, radios, and automobiles. By the early to mid-1920s manufacturing had surpassed agriculture's share of Canada's gross domestic product, and by the time of the 1931 census more Canadians lived in incorporated villages, towns, and cities than those who did not. As urbanization increased, so too did the growth of the services industries, which went from employing 32.9 to 40.3 percent of the labour force between 1911 and 1941 [see Table 2.3]. Business enterprises were also becoming larger and more complex. Between 1900 and 1930 there were over 500 business mergers in Canada, resulting in the disappearance of some 1200 smaller firms. As a result, by the beginning of the 1930s approximately 600 firms accounted for "60 per cent of the nation's manufacturing output by value" and about "one quarter of all employees" worked in firms employing over 500 people. The First National Policy had thus been the handmaiden of Canada's urban-industrial transformation, and the prosperity it delivered often disguised the social and economic deficiencies that lurked beneath its surface³²

³² The merger, manufacturing output, and employment by size-of-employer statistics are cited in Taylor and Baskerville, *A Concise History*, 311. All other statistics are based upon Leacy, Urquhart, and Buckley, *Historical Statistics of Canada*, 2nd rev. ed., A67-A69 and F56-F75. On the economic history of the interwar years more generally, also see Norrie and Owsram, *A History of the Canadian Economy*, 335-87 and 441-507; and W.T. Easterbrook and Hugh J. Aitken, *Canadian Economic History* (Toronto: University of Toronto Press, 1956), 476-557.

Table 2.3: Employment by Industry in Canada, 1911-1941

Year	% Agricult.	% Other Nat. Res.	% Manufact.	% Construct.	% Services/ Utilities	% Other/ Not Spec.	TOTAL *
1911	34.2	4.9	17.4	7.3	32.9	3.2	100
1921	32.8	4	16.7	5.7	36.5	4.2	100
1931	28.7	4.3	16.9	6.4	39.3	4.3	100
1941	25.8	5.7	21.9	5.2	40.3	1.1	100**

* Note that not all totals sum to 100 due to rounding.

** Personnel on active service and labour force under 15 excluded for 1941

Source: Calculations by the author based upon Leacy, Urquhart, and Buckley, *Historical Statistics of Canada*, Series D8-85.

Yet the interwar years were also a time of considerable economic instability. As Norrie and Owsram explain, the economic conditions of this period were characterized by “postwar inflation and recession (1918-21), a return to growth and prosperity (1922-29), massive depression (1929-33), [and] halting recovery (1933-39).” The unemployment rate, as reported by trade unions, followed a similar path, going from 8.5 percent in 1921 down to 3.1 percent in 1928, up to 22 percent in 1932, down to 8.9 percent in 1937, and back up again to 12.3 percent in 1938.³³

As these processes unfolded, new social and political organizations also began to pose challenge the existing paradigm of socio-economic policy. Following the trend earlier embodied by the OMA, CMA, and other business associations, other segments of society also

³³ Norrie and Owsram, *A History of the Canadian Economy*, 406; and Udo Sautter, “Measuring Unemployment in Canada: Federal Efforts before World War II,” *Histoire sociale/Social History* (hereinafter *HS/SH*) 15, 30 (1982), 483.

came together to formulate and promote their own distinctive perspectives on national development. The formation of labour organizations such as Trades and Labour Congress (TLC) (1902-56), the All-Canadian Congress of Labour (ACCL) (1927-40), and the Congress for Industrial Organization (1935-40), each, in their own ways, built upon and extended the traditions of labour protest earlier established by the Canadian Labour Union (1873-77) and the Knights of Labour (1875-c1900). Beyond the corporate boardrooms and labour union meeting halls, professional groups of doctors, engineers, and accountants, including the Canadian Medical Association (1867), the Canadian Society of Civil Engineers (CSCE) (1887), and the Dominion Institute of Chartered Accountants (1902), were similarly banding together to assert their own values and voice in society. Concurrently, the creation and expansion of the Progressive party (1921-42), the Social Credit party (1935-), and the Co-operative Commonwealth Federation (CCF) (1932-61) also gave voice to new demands – ranging from the “better management” to the wholesale transformation of society – that were being pressed by a growing list of farmers, workers, religious leaders, and other Canadians amidst the uncertainties of the 1920s and 1930s.³⁴

By the beginning of the interwar period, the business community was in the midst of

³⁴ On the trend towards political and social organization, see, for instance, Samuel P. Hays, *The Response to Industrialism, 1885-1914* (Chicago: University of Chicago Press, 1957); Robert H. Wiebe, *The Search for Order, 1877-1920* (New York: Hill and Wang, 1967); Thomas L. Haskell, *The Emergence of Professional Social Science: The American Social Science Association and the Nineteenth-Century Crisis of Authority* (Urbana: University of Illinois Press, 1977). For Canadian examples, see Forester, *A Conjunction of Interests*; Tom Traves, *The State and Enterprise: Canadian Manufacturers and the Federal Government, 1917-1931* (Toronto: University of Toronto Press, 1979); J. Rodney Millard, *The Master Spirit of the Age: Canadian Engineers and the Politics of Professionalism, 1887-1972* (Toronto: University of Toronto Press, 1988); and Desmond Morton, *Working People, An Illustrated History of the Canadian Labour Movement*, 4th rev. ed. (Montreal and Kingston: McGill-Queen's University Press, 1998).

its own political transformations as well. During the late nineteenth and early twentieth centuries, another two nationally-relevant business organizations had emerged: the Canadian Banker's Association (CBA) and the Canadian Chamber of Commerce (CCC). Like the CMA, the CBA was originally founded to provide its members with the opportunity to develop common industry standards, as well as a common voice on government regulations and other aspects of public affairs. For the federal government, the association also provided a convenient way for understanding the industry's perspective on these same issues. Moreover, between 1900 and 1935, the CBA was even extended the regulatory function of supervising the note-issuing privileges of its members as well. For this reason, in 1900, it was incorporated by an act of Parliament that required all chartered banks to become members.³⁵

As the banking industry underwent a consolidation similar to that taking place in other sectors of the Canadian economy, the CBA's membership actually declined from thirty-eight banks to only ten banks between 1900 and 1933. This decline in the number of members did not, however, correspond to a decline in the association's influence on public policy. Throughout the period, Canadian banks continued to control growing and substantial financial assets and became an even more important source of technical advice on the increasingly complex financial markets of the early twentieth century.³⁶ Furthermore, the CBA's compact

³⁵ Note that the association was originally formed as a voluntary organization in 1892. The Bank of Nova Scotia, which had withdrawn from the Association in 1899 after the association's Winnipeg sub-section declared the solicitation of new accounts a "dangerous and unprofessional" practice, provided a brief exception to the membership rules of 1900. Following further political and legal wrangling, it later rejoined in 1902. See J. Harvey Perry "Origins of the Canadian Bankers' Association" *Canadian Banker* 74, 1 (1967), 96-114.

³⁶ By way of comparison, in 1933 the banks of the CBA controlled over \$ 2.8 billion in financial assets versus the entire federal budget of just over \$532 million. See the Royal Commission

size presented it with fewer potential difficulties in agglomerating the interests of its membership – a principle that was reflected in its relatively simple and informal mechanisms for generating its policy positions. The association had only one level of government: an “Executive Council” composed of the chief executive of each chartered bank, from among whom a president was elected for a term of two years. Regulations and policy positions were set by majority agreement at general meetings, with each bank possessing one vote.³⁷

The CCC was formed in 1925 in order to represent the broad interests of nation’s entire business community. Though initially composed of boards of trade and chambers of commerce from only sixty communities across Canada, it quickly expanded to become Canada’s largest business association – encompassing not only boards and chambers but also a number of large firms, other business associations, and “public spirited individual business and professional men.” In fact, in 1945 the CCC reported that only five urban centres in Canada with more than 5000 people were “without the services of a Board or Chamber of Commerce.” By this time the original sixty member boards had grown to 190, accompanied by a combined total of 750 corporate, association, and individual members.³⁸

on Banking and Finance, *Report* (Ottawa: The King’s Printer, 1933), 20; and Leacy, Urquhart, and Buckley, *Historical Statistics of Canada*, H19-34.

³⁷ On the CBA membership numbers and policymaking structures, see Royal Commission on Banking and Finance, *Report*, 18; Standing Committee on Finance, Trade and Economic Affairs: Decennial Revision of the Bank Act, *Proceedings*, vol. 1 (Ottawa: Queen’s Printer, 1966), 285-8; and J. A. Galbraith, *Canadian Banking* (Toronto: Ryerson Press, 1970), 33-5.

³⁸ Each board or chamber of commerce represented a varying number of businesses, partly depending on the success of its recruiting drives, the size of the local population, the level of economic activity in its areas, and other such factors. See LAC, MG28-III62, vol. 16, F-“History,” *The Canadian Chamber of Commerce (hereinafter CCC) The Canadian Chamber of Commerce: It’s History, Policy, Departments, Operations, and You!* (Toronto, c1950), 15.

Because of its relatively large and diverse membership, the CCC employed fairly elaborate policymaking mechanisms and tended to focus upon general “framework” policies rather than specifics. Its policy positions were formulated at yearly national conventions and then implemented by the executive staff of the organization. The CCC’s management also had the authority to make short-term policy decisions on its own, but was expected to use the general policies set at national conventions as its guide in doing so. Significant policy changes that arose between conventions were dealt with through a referendum, requiring a two-thirds majority. While any board or chamber of commerce could submit resolutions to the annual conventions, such resolutions had to be “national in character, timely in importance and general in application to the national economic welfare.” All resolutions were then vetted, amalgamated, and given national legitimacy, as necessary, by a thirty-five member “Policy Committee” composed of seven members elected from each of the five regions of Canada.³⁹

Over the course of the interwar period, some business opinions and national policies stayed constant while others evolved in conjunction with these economic, social, and political changes. To begin with, the CMA, of course, was still positively in favour of maintaining the tariff on imported goods. Such a policy, it promised, “would bind together more firmly the provinces of Canada, attract capital, commercialize national resources, strengthen existing industries and create new industries, raise revenue, encourage immigration, discourage emigration, [and] provide employment,” among other benefits. Other arguments in favour of the tariff followed a similar “neo-mercantilist” logic. In a reflection of the kind of problems that frequently plagued the international economy throughout this period, in 1925 the CMA

³⁹ *Ibid.*, 2-7.

noted that “since the war all other countries have raised their customs tariffs and increased their import restrictions, while the Canadian tariff has been reduced six times.” It thus urged that the federal customs tariff be increased so that it might be employed to “bargain” or, as Prime Minister R. B. Bennett would later put it, “blast,” Canada’s way into additional export markets. As the CMA’s president, T.P. Howard, bluntly stated at the outset of the 1920s: “The objects of the fiscal system of Canada should be to diminish, as far as possible, the buying of goods from other countries, which can be produced here; to facilitate the importation of raw materials that cannot be produced at home; and to make Canada as self-contained as possible.”⁴⁰

Aside from the tariff, the business community remained wary of many other forms of taxation that would raise the costs of doing business. At the CMA’s annual convention in 1920, Howard was prepared to admit that manufacturers “must face the fact that Canada has been through a great war which has cost enormous sums of money, and our increased taxes are for the purpose of helping to pay for the costs of the war.” Notwithstanding these sentiments, the organization’s patience with elevated tax levels did not last very long. In 1921 the resolutions of the CMA’s annual convention warned that duplication of taxation by the various levels of government in Canada was “unduly hurtful to the individual and the business of the community, and in some cases is almost confiscatory.” By 1925, CMA president Lt.-Col. Arthur F. Hatch would conclude that “taxes in Canada are so heavy that they constitute a burden on productive enterprise and consumers.” In this same year, the voice of the CMA

⁴⁰ “Resolutions Adopted by the 54th Annual Meeting,” *IC*, July 1925, 137. Also, see “The Association’s Stand on Taxation” *IC*, Feb 1924, 41-2, 44; “President’s Annual Review,” *IC*, July 1928, 124-5; and “An Analysis of the Year’s Developments,” *IC*, July 1920, 159.

was joined by that of the newly-created CCC, which urged a closer examination of all public budgets for the purpose finding ways to reduce taxation.⁴¹

Regardless of these calls for lower taxes, business groups continued to advocate state spending on other elements of the national policy. Both the CMA and the CCC, for instance, maintained their advocacy of government intervention to sustain a high level of immigration in order to support domestic consumer demand and ensure an adequate supply of workers. That said, not all potential immigrants were equally welcome. Although the CMA “urged the government to continue and to intensify its efforts” to increase immigration, it did so with the proviso that preference should be given to newcomers that were “desirable...especially [such as those] from other countries of the British Empire.” Similar attitudes were echoed by organized labour and various other social and political organizations in Canada, and, not surprisingly, were also reflected in government policy.⁴²

At the same time, business thought was moving toward a broader conception of the National Policy to fit what many business people perceived as the new realities of Canada’s economic development. One manifestation of this change was the growing recognition of the need for state support of scientific and industrial research. While the CMA had made

⁴¹ “An Analysis of the Year’s Developments,” *IC*, July 1920, 159; “Resolutions Adopted by Convention,” *IC*, July 1921, 176; “Annual Address of the President, Col. Arthur F. Hatch,” *IC*, July 1925, 85; and LAC, MG28-III62, vol. 17, “Policy Declarations, 1926-1948,” Winnipeg 1925 and Vancouver 1927, 1-2 and 8.

⁴² On the CMA, see “Resolutions Adopted by Convention,” *IC*, July 1922, 131; and “The President’s Annual Review,” *IC*, July 1929, 154. With respect to the CCC, see NAC, MG28-III62, vol. 17, “Policy Declarations,” St. John’s 1926 and Vancouver 1927, 4 and 8. On attitudes towards immigration and immigration policy more generally, also see Donald Avery’s, *“Dangerous Foreigners:” European Immigrant Workers and Labour Radicalism in Canada, 1896-1932* (Toronto: McClelland and Stewart, 1979), as well as any number of the pamphlets in the Canadian Historical Association’s (CHA) “Canadian Ethnic Groups” series (Ottawa: CHA, 1982-).

representations on the desirability of a national research body as early as the 1880s, its interest in scientific research became “a major preoccupation” during the 1920s. According to the CMA’s resolutions from the latter decade, the association’s heightened interest in these areas stemmed from its observation that scientific discoveries “were constantly changing industrial processes” in ways that were making “raw materials without previous commercial value become saleable.” To further promote this processes, the CMA organized and published the proceedings of a three-day conference on scientific and industrial research held in February 1923, which had brought together representatives from various industries, universities, agricultural colleges, and government departments.⁴³

The CMA was not the only business association with such concerns. The Canadian Reconstruction Association, an association formed at the end of the First World War that included a number of prominent manufacturers, pointed out that scientific research and industrial research were key factors in national economic productivity. It further noted that “only Canadian governments could organize and finance” the kind of large-scale research projects that were currently being carried out by the public and private institutions of Canada’s major economic competitors. To remedy this situation, it therefore proposed, in 1918, that there should be an increase of government funding to the science faculties of the University of Toronto and McGill University.⁴⁴

By this time, the federal government was already moving in this direction. In 1916

⁴³ “Resolutions Adopted by the 54th Annual Meeting,” *IC*, July 1925, 138; “Executive Committee Reviews Year,” *IC*, July 1921, 133; “Resolutions Adopted by the Annual Meeting,” *IC*, July 1926, 152; and NAC, MG28-I230, vol. 150, CMA, *The First Hundred Years*, 12-13.

⁴⁴ Traves, *The State and Enterprise*, 15-20.

it had established an Advisory Council on Industrial and Scientific Research (ACISR). Eight years later, it went a step further by incorporating this body as a government research institution to be known as the National Research Council (NRC). The establishment of national laboratories then followed in 1927, along with a permanent building to house them, which was completed on Sussex Drive in Ottawa, by 1932. The creation of the NRC not only provided additional research facilities but also helped to address a closely-related concern of the business community: the “brain-drain” of human capital. Between 1919 and 1927 the ACISR and NRC had awarded “237 post-graduate research scholarships to 151 persons.” Yet this was only a fraction the 2,000 scholarships then available in the United States, most of which were open to Canadian as well as American students. Consequently, as an inquiry conducted by the CMA at the end of that period revealed, there were at that time 4,600 graduates of Toronto, Queen’s, and McGill universities currently living in the United States. In an attempt to reverse this trend, the CMA assisted in establishing a “Technical Service Council,” the purpose of which was “to keep the universities and various employing bodies in touch, so that positions available could be brought to the attention of graduates.”⁴⁵

Another extension of government activity was in the area of international trade. While the export of natural resources and semi-processed goods were already an important component of Canada’s economy, as competition, corporate concentration, and technological change proceeded apace, more-and-more Canadian businesses from across the economic

⁴⁵ “The National Research Council and Industry,” *IC*, Jan 1927, 122.; and LAC, MG28-I230, vol. 13, “Executive Council Minutes,” 13 Oct 1927, 5. Also, see NAC, MG28-I230, vol. 150, CMA, *The First Hundred Years*, 12-13; Wilfrid Eggleston, *National Research in Canada: The NRC, 1916-1966* (Toronto: Clarke, Irwin, 1978); and Mel Thistle, *The Inner Ring: The Early History of the National Research Council in Canada* (Toronto: University of Toronto Press, 1966).

spectrum had begun to look further abroad for their sales. Overall, in the period from 1905-1919, Canada rose from the ninth-largest to the third-largest exporter in the world. Moreover, despite the persistent image of the nation as being mainly a “hewer of wood and drawer of water” during this period, not all of this export growth was based upon natural products. By the early 1930s, Canada was among the world’s major exporters of automobiles and Canadian banks were building an impressive business empire in the Carribean, Latin America, and several other regions of the world. The difficulty was that developing new areas of business in other countries was not easy. It required local contacts, knowledge of national and international laws and markets, and the ability to communicate in multiple languages. At the beginning of the interwar period, those seeking to reach new markets either had to provide for these things themselves or do so through business organizations such as the CMA. As exports became more important for certain businesses, some of these exporters began to seek assistance from government as well. Eventually, the federal Department of Trade and Commerce began to respond to these requests in 1933 by establishing its first “commodity officers” in foreign countries.⁴⁶

But perhaps the broadest expression of what an “updated” National Policy should encompass was expressed in the resolutions of the CCC. As a greater number of companies

⁴⁶ The trade statistics are based upon the Department of Trade and Commerce, *Commercial Intelligence Journal*, as cited in “Canada’s Position as an Exporting Nation,” *IC*, Aug 1922, 42. On Canadian auto production and exports, see the League of Nation’s, *Statistic Yearbook, 1932/33* (Geneva, 1933), 189; and Taylor and Baskerville, *A Concise History*, 328-30. And, on the international expansion of Canadian banks, see Duncan McDowall, *Quick to the Frontier: Canada’s Royal Bank* (Toronto: McClelland and Stewart, 1993), 163-202. Finally, on the Department of Trade and Commerce, also see O. Mary Hill, *Canada’s Salesman to the World: The Department of Trade and Commerce, 1892-1939* (Montreal and Kingston: McGill-Queen’s University Press, 1977).

vertically and horizontally integrated parts of their operations and expanded the geographical scope of their markets, transportation and communications improvements became increasingly important. Throughout the mid- to late 1920s, the CCC, for example, consistently supported federal investment for the construction of a transcontinental highway and for the improvement of the St. Lawrence waterway system. It also congratulated the government on its "forward policy with respect to postal aviation" and the construction of new airports. Furthermore, while commending the creation of the NRC, it called for "a comprehensive survey of the natural resources of the Dominion," as well as a greater effort to "develop the coal industry ... so making it unnecessary to import coal and coke."⁴⁷

Yet if there was a broadening of the role of government with respect to economic development, there was somewhat less movement in business ideas about social issues. This was partly the result of the continuing conception of Canada as a "young and undeveloped country," which could get by without, as the CMA's "Industrial Relations Department," put it, a "burdensome scheme" such as unemployment insurance. As one 1919 editorial in *Industrial Canada* explained: "Here the problem is not to provide for unemployment, but to secure the work which is waiting to be done." In its view, in Canada, "anyone who wants to work, and will accept the work available rather than remain idle, need not remain idle." Beyond this view, in 1928, the CMA's Executive Council further warned that unemployment,

⁴⁷ NAC, MG28-III62, vol. 17, "Policy Declarations," Winnipeg 1925, St. John's 1926, Vancouver 1927, Quebec 1928, and Edmonton and Calgary 1929, 1-19. In June 1928, *IC* (p. 45) reported that Emile Sick, the General Manager the New Edmonton and Lethbridge breweries, had purchased what was believed to be the first privately-owned aeroplane to be used for business purposes in Alberta. According to Mr. Sick, the plane was to be employed to oversee a number of widely-dispersed business interests in Lethbridge, Calgary, Edmonton, Prince Albert, and Regina.

sickness, and invalidity insurance would introduce unnecessary rigidities into Canada's "exceedingly fluid" labour market, thus reducing one of its main competitive advantages in relation to "the static conditions in older countries." And, in case this was not enough to dissuade policymakers, the Council reiterated its traditional concerns about the costs of administering the program, as well as the fact that Canadian firms would still have to compete with manufacturers in countries that had not adopted an unemployment insurance system.⁴⁸

Prior to the introduction of the Old-Age Pensions Act in 1927, it was also assumed that workers should provide for their old age through their own resources. As one of the advertisements issued by the Union Bank of Canada in 1920 sermonized: "The ambitious wage earner who lives by budget – and not by chance – can ... make adequate provision for old age by depositing a fixed sum regularly." Much the same rationale had undergirded the establishment of the Government Annuities Act of 1908. Under the terms of this act, a citizen could make intermittent purchases of government savings contracts, which would later payout a predetermined yearly allowance based on the level of contributions and the amount of time prior to maturity. Unfortunately, most Canadian workers could not afford to make such contributions during most of their working life. As a result, between 1908 and 1927, only 7,713 annuities were issued, most of which were purchased by lower-paid professionals – "(notably teachers and clergy), clerks, skilled tradesman, farmers, and small businessmen."⁴⁹

⁴⁸ "Labour Conditions in Canada Under Review," *IC*, July 1923, 133; "Unemployment at the Labour Conference," *IC*, Dec 1919, 45; and NAC, MG28-I230, vol. 13, "Executive Council Minutes," 18 Sept 1928, 7-9. Also see James Struthers, *No Fault of Their Own: Unemployment and the Canadian Welfare State, 1914-1941* (Toronto: University of Toronto Press, 1983), 24-5.

⁴⁹ Union Bank of Canada [advertisement], "Labour," *IC*, May 1920, 105; Guest, *The Emergence of Social Security*, 35-6; and Kenneth Bryden, *Old-Age Pensions and Policy-Making in*

For the most part, however, business attitudes toward old-age pensions were more flexible than those on unemployment insurance. Partly to encourage workers to save for their retirement, some employers were willing to deduct an agreed upon deposit from wages, administer savings accounts and, in some cases, even provide matching contributory benefits. During the mid-1920s, one such plan had been instituted at the Henry K. Wampole company, a manufacturer of drugs and chemicals based in Perth, Ontario. Similar plans were also in place at a number of Canadian banks and other large-scale employers. In fact, *Industrial Canada*, which applauded such measures, reported in 1925 that there were over 200 company-run old-age benefit systems in operation across North America at that time. It is likewise noteworthy that an “overwhelming majority” of the 20 percent of CMA members who responded to a survey conducted in the late 1920s declared themselves in favour of old-age pensions legislation.⁵⁰

The business community’s different perspectives on unemployment insurance and old-age pensions were also structured, in part, by an evolving set of social attitudes towards the “deserving” and “undeserving” poor. Certain groups, such as the aged, women and children, were defined as being worthy of some form of state assistance. For the aged, it was justified

Canada (Montreal and Kingston: McGill-Queen’s University Press, 1974), 51-3.

⁵⁰ “Adopt Industrial Pensions Systems for Employees,” *IC*, Oct 1925, 89. Also, see J.H. Saunders, “Methods of Encouraging Thrift Among Employees,” *IC*, Mar 1924, 87; McDowall, *Quick to the Frontier*, 224-5; and the additional examples listed in Margaret E. McCallum, “Corporate Welfarism in Canada, 1919-39,” *CHR*, 71, 1 (1990), 56-60. With respect to the old-age survey and the official CMA position on old-age pensions, see LAC, MG28-I230, vol. 13, “Executive Council,” 18 Sept 1928, 9. See the “Report of the Industrial Relations Committee,” *IC*, July 1929, 45 and LAC, RG33/23, *Submissions to the Royal Commission on Dominion-Provincial Relations*, (hereinafter Rowell-Sirois Commission, *Submissions*) vol. 4, exhibit 89, “Section III,” as well.

on the grounds that workers had “earned” retirement pay by way of their own financial contributions and, or so it was hoped, through years of good service in the workforce. In the case of women and children, state protection in the form of minimum-wage laws was said to be warranted because of their particular vulnerability. Veterans were yet another such category, and one that had greatly expanded following the end of the First World War. In his 1920 presidential address to the CMA, Howard explained that: “Canada must take proper care of her wounded and disabled soldiers, and also of the dependents of those who were killed or disabled in the war.” These pensions, he continued, should not to be “pittances,” but were to be sufficient “to maintain them in decency and comfort.” The editors of *Industrial Canada* also pressed manufacturers to find employment, including work as “watchmen, caretakers, janitors, clerks, chauffeurs, elevator men, etc.” for “disabled and maimed soldiers,” sometimes referred to as “pre-aged” veterans, as “a duty to the Empire and ... a strong factor in keeping down any unrest.” In any case, whatever the rationale at the time, the expansion of public and private assistance to these categories of individuals did come to represent, as Dennis Guest points out in his history of the Canadian social welfare system, an important “crack in the residual mould” of social policy in Canada.⁵¹

On the other hand, there remained a strong mistrust of the potentially “undeserving” category of “unemployed employables.” The transient workman, in particular, was often regarded as a potential political and social menace, and so it is no surprise that the state was

⁵¹ Saunders, “Methods of Encouraging Thrift,” *IC*, Mar 1924, 87; “Adopt Industrial Pensions Systems,” *IC*, Oct 1925, 89; “The Minimum Wage Evil,” *IC*, Apr 1922, 50; “Resolutions Adopted by Convention,” *IC*, July 1922, 134; T.P. Howard, “An Analysis of the Year’s Developments,” *IC*, July 1920, 157; “Places for Disabled Men,” *IC*, Nov 1919, 140; and Guest, *The Emergence of Social Security*, 1-3, 48-9, 95-7 and 103. Also, see Struthers, *The Limits of Affluence*, 19-116.

sought to limit and control this group. Such was the part of rationale behind state policies of the 1930s that removed unemployed workers from urban areas to remote labour camps or dispersed them among the rural population as farm labourers. Furthermore, not only was it argued that unemployment insurance was unnecessary given the “young and undeveloped” nature of the country, but it was also feared that such a policy might encourage dependency on social assistance or, as it was known at that time, “pauperism.” As the editors of *Industrial Canada* cautioned in 1919, “the surest way to create unemployment” in Canada would be to “bonus it.” The assumption, of course, was that many would either prefer or become accustomed to collecting the “free” income of unemployment insurance rather than working for wages. According to the CMA Executive Council’s 1928 resolution on unemployment insurance, such a danger existed because “the dole” had “the effect of discouraging thrift, and sapping self-reliance and initiative.”⁵²

But even if Canada’s business associations were not enthusiastic about the idea of unemployment insurance, at least some of their policy declarations were slowly beginning to reflect the idea that unemployment might be an inevitable problem of urban-industrial society. The CMA, for example, did recognize that “at intervals of seven to ten years ... there have been periods of depression [in Canada] when there was unemployment for a few months.” However, it felt that the prevailing *ad hoc* system of public works and emergency relief

⁵² Struthers, *No Fault of Their Own*, 51-7, 158-61, and *passim*; LAC, MG28-I230, vol. 13, “Executive Council Minutes,” 18 Sept 1928, 9; and “Unemployment at the Labour Conference, *IC*, Dec 1919, 45. Also on perceptions of the unemployed during the interwar era, see Henry F. Drystek, “‘The Simplest and Cheapest Mode of Dealing with them:’ Deportation in Canada before World War II,” *HS/SH* 15, 30 (1982), 407-41; S.R. Hewitt, “‘We are Sitting at the Edge of a Volcano:’ Winnipeg during the On-to-Ottawa Trek,” *Prairie Forum*, 19, 1 (1994), 51-64; and David Bright, “The State, the Unemployed, and the Communist Party in Calgary, 1930-5,” *CHR*, 78, 4 (1997), 537-65.

programs were entirely sufficient. This was partially an outgrowth of its opinion that unemployment in Canada was still primarily the result of temporary factors, such as rural depopulation, unsettled trade conditions, and a lack of sufficient tariff protection. The CMA's support for any national system of unemployment insurance was also tempered by its acceptance of the prevailing "poor law" tradition, which held that the administration of relief was the responsibility of local authorities. Nevertheless, by the end of the 1920s, the CCC, at least, was beginning to consider the systemic nature of unemployment, resolving that the Canada's seasonal unemployment problem could be "solved only through co-operative action by Federal, Provincial and Municipal authorities, because if one Province or Municipality singly adopted plans ... the natural result would be a drifting of unemployed from other Provinces and Municipalities to such a centre." It would still be several years, however, before there were any serious federal policy initiatives in this area.⁵³

By the end of the 1920s, the growing disconnect between Canada's emerging urban-industrial economy and a set of economic and social policies based on ideas from the nineteenth century was becoming ever more apparent. Irrespective of the seeming return of postwar "normalcy," the Canadian economy and society were unknowingly perched on the verge of a steep precipice. The wheat economy, in particular, was dangerously over-extended. Canada simply had too many farmers settled on marginal lands, too many railways, and too much capacity in a host of industries that would soon be rendered uneconomic – all

⁵³ "Unemployment and the Labour Conference," *IC*, Dec 1919, 45; "Executive Committee Reviews Year," *IC*, July 1921, 134; "Dominion Conference on Unemployment," *IC*, July 1925, 106; "Review of the Unemployment Situation," *IC*, Nov 1921, 69; LAC, MG28-III62, vol. 17, "Policy Declarations," Edmonton and Calgary 1929, 21-22.

the products of the optimism engendered by the First National Policy. It was also well behind many other industrialized nations in developing institutional mechanisms for addressing the sort of unemployment problems that were becoming endemic in the advanced-capitalist societies of the 1920s and 1930s. At some point, a time of reckoning was bound to occur. That time arrived with the onset of a drought in western Canada in 1928 and the crash of international stock markets on 24 October 1929.⁵⁴

However obscured its causes, the economic consequences of the Great Depression in Canada were clear enough. In 1933, official estimates suggested that close to 20 percent of the nation's workforce was unemployed. Though this figure would improve to one-in-ten by the late 1930s, it was still long way from the 3 percent unemployment rate of the late 1920s. In Saskatchewan, the province most dependent upon "King Wheat," the average personal income fell a staggering 72 percent in the period from 1929 to 1933. It was a blow that would require decades for the province to overcome. And though one might assume that those with money to invest fared relatively well, few could completely isolate themselves from the ebbs and flows of larger economic forces. From 1929 to 1932, "the fifty leading stocks on Canadian Exchanges lost 85.9 % of their value," and once solid, "blue-chip" companies such as Bell Telephone, Dominion Textile, Ford Canada, International Nickel and Massey-Harris saw their stock values respectively reduced by 57.3, 66.9, 91.4, and 97.4 percent. Hence, if the Depression was bad for "ordinary Canadians," neither was it good for business.⁵⁵

⁵⁴ Easterbrook and Aitken, *Canadian Economic History*, 476-82; Marr and Paterson, *Canada: An Economic History*, 390-3; and Bliss, *Northern Enterprise*, 391-2, 404-9 and 413-4.

⁵⁵ Bliss, *Northern Enterprise*, 419-20. Also, see Norrie and Owram, *A History of the Canadian Economy*, 475-506; A.E. Safarian, *The Canadian Economy in the Great Depression*

Over the course of the 1930s, the Depression greatly impinged upon the credibility of Canada's business associations and national policies. Initially, many business leaders reasonably assumed that Canada was faced with just another temporary business downturn, much like those it had faced before, albeit more severe than usual. Speaking at the 1930 annual general meeting of shareholders, the vice-president of the Canadian Bank of Commerce, Sir James Woods, explained that: "While nobody can foretell the duration of the present conditions ... It is the common opinion, and one with which I'm in agreement, that the bottom has been reached and a turn for the better should not be far off, though improvement is sure to be gradual." The business press was full of similarly hopeful reports as well. At about the same time that Woods and other Canadian bankers were reassuring their shareholders, the *Journal of the Canadian Bankers' Association* was reporting that Colonel Leonard Aryes of the Cleveland Trust Company, billed as "one of the most conservative and successful of the United States forecasters," was predicting that business would return to normal by 1932.⁵⁶

Even in the face of such conditions, the old ethos of the First National Policy thus continued to hold sway. Certainly, the main business associations did not believe that the economic problems of the day called for any significant expansion of the domains of public

(Toronto: University of Toronto Press, 1956); and the Royal Commission on Dominion-Provincial Relations, *Report*, vol. 1 (Ottawa, 1941).

⁵⁶ "The Outlook for 1931," *Journal of the Canadian Banker's Association* (hereinafter *JCBA*) (Jan 1931), 135-6. Much the same sentiments were also expressed by the presidents of the Royal Bank, the Imperial Bank of Canada and the Bank of Nova Scotia in their addresses as well; see "Royal Bank Executives Make Strong Recommendations to End Severe Depression," *IC*, Feb 1931, 92-3; "Canadian Bankers on the Business Outlook," *IC*, Feb 1931, 99-100; and D.L. Morrell, "Aren't You Glad the Depression is Over?" *Canadian Business* (hereinafter *CB*) (Jan 1934), 8-9.

versus private responsibilities. Rather, they maintained that the answer lay in less, not more, government. Throughout the 1930s, the policy recommendations of the CCC and the CMA were replete with demands for lower taxes and reductions in government spending. At the bottom of the Depression, for instance, the statement of 1933 annual convention of the CCC urged "upon those who administer public affairs the stern necessity for a continuance of a policy of utmost economy, and the great importance of arriving at the earliest possible moment at a balancing of public budgets and a consequent reduction in public finance." To assist in this process, the organization created national and provincial level committees on "Economy in Public Finance." Indeed, even at the local level, member Boards and Chambers of Commerce were requested "(a) to set up ... committees for the study of their local municipal and school finances and ... (b) to establish co-operative relations with all local spending bodies to the end that programmes of economy may be set up and carried out co-operatively." As for the CMA, in 1938, it told the Royal Commission on Dominion-Provincial Relations that constitutional changes alone were "not likely in themselves to provide the necessary remedies for existing maladies." It went on to say: "We respectfully submit that our troubles are chiefly financial. If by some means, public expenditures could be reduced by twenty per cent, or by even ten percent with reasonable hope that they could be stabilized, at such lower levels, many of the pressing problems of today would disappear." Such, then, were hardly Keynesian prescriptions for economic recovery.⁵⁷

⁵⁷LAC, MG28-III62, vol. 17, "Policy Declarations," Ottawa 1933, 32-3; and LAC, RG33/23, Rowell-Sirois Commission, *Submissions*, vol. 4, exhibit 87, "Section I." For additional examples, see the CCC declarations from Winnipeg 1934, 36; Toronto 1936, 41; Vancouver 1937, 47; and LAC, MG28-I230, vol. 14, "Executive Council Minutes," 29 Jan 1937, 21.

This opposition to the growth of the state was rooted in various deeply-instilled beliefs. In the first place, particularly during the early 1930s, many business leaders attributed the causes of the Depression to short-term factors largely beyond the immediate control of anyone within Canada. The excessive speculation and spending of the late 1920s, the overproduction of certain commodities and an unstable international situation, among other things, were all commonly cited in this respect. As a result, it was thought that if one were to “wait things out,” conditions would eventually improve. In 1931, for example, then president of the Canadian Bank of Commerce, Sir John Aird, comforted shareholders with the surety that “as economic forces are ever in a plastic state, recuperative forces are at work.” That such attitudes had delayed the adoption of more “comprehensive and long-range measures” to address the Depression was certainly the view held by H.W. Macdonnell, secretary of the CMA’s “Industrial Relations” department. “Even today,” he suggested, “one of the greatest difficulties that confronts governments is not knowing whether, if left to itself, private enterprise might not, with the upswing of trade, reabsorb the great bulk of the unemployed ... Obviously, if private enterprise can do this it is infinitely better that governments should stand aside and not interfere.”⁵⁸

The belief that the economic problems of the day ought to be left to work themselves out was further reinforced by the persistence of classical *laissez-faire* economics, which held

⁵⁸ See, for example, “Royal Bank Executives Make Strong Recommendations,” *IC*, Feb 1931, 92-3; W.H. Miner, “The President’s Annual Review,” *IC*, July 1932, 139; and H.W. Macdonnell, “The Problem of Unemployment and Relief,” *IC*, June 1936, 40-1. Also, see Canadian Bankers on the Business Outlook,” *IC*, Feb 1931, 99-101; J.B. Alexander, “The Present Business Reaction,” *JCBA* 38, 1 (Oct 1930), 55-6; Beadry Leman, “The Fiscal Position of Canada,” *JCBA* 38, 2 (Jan 1931), 145-6; “The Outlook for 1932,” *JCBA*, 39, 2 (Jan 1932), 154-5; and the “Leaving well enough alone” suggestions listed in “Suggested Means to Accelerate Recovery,” *IC*, Jan 1934, 78.

that the self-regulating market would eventually remove most temporary aberrations that occurred. If prices and hence wages were left to fall far enough, the market would inevitably reverse itself and unemployment would be resolved. Interference with the market was, in fact, said to have the potential to make things even worse by introducing “artificial” barriers to the market’s attempt to reach its equilibrium. These were precisely the principles expressed in a November 1936 article, which, in the opinion of its editor, was considered to be “one of the most important” that had “appeared in *Industrial Canada* for a long time.” It warned Canadians: “[W]e are [presently] in danger of allowing the depression – which arose from causes entirely outside the production process – to divert us from sound principles and rush us into plans which are not only expensive, and, according to experience, unnecessary, but bound to defeat the very end we seek.” “[R]ecovery,” it declared, “cannot be forced by low interest rates – or paper money – or propaganda. It is a purely natural process of wearing out.” The extent to which these old certainties were beginning to dissolve under the corrosive effect of the ongoing economic crisis, however, was well illustrated in the aforementioned writings of Macdonnell, published only months earlier. For notwithstanding his preference for a private-enterprise solution to the Depression, Macdonnell was ultimately prepared to admit that since “there is no way of knowing what private enterprise could do if left to itself, and with the situation so serious as it is, governments have no option but to take action.”⁵⁹

As the 1930s wore on, the persistent hope that the Depression might correct itself

⁵⁹ “How Raise the Standard of Living?” *IC*, Nov 1936, 39-43; and Macdonnell, “The Problem of Unemployment and Relief,” *IC*, June 1936, 40-1.

continued to intermix with traditional business concerns relating to containing the costs of government. High taxes, as we have seen, were regarded as a drag on business investment and, by extension, the economy in general. As the CCC's policy statement of 1933 explained, "if Canada expects to attract investment funds or to promote its own internal development, she must first put her own house in order." Insurance and investment companies, which had loaned billions of dollars to the federal, provincial and municipal governments, were among the most vociferous proponents of such sentiments. At the time of the CCC declaration, the combined debt load of the federal government and Canadian National Railways had grown to 67.4 percent of their annual income. And while this figure had been reduced to 27 percent by 1937, many financial services firms remained uneasy about the potential that "arbitrary" legislation might be employed to escape repayment, as in the case of the Alberta government's unilateral reduction in the rate of interest on its province's debt in 1936. During the late 1930s, the Canadian Life Insurance Officers Association, the Investment Dealers Association of Canada, and the Dominion Mortgage and Investment Association, all thus emphasized the need for balanced budgets and for restricting "undue borrowing" on the part of provincial and municipal governments in each of their representations to the Royal Commission on Dominion Provincial Relations.⁶⁰

When business people did contemplate proactive responses to the Depression, many

⁶⁰ LAC, MG28-III62, vol. 17, "Policy Declarations," Ottawa 1933, 33; Rowell-Sirois Commission, Report, vol. 3, 20 and 66-7; Finkel, *Business and Social Reform*, 141-4, and LAC, RG33/23, vol. 4, exhibits 92 and 108, and vol. 11, exhibit 272. Also, see LAC, MG-III62, vol. 17, "Policy Declarations," Toronto 1936, Vancouver 1937, and the Seignior Club [Montebello, PQ], 41, 47, and 52; and LAC, MGI230, vol. 14, "Executive Council Minutes," 27 Jan 1927, 20-1; and "The Unconscious Taxpayer," *IC*, Dec 1937, 37.

of them frequently drew upon solutions from the past. The CMA's "Made-in-Canada" campaign, for instance, was one such example. This initiative urged all levels of government, and indeed all citizens, to support the domestic economy by "buying Canadian." It was an idea that had roots stretching back to the early tariff propaganda of the CMA, but first became organized in a serious way after the end of the First World War. The patriotism inspired by the war and the hard times of the 1930s both presented new opportunities for manufacturers to strengthen these appeals. By the early 1930s, their campaign to do so was receiving assistance from sources as diverse as the federal Department of Trade and Commerce, the press, radio stations, and associations representing women, labour, wholesales, retailers and others. Regrettably, however, as Clark points out, "[w]hile many people were convinced that they ought to buy Canadian goods, the translation of the moral belief into positive action did not readily follow."⁶¹

The "Back-to-the-Land" movement provided another seductive proposal for dealing with the problem of unemployment. If work could not be found for the unemployed in the cities, was it not preferable to place them and their families on the land so that they might become a self-supporting unit rather than a drain on municipal relief rolls? Or perhaps displaced factory workers could subsist as farm hands on one Canada's many homesteads until better times returned? As historian James Struthers contends, such attitudes meshed rather nicely with the perceived class interests of two of the most significant interest groups in early twentieth-century Canada: business owners and farmers. Placing unemployed

⁶¹ Clark, *The CMA*, 57-61 and 93-4; "A Sound Remedy for Unemployment," *IC*, Oct 1930, 72; "Suggested Means to Accelerate Recovery," *IC*, Jan 1934, 76-7; and LAC, MG28-I230, "Executive Council Minutes," vol. 13, 4 Sept 1931, 2-5.

workers back on the land, whether on homesteads of their own or as farm labourers, was not only believed to be cheaper than sustaining them on relief, it had the added advantages of creating a cheap pool of farm labourers while also maintaining a “reserve army” workers for possible reabsorption into the workforce as the demand for labour improved. It is, therefore, understandable why this idea figured into the strategies for combatting the problems of the Depression that were put forth by both the CCC and CMA.⁶²

Yet aside from its folksy political attractiveness, there was little else to recommend “back to the land” as a solution to Canada’s unemployment problem. In 1936, one internal federal committee on land settlement was devastating in its criticisms of such policies. At that time, it noted, there were already over 30,000 farm families presently on relief. It made little sense, therefore, as the chairman of the Committee contended, for the government to spend additional tax dollars to “start people up in private business ... in a line ... that has never been profitable in Canada.” Even the Calgary city council, faced with prospect of caring for over 5000 transients in 1936, nonetheless “vigorously protested against the small pay, long hours, poor clothing and ‘coercion’ surrounding the farm-placement plan.” Doubts about the “back-to-the-land” movement were even expressed by some of Canada’s business leaders as well. J.H. Webb, head of the CMA’s Quebec division, for example, warned “[t]here are many men who have been employed in our factories, now idle, who have not the slightest idea or desire

⁶² Struthers, *No Fault of Their Own*, 8-9, 28, 92, 156-7 and 211; LAC, MG28-III62, “Policy Declarations,” vol. 17, Winnipeg 1934 and Toronto 1936, 38-9 and 44-5; LAC, MG28-I230, vol. 13, “Executive Council Minutes,” 22 May 1933, 9; F.C. Brown, “The Problem of Unemployment Discussed” *IC*, April 1932, 64; and Macdonnell, “The Problem of Unemployment and Relief,” *IC*, June 1936, 40-1. As Struthers points out, however, some farmers did come to resent the assistance that was afforded to the unemployed in establishing themselves on the land when, they felt, so little had been done to assist those farmers who were already “self-supporting.”

for farming ... You cannot dump a man on the land and expect him to come through right." Consequently, by the early 1940s, amidst growing criticisms and the continued decline of agriculture as a proportion of the Canadian economy, the longstanding dream of shuffling Canada's unemployed back on to its agricultural frontier had finally ended.⁶³

Other proposals put forward by the business community stretched across a wide spectrum. Calls for federal regulation of industry to stop price cutting and other forms of "chiselling" were little more than a throwback to the business community's long-standing demand for protection from "unfair" competition. As such, they were bound to generate little sympathy from hard-pressed consumers. F.C. Brown, while speaking as president of the CMA in 1938, said that he still thought "properly run work camps" provided "the best training for idle young men." Incarceration of the poor, however, was found to be not only relatively expensive but also to create breeding grounds for social unrest. It was for these reasons that the Department of National Defence's relief camps had been disbanded by the government on 1 July 1936. Still others held out the hope that "patience," "hard work and economy," and "more intensive and aggressive methods on sales" somehow would be enough to bring about an end to the Depression. Sadly, it was not.⁶⁴

⁶³ Struthers, *No Fault of Their Own*, 157 and 160-1; and "Discussion of the Report [of the Industrial Relations Committee]," *IC*, July 1932, 156. Also, note the disappearance of this proposal in the policy declarations of the CCC, in LAC, MG28-III62, vol. 17, Vancouver 1937 to Winnipeg 1946, 47-82. And, see W.S. Waines, *Prairie Population Possibilities*, Royal Commission on Dominion-Provincial Relations, Study No. 8 (Ottawa, 1939); and C.F. Frotheringham, "We Can't Put More People on the Prairies," *CB*, Sept 1940, 42-44.

⁶⁴ "Suggested Means to Accelerate Recovery," *IC*, Jan 1934, 77-8; "Stepping Stones to Recovery," *IC*, June 1936, 52; LAC, MG28-I230, vol. 13, "Executive Council Minutes," 22 May 1933, 9; and Struthers, *No Fault of Their Own*, 99-101 and 158-9. As Struthers explains, it cost \$42.00 per month in order to maintain an unemployed man in the relief camps, whereas the same man could be maintained under the farm-placement scheme for only \$13.00 per month.

As the 1930s wore on, though, there was at least the beginnings of a perceptible change among business associations as to how the state might play a different role in alleviating some of the problems of the Depression. Hit hard by the downturn of the early 1930s, the construction industry called for reduced interest rates and state-backed loan guarantees for home renovations or new-home construction. Both the CCC and the CBA endorsed similar policies as well. Although these were not necessarily new ideas, the scale of the programs of that were advocated and undertaken during 1930s well exceeded anything that had been done before. Furthermore, it was at this time that the generally conservative CMA began to move towards supporting the systematic timing of public works projects in order to offset movements in the business cycle, as opposed to the *ad hoc* system of responding to economic contingencies that it had favoured in prior years.⁶⁵

At the same time, there was often an intermingling of traditional business concerns about the costs of government programs along with newer ideas about how government might be better employed to “scientifically manage” the costs of social problems. The CMA, for instance, eventually came to favour a “contributory, all-in” system of old-age pensions, as opposed to the “residual, means-tested” system that was adopted by the federal government in 1927. In its view, the former system would be both more efficient in terms of administration and more fair to those who had worked to make some provision for their retirement. Similarly, in the interests of “assuring maximum efficiency through administration

⁶⁵ “The Construction Industry’s Plea for Cheaper Money,” *IC*, Oct 1933, 26-8; Finkel, *Business and Social Reform*, 103-9 and 171-3; LAC, MG28-III62, vol. 17, “Policy Declarations,” Ottawa 1933, 34; McDowall, *Quick to the Frontier*, 283 and 333-4; and RG33/23, Rowell-Sirois Commission, *Submissions*, vol. 11, exhibit 271, “Section VIII.”

removed from the influence of local governments,” the CCC supported placing all unemployment relief under the administration of the federal government.⁶⁶

Such ideas, however, still had their limits. Both the CCC and CMA flatly opposed the notion that anything in the way of deficit-financed spending on public works or the extensive regulation of wages and hours work – along the lines of the US National Recovery Act – should be implemented in Canada. The CMA was also strongly critical of Canada’s eventual answer to the National Recovery Act, the Employment and Social Insurance Act of 1935. Throughout the late 1930s, it thus sought a number of amendments aimed at “reduc[ing] the burden” that it would impose to “a minimum,” including the indefinite postponement of any system of unemployment insurance. The CCC, on the other hand, remained largely silent on the issue of unemployment insurance in its policy declarations of that period, likely suggesting the difficulties its conventions had experienced in securing agreement on what, by then, had become fairly divisive issues in both the business community and the nation at large.⁶⁷

It is also worth emphasizing that the positions of business organizations did not necessarily represent the views of all or, at times, even a majority of their members. The positions of these organizations were, at best, an imperfect “barometer” of business opinions – one most effective when consulted over the *longue durée*. The differing views among

⁶⁶“Report of the Industrial Relations Committee,” *IC*, July 1929, 45; LAC, RG33/23, Rowell-Sirois Commission, *Submissions*, vol. 4, exhibit 89, “Section III”; LAC, MG28-III62, vol. 17, “Policy Declarations,” Winnipeg 1934 and Toronto 1936, 36 and 44.

⁶⁷ LAC, MG28-III62, vol. 17, “Policy Declarations,” Ottawa 1933 to Seignory Club 1938, 32-58; LAC, MG28-I230, vol. 14, “Executive Council Minutes,” 17 April 1935, 2-3; James H. Webb [CMA president, 1935], “There is No Shortcut Back to Prosperity,” *IC*, May 1935, 47; and W.S. Morden [CMA president, 1936], “A Survey of Canada’s Industrial Position,” *IC*, July 1936, 74.

individual businessmen during the 1930s are well demonstrated by a discussion of unemployment insurance among the CMA Executive Council, which took place on 19 October 1933. Opening the debate, A.R. Goldie, Chairman of the Industrial Relations Committee, expressed the view that “unemployment insurance in some form...[was] inevitable in Canada,” and that therefore “it would be better policy to admit the situation and try to influence, as far as possible, unemployment legislation in order that it will secure the best results and do the least harm.” Three members of the Executive Council, H.M. Jaquays and B.W. Coghlin, of Montreal, and J.G. Robson, of British Columbia, thought the CMA should continue to oppose “any plan of national unemployment insurance.” L.W. Simms, of New Brunswick, meanwhile, supported Goldie’s position, stating he favoured “starting in a moderate way and on a sound basis a system of contributory unemployment insurance.” The deadlock was eventually broken by the CMA president, Major L.L. Anthes, who suggested that the relevant portion of the report be referred back to the division committees for additional discussion. This recommendation was then unanimously adopted by the Council.⁶⁸

A similar deadlock was then evident in R.B. Bennett’s federal cabinet where the champion of the small businessman, Harry Stevens, complained about the predatory pricing practices of big businesses, while the guardians of the orthodoxy of the First National Policy, like Charles Cahon, upheld the prerogatives of the companies that had “made” Canada. Bennett brokered that impasse – temporarily – by giving Stevens a Royal Commission on Price Spreads in 1934. Its report, issued one year later, further shunted Bennett in the direction of state intervention, in this case in the area of regulating further “ground rules” for

⁶⁸ LAC, MG28-I230, vol. 14, “Executive Council Minutes,” 19 Oct 1933, 8-11.

the operation of the capitalist system. By that time Stevens had defected to form his own “Reconstruction Party” in order to promote an even more ambitious vision for employing the state to reform Canadian society in the interests of “ordinary Canadians.” And while Stevens would be the only member of his new party to gain a seat in the 1935 election, the Reconstruction Party’s 10 percent share of the popular vote would contribute to Bennett government’s ultimate defeat in that same election. The Conservative party, like the national paradigm it had helped to engender, was coming undone.⁶⁹

Between the mid- to late nineteenth century, organized business interests and successive federal governments had thus articulated a vision of national development based upon providing the limited economic infrastructure thought to be necessary to unleash the untapped potential of the young Confederation of Canada. For a time, all was well. Even though the First National Policy had been developed by a fairly narrow section of Canadian society, it appeared to work for the benefit of the general good. But in the face of the economic and social instability of the interwar years, this perception began to change as the list of Canadians with reasons for grievance continued to grow and they too organized themselves into interest groups capable of aggregating and pressing their demands upon the federal state. In response, the Canadian business community and the state both struggled to formulate pragmatic responses to the problems of the day. Yet despite such efforts, if there

⁶⁹ John H. Thompson with Allen Seager, *Canada 1922-1939: Decades of Discord* (Toronto: McClelland and Stewart, 1985), 260-1; P.B. Waite, “R.B. Bennett,” *Dictionary of Canadian Biography* (hereinafter, *DCB*), vol. XVII, available: www.bibliographi.ca, 4 August 2005.; and the Royal Commission on Price Spreads, *Report* (Ottawa, 1935).

was a dominant theme in business thought and public policy during this period, it might be best characterized as one of growing confusion. In the urban-industrial society that Canada had become, many sensed the old paradigm had become less tenable than ever. As the 1930s drew to a close, however, it remained to be seen as to what might replace the First National Policy, particularly because its piecemeal erosion over the preceding two decades had by then opened political space for the consideration of so many other policy options. Why and how some of these options eventually came to be translated into a coherent, legitimate, and ultimately successful alternative paradigm is the subject of our remaining chapters.

3. THE “VISIBLE HAND:” SCIENTIFIC MANAGEMENT IN BUSINESS, GOVERNMENT, AND SOCIETY, 1897 - 1939

As the processes of urbanization and industrialization unfolded in Canada, the United States, and elsewhere during the mid-nineteenth to the early twentieth centuries, society became increasingly integrated, complex, and volatile. Railroads, telegraphs, telephones, radios, and mass-circulation newspapers and magazines eradicated distances. The growth of large-scale business enterprises in manufacturing, retailing, banking, and other economic sectors intensified competition and increased the risk and incidence of business failures. Urban centres expanded to unprecedented proportions, along with supposedly “urban” problems such as poverty, crime, and disease. All the while, the overall pace and character of economic and social change appeared to quicken and deepen with every passing year.

These developments precipitated what American historian Robert H. Wiebe aptly-termed as “a search for order.” Between the late nineteenth and early twentieth century, a diverse group of business, government, and social “reformers” began to respond to the challenges of urban-industrial society through promoting the application of business and scientific methods by recognized experts. These efforts resulted in the evolution of new academic disciplines, new professional organizations, and new social institutions, all of which contributed to the expansion of the scientific analysis and precise management of individuals and society. Universities initiated “commerce” and “business administration” programs, sending hundreds of students trained in “scientific business methods” into the workforce. Accountants, engineers, and other emerging professions established profession societies, enabling them to regulate and extend their respective areas of expertise. And business,

government, and other sections of society continued to absorb these experts and systems of knowledge, thereby reinforcing their presence in economic, political, and social life. That is to say, over the course of the “progressive” era, “progress” came to be broadly associated with science, professionalization, and efficiency through orderly control.

This chapter looks at the nature and development of this broad-based ideological movement, and its diffusion within Canadian society. It begins with a brief discussion of the historical literature on managerial capitalism and modern bureaucracy; its applicability to the Canadian context; and the main principles of scientific management, as revealed through the life and work of three of its American “pioneers:” Frederick W. Taylor, Henry Lawrence Gantt, and Harrington Emerson. It then moves on to consider how this ideology was assimilated into as well as developed within Canadian business firms, university departments, government agencies, and other social organizations. Accordingly, it thus begins to outline an essential element in the formation of the concepts and communities that constituted the macro-political foundations of the modern welfare state.

3.1 The advent and ideology of scientific management

Twenty-five years after its initial publication, A.D. Chandler’s seminal, Pulitzer prize-winning work, *The Visible Hand: The Managerial Revolution in American Business*, remains the standard text on the rise of the managerial capitalism in the United States. According to Chandler, technological developments in transportation and manufacturing provided the genesis of the evolution of “big business” in sectors of the economy in which large-scale, capital-intensive methods of production and distribution could allow a few large firms to

dominate an industry. In these cases, he argued that the most successful companies were often those who recognized early on that economies of scale could be most effectively exploited by centralizing and internalizing the administrative control of the production process, thereby enabling a more intensive use of resources than could be obtained through traditional sub-contracting arrangements and other market mechanisms. Such coordination, however, required a growing number of managers, accountants, and clerks to plan, track, and control the day-to-day running of the firm. The positioning of this new management structure, between the firm and its ownership, ideally situated it to control the flow of information about the company's operations. This placed managers in the best position to conceive and to plan the firm's long- and short-term objectives. The end result, Chandler concluded, was that the "managerial revolution" saw the "visible hand" of management displace both the market and owners of production as the driving force of the large-scale business enterprise and, to a certain extent, the economy at large.¹

Chandler's work was a major addition to what fellow historian Louis Galambos had identified seven years earlier as the "emerging organizational synthesis in modern American history." Galambos suggested that this new synthesis eschewed the traditional emphasis upon "liberal-conservative political struggles leading to pulses of progressive reform," and instead stressed that "the primary processes of change involved organization building, both public and private, and the creation of new and elaborate networks of formal, hierarchical structures of authority." In this interpretation, "America's rendezvous was with not with the liberal's good

¹ See A.D. Chandler, *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, Mass.: Harvard University Press, 1977), esp. 1-14 and 484-500.

society. It was with bureaucracy."² Together with Robert H. Wiebe's 1967 book, *The Search for Order, 1877-1929*, which looked more broadly at the construction of modern bureaucracies in America, *The Visible Hand* would prove to be among the most influential stimulants to further scholarship in the new "organizational school" of American history. Indeed, by the time that Galambos would return to survey the state of this interpretive framework in 1983, he could speak of an entire range of scholarship that had by then emerged around three central themes: technology, political economy, and professionalization.³

Over the last quarter-century, therefore, Chandler and other scholars in the organizational tradition have told us much about the way in which technological and organizational developments propelled the development of large-scale industry and other modern, bureaucratic institutions in the United States. Comparative studies such as A.D. Chandler, Jr., and Herman Daems' collection of essays on Germany, France, and other nations further explored the extent to which this model might have a more general applicability, as did a number of monographic studies by scholars working within these and other national contexts. In Great Britain, for instance, social historian Harold Perkins has gone so far as to suggest that twentieth-century English society is best understood not in terms of class

² Louis Galambos, "Technology, Political Economy, and Professionalization: Central Themes of the Organizational Synthesis," *Business History Review* (hereinafter *BHR*) 57 (Winter 1983), 471; and see also Louis Galambos, "The Emerging Organizational Synthesis in Modern American History," *BHR* 44 (Autumn 1970), 279-90.

³ Galambos, "Technology, Political Economy and Professionalization," 417-2. Also on Chandler's influence, see Richard R. John, "Elaborations, Revisions, Dissents: Alfred D. Chandler, Jr.'s, *The Visible Hand* after Twenty Years," *BHR* 71 (Summer 1997), 166-76.

frictions, but rather in terms of competing professional hierarchies.⁴ Unfortunately, any mention of Canada is often absent from these analyses, and, among Canadian historians, there have been few notable attempts to explore these questions along the same lines.⁵ In fact, perhaps the closest example of the organizational perspective in Canada has been produced by a sociologist, Graham Lowe.⁶ The rise of managerial capitalism more generally is, however, dealt with in Graham Taylor and Peter Baskerville's survey of Canadian business history, and in works by Greg Kealey, Craig Heron, and others.⁷ On the basis of this evidence, and as discussed below, it would appear as though a similar pattern of economic and organizational development could be argued for Canada as well.

Be that as it may, Chandler's work is best understood as part of a wider

⁴ A.D. Chandler and Herman Daems, *Managerial Hierarchies: Comparative Perspectives on the Rise of the Modern Industrial Enterprise* (Cambridge: Harvard University Press, 1980); Galambos, "Technology, Political Economy, and Professionalization," 472-5. Also see Derek F. Channon, *The Strategy and Structure of the British Enterprise* (Cambridge: Harvard University Press, 1973); John Zysman, *Political Strategies for Industrial Order: State, Market, and Industry in France* (Berkeley: University of California Press, 1977); and William Tsutsui, *Manufacturing Ideology: Scientific Management in Twentieth-Century Japan* (Princeton: Princeton University Press, 1998).

⁵ On Canada's business history, see Duncan McDowall, "Business History as Public History: One of Canada's Infant Industries," *JCS* 20, 3 (Autumn 1985), 5-21; and Michael Bliss, "Canadian Business History at the Crossroads," *Business Quarterly* 56, 3 (Winter 1992), 33-7.

⁶ Graham Lowe, *Women in the Administrative Revolution: The Feminization of Clerical Work* (Cambridge: Polity Press, 1987), 24-46.

⁷ See the relevant portions of Bliss, *Northern Enterprise*, 285-513; Taylor and Baskerville, Ch. 230-410 and 438-65; Gregory S. Kealey, *Toronto Workers Respond to Industrial Capitalism 1867-1892* (Toronto: University of Toronto Press, 1980), 1-34; and Craig Heron, *Working in Steel: The Early Years in Canada, 1883-1935* (Toronto: McClelland and Stewart, 1988), 9-72. Also see the brief, but important, treatments of "scientific management" in Bryan D. Palmer, *A Culture in Conflict: Skilled Workers and Industrial Capitalism in Hamilton, Ontario, 1860-1914* (Montreal: McGill-Queen's University Press, 1979), 216-22; Craven, *An Impartial Umpire*, 93-100; Cynthia Toman, "'Scientific Brains are Better than Trained Muscles:' Scientific Management and Canadian Nurses," *Nursing History Review* 11 (2003), 89-108.

historiographical context. As with all historical interpretations that have attracted so much attention, there has been many “elaborations, revisions and dissents” from both Chandler and the organizational perspective more generally.⁸ For instance, whereas Chandler provided a largely positive view the rise of managerial capitalism, Harry Braverman and several of his labour historian colleagues averred that any calculation of the net result of its productivity gains and other supposed benefits must be weighed against its further weakening of the relative position of labour and the “degradation of work.”⁹ Others placed greater emphasis upon the political dimensions of the growth of big business. This included direct questioning of the relative importance of socio-political factors in economic developments, as well as parallel investigations into the political consequences of managerial capitalism. In the latter case, for those on the left, most notably in the work of Gabriel Kolko, the regulatory agencies created to control monopoly capital in fact became its captives; thus thwarting the very “public interest” that these institutions were supposed to protect. For those on the right, such as Jonathan R.T. Hughes, the “regulatory impulse” to protect the public interest was simply another name for what he called “the governmental habit” – the results of which were less efficient industries, higher prices, and a greater burden upon taxpayers.¹⁰ Still others were

⁸ Here, I am particularly indebted to John, “Elaborations, Revisions, Dissents,” 176-200; Galambos, “Technology, Political Economy, and Professionalization,” 472-91; and Thomas K. McCraw, “Regulation in America: A Review Article,” *BHR* 49 (Summer 1975): 162-75.

⁹ See, for example, Harry Braverman, *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century* (New York: Monthly Review Press, 1974); and David Montgomery, *Worker's Control in America: Studies in the History of Work, Technology, and Labor Struggles* (Cambridge: Cambridge University Press, 1979).

¹⁰ Gabriel Kolko, *The Triumph of Conservatism: A Reinterpretation of American History, 1900-1916* (New York: Free Press of Glencoe, 1963); and Jonathan R.T. Hughes, *The Governmental Habit: Economic Controls from Colonial Times to the Present* (New York: Basic Books, 1977).

more concerned with questions relating to the rise of managerial capitalism that lay outside of the scope of Chandler's account. There is very little within the *Visible Hand*, for example, for those such as Lowe and others who wanted to know more about the gender-specific consequences of the managerial revolution.¹¹

To extrapolate from a conclusion Galambos reached in 1983, what still connects much of the above work is "the kind of moral judgements that have always characterized the best historical scholarship." Implicit in this literature is an ideological statement about the positive or negative effects of capitalism and technology. Whatever the case, most can agree that the business world of the late nineteenth and early twentieth centuries greatly differed from that which came before it. Prior to the mid-nineteenth century, most business firms were small to medium-size enterprises, operated in only one location by a single owner-manager or a handful of partners. Moreover, the practices and procedures employed in managing these "traditional enterprises" were relatively straightforward, and essentially unchanged over the last several preceding centuries. As business historian Stuart Bruchey points out, the enterprise of the eighteenth-century Boston merchant "would have been immediately understood by the fifteenth century merchant of Venice," and vice-versa. Yet either of these individuals would have been in awe of the operations of any one of North America's large-scale retailers of the early 1900s. At this time, the Timothy Eaton Company, for example, was comprised of dozens of geographically-dispersed manufacturing operations, retail

¹¹ Lowe, *Women in the Administrative Revolution*. Also, see Lisa Fine, *Souls of the Skyscraper: Female Clerical Workers in Chicago, 1870-1930* (Philadelphia: Temple University Press, 1990); and Angel Kwolek-Folland, *Engendering Business: Men and Women in the Corporate Office, 1870-1930* (Baltimore: John Hopkins University Press, 1994).

locations, and administrative offices, encompassing a workforce of about 11,700 employees and generating revenues in excess of \$ 50 million. As if this alone were not enough to manage, Eaton's faced the added challenge of keeping track of more than 4,500 customer deposit accounts, as well as the thousands of wares that filled its over 500-page catalogue.¹²

Indeed, one of the most remarkable features of the late nineteenth and early twentieth centuries was the expansion of the scale and scope of business. Throughout this period, one could still point to "the persistence of small business" within many sectors of the economy. Even as late as the 1930s, for instance, close to 90 percent of all manufacturing establishments still employed less than fifty people. [Table 3.1] Furthermore, as historians Peter Baskerville and Graham Taylor elaborate, "small independent retailers comprised more than 90 per cent of all enterprises ... [and m]ore than one-quarter of the country's workforce was involved in farming or fishing, areas in which small-scale, decentralized operations predominated."¹³ A different look at the data, however, highlights some significant areas of change. In the manufacturing sector, over 42 percent of the labour force worked in industrial establishments employing more than 200 people by 1922, a figure which rose to 57 percent by 1945. [Table 3.2] By this time, larger manufacturers, the majority of which were concentrated in Ontario and Quebec, accounted for a considerable proportion of the gross value of production as well.

¹² With respect to the "traditional enterprise," see Chandler, *The Visible Hand*, 13-78; McCalla, "An Introduction to the Nineteenth-Century Business World," 13-23; and Bliss, *A Living Profit*, 139-140. Also, see Stuart Bruchey, *Robert Oliver, Merchant of Baltimore, 1783-1819* (Baltimore: John Hopkin's University Press, 1956), 370-1; Joan Santink, *Timothy Eaton and the Rise of his Department Store* (Toronto: University of Toronto Press, 1990), 225-33; and Rod McQueen, *The Eatons: The Rise and Fall of Canada's Royal Family*, rev. ed. (Toronto: Stoddart, 1999), 39.

¹³ Baskerville and Taylor, *A Concise History of Business in Canada*, 349.

[Table 3.3] And, while small businesses continued to predominate in some traditional areas of the economy, this was also the period that witnessed the rise of Canada's great transcontinental railways, retailers, and banks.¹⁴

**Table 3.1: Proportion of industrial establishments
by number of employees in Canada, 1890 - 1945**

Date	% employing < 5 people	% employing < 50 people	% employing > 200 people	% employing > 500 people
1890	81	—	—	—
1922	66.4	91.5	2.2	0.4
1930	52.5	89.6	2.5	0.8
1945	44.3	87.3	3.4	1.3

Source: Calculations by the author based upon *Canada Yearbook* (1929); and Leacy, Urquhart, and Buckley, *Historical Statistics of Canada*, R812-25.¹⁵

¹⁴ See *Ibid.*, 248-334; Bliss, *Northern Enterprise*, 285-445; and Norrie and Owrarn, *A History of the Canadian Economy*, 358-81, 452-58, and 485-8.

¹⁵ Figures are rounded to the nearest one-tenth percent. Also, note that not all of the above figures are precisely comparable across time, particularly in the less than five column, owing to the changes in the definition of manufacturing. The 1890 figure, for instance, includes establishments such as blacksmiths and repair shops. The 1922 figure eliminates many of the firms that would not be considered to be manufacturing establishments by today's definition, but still includes dry-cleaning and dyeing establishments. In any case, even the fact that these smaller-scale enterprises were considered to be worthy of being counted as manufacturing establishments in the censuses prior to 1922 speaks to the smaller scale of economic activity at that time. Firms with less than five employees were not enumerated in the censuses of 1901 and 1911.

Table 3.2: Proportion of industrial labour force employed by size of establishment in Canada, 1922 - 1945

Date	< 5 people % employed	< 50 people % employed	> 200 people % employed	> 500 people % employed
1922	5.7	27.6	42.3	19.9
1930	3.7	26	44.9	25.7
1945	2.7	20.2	57.2	39.9

Source: Calculations by the author based upon Leacy, Urquhart, and Buckley, *Historical Statistics of Canada*, R812-25.

Table 3.3: Proportion of the gross value of production produced by size of establishment in Canada, 1922 - 1945

Year	% < 25 k/yr production	% 25-499 k/yr production	% 500 k/yr + production	Total
1922	4.5	29.6	65.8	100
1930	2.8	26.9	70.3	100
1945	1.5	18.6	79.8	100

Source: Calculations by the author based upon Leacy, Urquhart, and Buckley, *Historical Statistics of Canada*, R783-794.¹⁶

As businesses became larger and more complex, higher fixed-overhead costs in the form of managers, accountants, clerks, and secretaries came with it. This trend was reflected in the growth of each of these occupational categories. During the four decades from 1891 to 1931, for instance, owners, managers, and professional occupations went from comprising 8.1 to 11.5 percent of the Canadian labour force, while the number of clerical workers more

¹⁶ For Tables 3.2 and 3.3, useful statistics are unavailable prior to 1922. (See note 6.)

than tripled from 2 to 6.7 percent. These figures become even more pronounced when segregated by industrial sector. In the manufacturing sector, for example, there was a 34 percent increase in clerical workers from 1911 to 1931, followed by finance, trade, and transportation and communication which experienced 20.9, 15.6 and 14.1 percent increases, respectively, over the same period.¹⁷

The creation of formal business procedures and the existence of a managerial class of workers were not entirely novel developments. As sociologist Leland H. Jenks explains, some degree of planning and coordination had long been carried out in the larger “manufactories” dating from the earliest phases of the Industrial Revolution. In such an operation, “a considerable number of officers might be involved in the creation, adaptation, and development of organization...[and so] there developed little clusters of socially sustained norms and concepts” relating to how certain business problems ought to be resolved. Yet, even in such cases, Jenks notes that the intercommunication of specific business practices remained uncommon, depending largely upon direct observation, word of mouth, or individual transfer of employment. But while this is true enough in a relative sense, there are some notable exceptions to this general rule. Manuals on plantation management, for example, dated back to the colonial era. Standardized textile mills laid out according to specific plans developed by machinery manufacturers and designers dated back in the early nineteenth century. And discussions of organizational problems among railway managers and

¹⁷ Seymour Melman, “The Rise of Administrative Overhead in the Manufacturing Industries of the United States 1899-1947,” *Oxford Economic Papers* 3, 1 (1951), 62-112; Chandler, *The Visible Hand*, Ch. 12; Leacy, Urquhart, and Buckley, *Historical Statistics of Canada*, D86-108; and Lowe, *Women in the Administrative Revolution*, 24-54 and 193, n5.

engineers dated back to the mid-nineteenth century.¹⁸

What was particularly novel about the period between the late nineteenth to early twentieth centuries, therefore, was intensification of the intercommunication and the formalization of business practices. These processes were constituted through:

- the formation of professional societies of engineers and business managers, such as the American Society of Mechanical Engineers (ASME)(1880), the Canadian Society of Civil Engineers (CSCE)(1887), the Dominion Institute of Chartered Accountants (DICA)(1902), and the Life Office Managers Association (LOMA)(1924);
- the creation of industry, trade, and professional journals, such as the *Monetary and Commercial Times: Insurance Chronicle* (1870), the *Wall Street Journal* (1889), the *Canadian Engineer* (1893), and the *Canadian Chartered Accountant* (1911); and
- the founding of schools of commerce and business administration, such as the British and American College (Toronto, 1860), the Ontario Business College (Belleville, 1868), the Forest City Business College (London, 1885), and the Central Business College (Stratford, 1887), as well as, later, within the university system.

As Jenks and others maintain, this was the point at which various “management communities” can be said to have begun to coalesce, as “[b]arriers of secrecy and idiosyncrasy were penetrated,” “[n]orms of practice emerged to justify given lines of action,” and “[g]eneral notions and principles were perceived” that were “capable of wide applicability and

¹⁸ Leland H. Jenks, “Early Phases of the Management Movement,” *Administrative Science Quarterly* (hereinafter, *ASQ*) 5 (1960), 424-5; Mills Lane (ed.), *Neither More nor Less than Men: Slavery in Georgia. A Documentary History* (Savannah: Beehive Press, 1993); and Chandler, *The Visible Hand*, 104-5.

considerable theoretical systematization.”¹⁹

Such was the historical context in which F.W. Taylor (1856-1915) and many of his fellow “pioneers” in the scientific-management movement began their careers. Taylor, the most widely-known member of this group, was born into a wealthy and well-connected Philadelphia family in 1856. His father, Franklin, was a successful lawyer, and had hoped that his son would follow a career in the same profession. To that end, Taylor was enrolled in Phillips Exeter Academy in 1872, a preparatory school in New Hampshire, to prepare him for an anticipated acceptance into Harvard University’s law school. Taylor’s interests, however, were more inclined to cricket, baseball, and mechanical invention rather than law. After his first year at Exeter, Taylor’s family thus reluctantly came to accept his desire to become an engineer – an usual career choice for a man of his background, given that there were only 7,000 engineers in the entire United States and that, in terms of “respectability,” engineering was still seen by some as but a short step away from manual labour.²⁰

When headaches caused by an undiagnosed sight disorder, known as astigmatism,

¹⁹ Jenks, “Early Phases of the Management Movement,” 425. Also, see Joseph A. Litterer, “Systematic Management: The Search for Order and Integration,” *BHR* 35, 4 (Winter 1961), 461-76, and “Systematic Management: Design for Organizational Recoupling in American Manufacturing Firms,” *BHR* 37, 4 (Winter 1963), 369-91; Millard, *The Master Spirit of the Age*, 4-105; Norene J. Pupo, “Educational Promises and Efficiency Ideals: The Development of Management Education in Ontario, 1900-1960” (PhD diss., McMaster University, 1984), 76-7; and José Luis Alvarez (ed.), *The Diffusion and Consumption of Business Knowledge* (London: Macmillan, 1998).

²⁰ Taylor’s life has been extensively chronicled, but the brief sketch of his early years provided here is based upon Daniel Nelson, *Frederick W. Taylor and the Rise of Scientific Management* (Madison: University of Wisconsin Press, 1975), 21-46; Judith A. Merkle, *Ideology and Management: The Legacy of the International Scientific Management Movement* (Berkeley: University of California Press, 1980), 34-42; and Andrea Gabor, *The Capitalist Philosophers: The Geniuses of Modern Business – Their Lives, Times, and Ideas* (New York: Times Books, 2000), 8-13. For further reading, one can also consult the dated, though well-researched and widely-cited biography by Frank B. Copley, *Frederick W. Taylor: Father of Scientific Management* (New York: Harper and Co., 1923).

forced an early withdrawal from school one year later, Taylor opted to follow the traditional route of learning his new trade on the shop floor rather than at one of the handful of institutions that were then only just beginning to offer the first engineering degrees. Following short apprenticeships at a variety of different firms, he joined the Philadelphia-based Midvale Steel Company in 1878, and gradually ascended to the position of Chief Engineer by 1885. Midvale provided an ideal work environment, in that it brought together a management team that supported innovation and granted considerable indulgences in allowing Taylor to conduct research and alter work processes. By 1890, however, Taylor was looking for bigger opportunities. In that year, he left Midvale to become the general manager of the Manufacturing Investment Company (MIC), a pulp and paper firm with four mills spread across the mid-west and eastern United States. Unfortunately, his experiences at MIC were not nearly as agreeable as those at Midvale. According to Taylor, MIC's patented process of manufacturing turned out to be "an enormous fraud." As a result, within three years, the firm was experiencing growing financial troubles and owner-management tensions. Unhappy and frustrated, Taylor left MIC shortly thereafter in order to strike out on his own as one of a growing number of independent business consultants. From there, he went on to establish his reputation as one of the original "gurus" of American business through the successes he helped to engineer at companies such as Bethlehem Steel, Tabor Manufacturing, and Link-Belt, as well as through his lectures, articles, and books.²¹

²¹ In fact, Taylor was not only the MIC's General Manager but also its tenth-largest stockholder. He later estimated a \$25,000 loss on this investment. Regarding his career at Midvale, MIC, and beyond, see Nelson, *Frederick W. Taylor*, 47-55 and 215, n36; Merkle, *Ideology and Management*, 34-42; and Gabor, *The Capitalist Philosophers*, 10-42.

Taylor's contribution to the scientific-management movement was not so much in developing an entirely original approach to management but in the way in which he systematized and, perhaps more importantly, popularized the concept of scientific management. The aims of his system, in essence, consisted of the attempt to centralize the firm's operations under the direction of technical experts; to rationalize the work processes to correspond with the "one best way" to accomplish corporate objectives, as determined by systematic inquiry; and to fix a "fair day's work for a fair day's wage." A number of techniques were recommended for doing so, including establishing a planning office, production scheduling, time-and-motion studies, the piece-rate wage system, and cost accounting. Taylor insisted his system ensured higher productivity and profits for both owners and workers; his critics countered it only ensured further gains for the owners at the expense of a more intensive exploitation of the workers. Whatever the case, Taylor was a tireless promoter of rationalized management, and his *magnum opus*, *The Principles of Scientific Management* (1911), quickly became an international best seller.²²

At least in part, the positive reception of Taylor's ideas can be attributed to timing. His message spoke directly to the concerns expressed in the management literature of the day, a common theme of which was that "as a result of their success and growth American firms

²² For an overview of Taylor's ideas, see F. W. Taylor, *Shop Management* (New York: Harper, 1903) and *The Principles of Scientific Management* (New York: Harper, 1911); and Daniel A. Wren, *The Evolution of Management Thought* (New York: Ronald Press, 1972), 111-46. On opposition to Taylorism, Taylor's promotional efforts, and the popularity of the *Principles*, also see Samuel Haber, *Efficiency and Uplift: Scientific Management in the Progressive Era 1890-1920* (Chicago: University of Chicago Press, 1964), 18 and 65-9; Nelson, *Frederick W. Taylor*, 115-25 and 168-80; Merkle, *Management and Ideology*, 27-37, 54-9 and 72-80; Stephen R. Barley and Gideon Kunda, "Design and Devotion: Surges of Rational and Normative Ideologies of Control in Managerial Discourse," *ASQ* 37 (1992), 370; and Tsutsui, *Manufacturing Ideology*, 18-49.

had reached a point at which internal operations were becoming increasingly chaotic, confused and wasteful.” Taylor’s system promised to bring order to this chaos.²³ At a broader level, the ideas of the scientific-management movement also meshed nicely with those of other reformers of the late nineteenth and early twentieth centuries. As Wiebe, Samuel Haber, and other historians of this era of have pointed out, during the early 1900s and 1910s, a rising middle-class reform movement could see in Taylor’s principles a certain ideological kinship with what they regarded as the ideal philosophy for an increasingly urban-industrial society. This group, often identified with the “Progressive” movement, encompassed a wide range of university professors, professionals, and politicians. And though they formed a highly diverse group, a consistent theme among them was the proposition that society and its institutions could be vastly improved if placed under the direction of technically-trained experts and professional managers. Their axioms were those of expertise, efficiency, and control, which, they contended, could be applied to much greater effect to the nation’s natural resources, governments, businesses, schools and even households. All of this enthusiasm for “science” was also closely associated growing ascendancy of the natural sciences over other forms of knowledge, such as religion and philosophy. Darwinism, for instance, put the religious account of the creation of man and the Christian morality of preserving all life on the defensive, while advances in the science of physics suggested that the nature of reality was to be found through the application of “hard science” rather than philosophical speculation. Hence, though scientific management, progressive politics, and the natural sciences were

²³ Regarding the management literature of the day, see Jenks, “Early Phases of the Management Movement, 420-47; Litterer, “Systematic Management: The Search for Order and Integration,” 461-76, and “Systematic Management: Design for Organizational Recoupling,” 369-91.

indeed derived from complex and varied origins, there was a certain convergence of ideas, values, and language amongst all three, which, in turn, contributed to further reinforcing and extending the influence of each of these ideologies.²⁴

It is also worth noting that Taylor was but one figure amongst a wide-range of associates, emulators, and competitors advocating a diversity of proposals, systems, and schemes. Henry Lawrence Gantt (1861-1919) was one such associate. Gantt was born into a well-to-do family of plantation owners in Calvert County, Maryland. Following the end of the Civil War, his family's fortunes took a turn for the worse, as his father, who had been a strong supporter of the Confederacy, proved "unable to adjust" to the new conditions of the Reconstruction era. In 1871, the plantation was sold and the family relocated to Baltimore where his mother began to operate a local boarding house. Despite the financial hardships that followed, Gantt earned a Bachelor's degree in science from John Hopkins University in 1880 and a mechanical engineering degree from Stevens Institute for Technology in 1884. Following a short career in teaching, he became an assistant engineer at the Midvale Steel Company in 1887. At Midvale, Gantt began working under the direction of Taylor, who would become his lifelong mentor and associate. From that point on, the two worked closely with one another not only at Midvale but also on several other projects thereafter, right up

²⁴ With respect to science, scientific management, and the progressive era more generally, see Haber, *Efficiency and Uplift*, ix-xii, 51-74 and 134-59; Wiebe, *The Search for Order*, 111-95; Paul Rutherford, "Tomorrow's Metropolis: The Urban Reform Movement in Canada, 1880-1920," in Gilbert Stelter and Alan Artibise (eds.), *The Canadian City: Essays in Urban and Social History* (Ottawa: Carleton University Press, 1992), 435-55; Susan Zeller, *Land of Promise, Promised Land: The Culture of Victorian Science in Canada* (Ottawa: CHA, 1992); Carl Berger, *Science, God, and Nature in Victorian Canada* (Toronto: University of Toronto Press, 1983); and A.B. McKillop, *A Disciplined Intelligence: Critical Inquiry and Canadian Thought in the Victorian Era* (Montreal and Kingston: McGill-Queen's University Press, 1979).

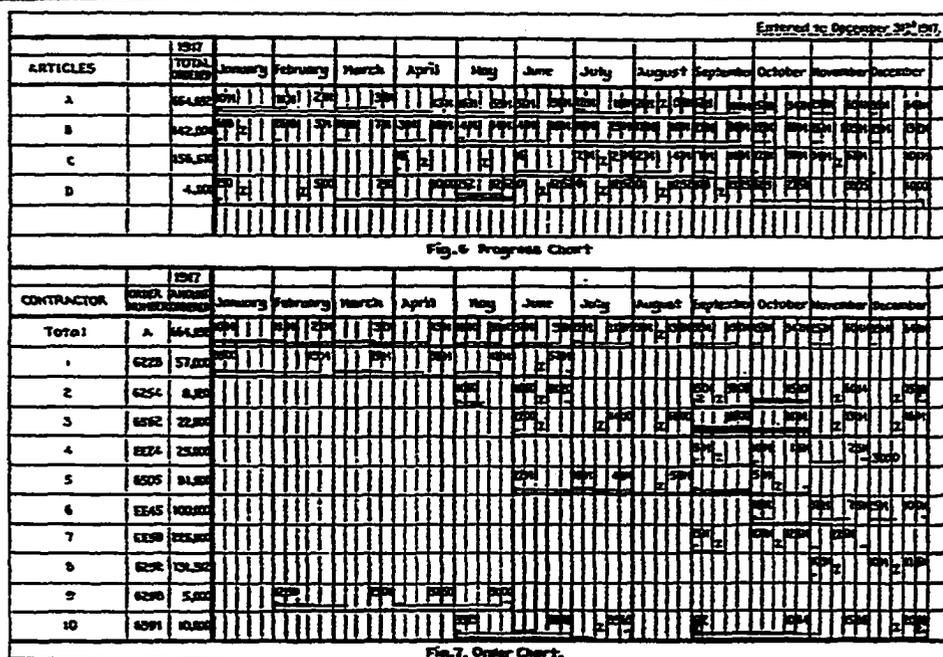
until Gantt decided to begin his own consulting firm in 1901 as well. Over the rest of his career, Gantt too would eventually establish his own reputation among the “founders” of the scientific-management movement by publishing numerous books and articles, patenting over a dozen inventions, and lecturing at Stevens, Harvard, and other prestigious institutions.²⁵

Though Gantt made several contributions to scientific management, he is perhaps best known for introducing graphic methods for planning and tracking the production process. These bar-graph style charts, known as Gantt charts [Figure 3.1], allowed managers to quickly and easily know exactly how a given project was progressing at all times. This, in turn, enabled managers to schedule work more efficiently by helping them to locate existing problem areas and to avoid potential bottlenecks in labour, production, or supply. As a testament to their enduring perceived utility, such charts were employed in the management of US Army contracts during the First World War, the development of the first five-year plans in the Soviet Union during the 1920s, the construction of the Hoover Dam during the 1930s, and continue to be employed in modern project-management software to this day.²⁶

²⁵ On Gantt’s biography, see Wren, *The Evolution of Management Thought*, 148–58; Haber, *Efficiency and Uplift*, 42–50; and L.P. Alford, *Henry L. Gantt: Leader in Industry* (New York: Harper and Row, 1934).

²⁶ Wren, *The Evolution of Management Thought*, 152–5; and “Gantt Charts,” advertisement for Milestones Professional software, available: www.ganttchart.com/history, 25 June 2005.

Figure 3.1: Sample Gantt Chart



Source: H.L. Gantt, *Organizing for Work* (London: Allen Unwin, 1919).

In his later years, Gantt moved far beyond the traditional confines of scientific management. Seeking to extend the supposed benefits of the new science of management beyond the firm, he began drawing up plans for the central direction of society by an elite committee of engineers. According to Gantt, regulation by experts on the basis of real “facts,” as opposed to regulation by politicians on the basis of public “opinions,” would lead to the elimination of economic inefficiency and the achievement of social harmony. In 1916, he even went as far as to found a political movement, the New Machine, to help in bringing this vision about. Gantt, however, died only a few years later, just as, as Haber points out,

the experiences of wartime regulation were revealing the “absurdity” of his plans.²⁷

Gantt was not alone in sensing the vast potential applications for scientific management. Harrington Emerson (1853-1931) believed much the same, and made some substantial practical progress in spreading the “gospel of efficiency” to a much wider audience. Emerson began life in Trenton, New Jersey, as part of an independently wealthy family with considerable political connections. His maternal grandfather, Samuel Delucenna Ingham, was a former US Secretary of the Treasury in the first administration of Andrew Jackson, and a successful railway promoter. As was customary for those of his station, Emerson was provided with a first-rate education. At the age of eleven he was sent to study throughout Europe, winding up his schooling with three years of classes in languages, archaeology, and mechanical engineering at the Royal Bavarian Polytechnique. Upon his return to the United States in 1876, he began working as a Professor of Modern Languages at the University of Nebraska. As it turned out, however, Emerson’s cosmopolitan upbringing and world view meshed rather poorly with the conservative and religious outlook of the university administration, and, as a result, he found himself dismissed from service in 1882. A series of failed business ventures in Nebraska, Kansas, Colorado, and Alaska soon followed, the latter of which left Emerson and his fellow partners with numerous “financial and legal complications.”²⁸

²⁷ See Gantt, *Organizing for Work*; and Haber, *Efficiency and Uplift*, 44-50.

²⁸ On Emerson’s biography, see James P. Quigel, “The Business of Selling Efficiency: Harrington Emerson and the Emerson Efficiency Engineers, 1900-1930,” (PhD diss., Pennsylvania State University, 1993); and Pennsylvania State University Library (hereinafter, PSUL), “Harrington Emerson Papers, 1848-1931,” Accession 1964-0002H, available: www.libraries.psu.edu/speccolls/, 26 June 2005.

It was at this point, in 1900, that Emerson became determined to seek out more stable employment as an industrial manager and consultant. Following some moderately successful work in this field, in 1904 he was contracted to reorganize the locomotive repair shops of the Santa Fe Railway. Here, Emerson made his mark. Within three years, he had helped the company to “restore harmonious labour relations, reduce costs by 25 percent,” and garner over “\$1.5 million in annual savings.” Based upon the reputation he established as a result of these successes, in 1910 he was called to testify as expert witness in the widely-publicized Eastern Rates Case. In this proceeding, a coalition of eastern-based railway companies were seeking to appeal to the US Interstate Commerce Commission for an additional, and highly unpopular, rate increase. Emerson provided evidence that the railways were wasting over “a million dollars per day” through their own failures to manage their operations in a scientific and systematic manner. The rate increase was denied, and Emerson became a national celebrity as the “High Priest of Efficiency.” Before long, his consulting business, the Emerson Company, was in high demand by a varied group of clients, including “corporations, hospitals, colleges, and municipal governments,” and was billing an average of over \$100,000 per year between 1911 and 1920.²⁹

According to Emerson, it was “not labor, not capital, [and] not land” but rather “ideas” that “created modern wealth.” In his view, one simply needed to understand the basic principles of scientific management, and then apply “whatever worked” to a given situation. To that end, in 1912, he published the *Twelve Principles of Efficiency*. In it, he devoted one

²⁹ PSUL, “Harrington Emerson Papers,” Accession 1964-0002H; Wren, *The Evolution of Management Thought*, 169; and Haber, *Efficiency and Uplift*, 51-7.

chapter to each principle of efficiency. The first five – “clearly defined ideals, common sense, competent counsel, discipline, and the fair deal” – dealt with employee relations, while the second seven – “reliable, immediate, accurate, and permanent records; despatching; standards and schedules; standardized conditions; standardized operations; written standard practice instructions; and efficiency rewards – dealt with organizational issues. At the same time, Emerson undertook several further efforts to disseminate the ideals of scientific management. And the world, it seemed, was ready to listen. As soon as the Eastern Rates Case closed, he was booked for dozens of speaking engagements to “businessmen, civil organizations, and management and engineering students.” From 1921 to 1928, he consulted with “government leaders and transportation ministries in China, Japan, Mexico, Peru, Poland, and the Soviet Union.” And, in 1924, he relaunched an earlier “home-study course in personal efficiency,” which, by 1925, enjoyed a nationwide subscription of over 40,000 students.³⁰

Emerson’s twelve principles neatly paralleled the two “poles” of the scientific-management movement. As historians Stephen R. Barley and Gideon Kunda explain, the techniques of scientific management could be broadly segregated into two main categories: “normative” and “rational” ideologies of control. Normative systems “envisioned cohesion and loyalty as the ultimate source of productivity,” whereas rational ideologies held that “productivity stemmed from carefully articulated methods and systems.” In the former, control was assumed to rest upon shaping workers’ “identities, emotions, attitudes and beliefs,” while in the latter it was assumed to rest upon the manipulation of systems and

³⁰ Harrington Emerson, *The Twelve Principles of Efficiency* (New York: Engineering Magazine, 1912); and PSUL, “Harrington Emerson Papers,” Accession 1964-0002H.

methods. The main difference between two thus lay in their area of their emphasis rather than their overall goals. In fact, the two were broadly interrelated and frequently overlapped. In both cases, however, the central purpose remained the same: managerial control. As one of the contemporary texts on office management put it: "effective management implies control. The terms are in a sense interchangeable."³¹

3.2 The science of management in Canadian society

Between the early to mid-twentieth century, the ideology of scientific management gradually permeated Canadian society. More-and-more Canadian firms were making use of at least some form scientific management practices in one or another aspects of their operations. New university courses and programs were being developed in "accounting," "operations management," and other specialized areas of study. And a growing number of government agencies and other institutions were beginning to look towards the ideas and practices of scientific management as a means of improving efficiency or of otherwise managing, containing, or eliminating social problems.

At the most basic level, one way scholars have attempted to assess the penetration of scientific management across national economies is to look at the number and types of firms expanding their complements of administrative personnel over a given period of time – assuming, as American scholars Reinhart Bendix and Seymour Melman maintain, there is a positive correlation between the growth administrative overhead and the proliferation of

³¹ Barley and Kunda, "Design and Devotion," 363-86; Wren, *The Evolution of Management Thought*, 111-492; Haber, *Efficiency and Uplift*, 18-30; and W.H. Leffingwell, *Scientific Office Management* (Chicago: A.W. Shaw, 1917), 35.

management functions. Following up on this line of investigation, historian Paul Craven found similar patterns in Canadian industry during the period from 1900 to 1911. According to Craven's analysis, "industries on the leading edge of the new industrialism – the highly integrated textile industry, railway suppliers, high-technology manufacturing, and industries associated with the new staples – participated fully and rapidly in the managerial revolution." Additionally, those firms with most rapidly increasing ratios of administrative to production workers tended to be among the larger manufacturers, with an average of \$132,000 in fixed capital, eight administrative employees, and seventy-one production workers. However, Craven also found "other industries, including much of the clothing industry, food and beverage manufacturing, and highly specialized manufacturing firms experienced relative declines in administrative overhead." This finding thereby calls into question the validity of such attempts at precise quantitative measurement of the "levels of scientific management," as many of the firms in these industries clearly participated in the managerial revolution as well. In these cases, the only difference was that the efficiency gains from the application of scientific management resulted in a reduction rather than an expansion of these firms' ratios of administrative to production workers.³²

Attempts to quantify the diffusion of scientific management should be tempered by several other qualifications as well. In the first place, reliable information on the number of

³² Craven, *An Impartial Umpire*, 92-5; Kevin Whitston, "The Reception of Scientific Management by British Engineers, 1890-1914," *BHR* 71 (Summer 1997), 209; Richard Bendix, *Work and Authority in Industry: Ideologies of Management in the Course of Industrialization* (New York: Wiley, 1956); Melman, "The Rise of Administrative Overhead," 62-112; and Mauro F. Guillén, *Models of Management: Work, Authority, and Organization in Comparative Perspective* (Chicago: University of Chicago Press, 1994), 7-15 and Table 5.1, 223.

companies instituting scientific-management practices is difficult to find, as both efficiency consultants and clients were typically not eager to divulge this information. Within the consulting industry, raids of the client bases by competitors and former employees were a costly and common occurrence. Furthermore, those firms who publicized the adoption of scientific management practices risked having their ideas copied by their competitors and/or having their products boycotted by unions and other consumers concerned about layoffs, “speed ups,” and other resulting changes in the work process. Secondly, of those firms that are known to have implemented some form of scientific management, there was a tremendous variation the techniques and systems that were put in place, as well as the intensity and duration of their application. The result was an uneven mixture of the introduction of the newer ideas alongside of more traditional ways of doing business. For instance, of thirty-five shops investigated in a study prepared for the US Commission on Industrial Relations in 1914, not one was found to be fully representative of the Taylor, Gantt, or Emerson systems. As historian Craig Heron points out in his examination of the Canadian steel industry, therefore, “it would be completely misleading to imagine scores of Canadian [or American] industrialists marching to their offices, each clutching well-thumbed copies of *The Principles*.” In practice, “top-level managers arranged the overall layout of production processes, established general manpower requirements, and closely monitored the level and cost of output,” but ordinarily continued to rely upon “older patterns of less-centralized management by front-line supervisors” to get the work done.³³

³³ Daniel Nelson, *Managers and Workers: Origins of the New Factory System in the United States, 1880-1920* (Madison: University of Wisconsin Press, 1975), 60-9, and *Frederick W. Taylor*, 120 and 126-7; Matthias Kipping, “American Management Consulting Companies in Western Europe,

That said, there is considerable qualitative evidence regarding the diffusion of the general ethos of scientific management within business, academic, government, and other communities within Canada. Part of this evidence can be found in the rapidly expanding Canada-US economic linkages. Throughout the early twentieth century, American firms were rapidly embracing scientific management ideas and techniques. According to one study conducted by a committee of the ASME, by 1912 there were fifty-two industries in which “one or more companies had introduced some form of ‘labor saving’ management.” Emerson claimed his company alone had consulted some 200 firms by that same year – a figure accepted by both Taylor and industrial-engineering journalist R.T. Kent. Another study in 1917 by Harvard business professor C.B. Thompson concluded that Taylor’s system also had been applied in “nearly 200 American businesses.” Eighty percent of the firms in Thompson’s analysis were manufacturing concerns. Of these, according to historian Daniel Nelson, approximately one-third were large-volume producers. Overall, the majority of the firms in the study fell into two categories: medium to large-size firms “whose activities required the movement of large quantities of materials between numerous work stations ... [and] innovative firms, mostly small, who were already committed to managerial reform.” By 1935, an analysis by the US National Industrial Conference Board (NICB), a “think tank” founded by big business in 1916, indicated an even stronger propensity for scientific-management among larger manufacturers. Of the 2,452 firms it had surveyed, 13 percent of the firms employing 1-249 workers, 56 percent of the firms employing 1,000 to 4,999, and 42 percent

1920-1990: Products, Reputation, and Relationships,” *BHR* 73 (Summer 1999), 192-4, 200-2; Wren, *The Evolution of Management Thought*, 148-58 and 235-51; Robert Hoxie, *Scientific Management and Labor* (New York: Appleton, 1915), 26; and Heron, *Working in Steel*, 91 and 170-1.

of the firms employing 5,000 or more, had implemented some form of time-study practices.³⁴

As US-based firms and investors became converts of scientific management, they often imported these ideas and practices to other countries along with their capital investments. The Ford Motor Company, for instance, moved its assembly-line system to its Canadian plants during the early 1910s. Mining companies either partially financed or owned by American investors, such as Noranda and Alcan, introduced continuous-flow production processes into the new mills being established in Ontario and Quebec during the early to late 1920s. American pulp and paper producers, such as the International Pulp and Paper Company, brought similar innovations to their industry around this period as well.³⁵

In this same period, Canada was becoming an increasingly attractive destination for US investment. To begin with, it possessed a wealth of natural resources, the supply of which could be secured through direct ownership and integration into larger multi-national business ventures. Secondly, branch plants located in Canada not only gained free access to Canadian markets but gained preferential access to those of other parts of the British empire. Thirdly, Canada's close geographic proximity to the United States, combined with the close cultural

³⁴ Nelson, *Managers and Workers*, 69; and Daniel Nelson, "Scientific Management in Retrospect," in Daniel Nelson (ed.), *A Mental Revolution: Scientific Management Since Taylor*. (Columbus: Ohio State University Press, 1992), 11. The studies mentioned above are that of the ASME's Majority Report of the Sub-Committee on Administration, "The Present State of the Art of Industrial Management," *ASME Transactions* (1912); and C.B. Thompson, *The Theory and Practice of Scientific Management* (Boston: Houghton, 1917). On R.T. Kent and Emerson, see Nelson, *Frederick W. Taylor*, 122 and 127-30. And, on the NICB, see *What are Employers Doing for Employees?* NICB Studies No. 221 (New York: NICB, 1936), 36, 62-3; cited in Guillén, *Models of Management*, Table 2.3, 55.

³⁵ Craven, *An Impartial Umpire*, 94; Taylor and Baskerville, *A Concise History*, 337; Bliss, *Northern Enterprise*, 400-1; and H.V. Nelles, *The Politics of Development: Forests, Mines, and Hydro-Electric Power in Ontario, 1849-1941* (Toronto: Macmillan, 1974).

similarities between the two nations, also made it relatively easy for US companies to supervise Canadian-based operations. These were a large part of the reasons behind the Quaker Oat's company's decision to establish a mill in Peterborough, Ontario, in 1902. Nor was Quaker alone. In fact, between 1910 and 1930, there was a five-fold increase in the number of American owned or controlled manufacturing firms in Canada from 213 to 1,075. Moreover, many of such firms were concentrated at the larger end of the scale, where the implementation of scientific management practices was most commonly found. By 1932, for example, American owned or controlled firms constituted 14 percent of the companies and 75 percent of the gross value of production of all manufacturers in Canada with a total capitalization of \$1 million or greater. Across all sectors, they constituted 19 percent of all companies and 79 percent of the gross value of production of the firms of that size.³⁶

Canadian firms also brought scientific management to Canada via imports of American managers and consultants. In a 1904 book on *Canada's Resources and Possibilities*, British business journalist J. Stephen Jeans observed "Canada is yet too 'young' to have a class of trained managers such as there is in England and in the United States. There is no class of managers that can be called typically Canadian ... [Therefore,] the Canadian managers of today are brought from many different lands and localities ... [but] a greater number of them are imported from the United States." Jeans' observations fit the pattern in several of the key sectors of the "the new industrialism" in Canada. In the steel industry, which was Jeans'

³⁶ Brodie, *The Political Economy of Canadian Regionalism*, 138-40; Marr and Paterson, *Canada: An Economic History*, 290-7; Craven, *An Impartial Umpire*, 94; and H. Marshall, F. Southland, and K.W. Taylor, *Canadian-American Industry: A Study in International Investment* (Toronto: McClelland and Stewart, 1976 [originally published by Ryerson Press, 1936]), 21-7.

particular area of concern, management personnel and techniques were indeed frequently imported from the United States, as in the case of the Dominion Iron and Steel Company's new facilities that were opened in Sydney, Nova Scotia, in 1902.³⁷

In the field of engineering, meanwhile, the CSCE were simultaneously fighting a largely unsuccessful battle to restrict American competition in the design and management of railways and other large-scale government works. The problem was two fold. On the one hand, it was not so much a lack of education or expertise that impeded the hiring of Canadians but rather a lack of opportunity. Given the larger market for engineering expertise in the United States, there were many more engineers from the United States who possessed impressive qualifications than there were within Canada. Consequently, Americans were often hired to oversee large-scale Canadian projects. These managers, in turn, usually preferred to import their own friends and associates in favour of relying on assistance from local Canadian talent. On the other hand, some of the most talented Canadian engineers were also inclined to seek more attractive employment in the United States or elsewhere rather than continuing to practice in the relatively smaller and lower-paying Canadian market. This is one reason why the ASCE, for instance, included several Canadian members – one of whom, T.C. Keefer, had even served as the organization's president in 1888.³⁸

In any event, the issue of the employment of American engineers in Canada briefly

³⁷ J. Stephan Jeans, *Canada's Resources and Possibilities, With Special Reference to the Iron and Allied Industries, and the Increase of Trade with the Mother Country* (London: Office of the British Iron Trade Association, 1904); Heron, *Working in Steel*, 19-20, 29, 94, 129, and 183, n35; and Craven, *An Impartial Umpire*, 94-5.

³⁸ Millard, *The Master Spirit of the Age*, 51-64; and H.V. Nelles, "Keefer, Thomas Coltrin," *DCB*, Vol. XIV, available: www.biographi.ca, 1 July 2005.

burst onto the political agenda in 1904 when it was revealed that the surveying team of the Grand Trunk Pacific railway (GTP) – a subsidiary of the Grand Trunk Railway in receipt of substantial financial support from the federal government – was almost exclusively employing Americans in key management and technical positions. One year later, a royal commission investigation by Toronto court judge John Winchester found “upwards of 30 percent” of these positions on the GTP project had been filled by Americans. Though the company mounted the familiar defence that qualified Canadian applicants could not be found, Winchester disagreed, concluding that discrimination against Canadian engineers was “undoubtable.” Nevertheless, only six years later, when the CPR decided to organize its shop repair facilities, it was Gantt that they hired to do so. Thus, the challenges that Canada continues to face in developing its own managerial and technical expertise in the context of a continental (and now global) economy can be said to be as old as the problem itself.³⁹

Canada, of course, also had close ties to Great Britain in the early twentieth century, but we know far less about how British versions of scientific management affected the development of Canadian business practices. Perhaps historians have overlooked this aspect of the question as a result of the much closer economic connections that were developing between Canada and the United States during this period. Given the benefit of hindsight, it is clear that by the end of the First World War continentalism was the future and the British connection was the past. It also might be partly explained by the perception within much of

³⁹ Millard, *The Master Spirit of the Age*, 51-64. Also, see the report of the “Royal Commission on the Employment of Aliens in the Surveys of the Proposed Grand Trunk Pacific Railway and Other Documents,” Canada, House of Commons, *Sessional Papers* (1905) no. 36a; and Taylor and Baskerville, *A Concise History*, 336-7.

the traditional historiography that scientific management, as narrowly defined in terms of Taylorism, had received a “chilly reception” among British managers and engineers. While some scholars, such as Kevin Whitson, have subsequently disputed this interpretation, they have not, thus far, seem to have stimulated any interest in reassessing the situation in Canada. Whatever the case, an impressionistic survey of the evidence suggests that if indeed there was a higher level of resistance to Taylorism in Great Britain than elsewhere, it was not sufficient to have significantly delayed its adoption in Canada. As Whitson explains, “British engineers could not, and did not, remain indifferent to the technical and managerial changes introduced by American competitors.” Throughout the period, British engineers and managers visited plants in the United States, read books and articles on scientific management, and even sometimes hired American management consultants.⁴⁰

Nor was this process entirely derivative. Within the domestic business community, the virtues of scientific management were also continually affirmed and promoted in the pages of business and professional journals published for the Canadian market, such as *Industrial Canada*, *Canadian Business*, and the *Quarterly Review of Commerce*. Articles and advertisements in these forums provided information and advice on everything from the nature of the “Model Factory” to the use of “Industrial Accounting [as] an Essential Aid to Management.” In doing so, they created an ideal standard for how a “sound” and “modern” business ought to be operated or measured, while also supplying business owners and

⁴⁰ For the traditional perspective, see L. Urwick and E.F.L. Brech, *The Making of Scientific Management*, Vol. II: *Management in British Industry* (London: Issac Pitman and Sons, 1957 [originally published, 1945]); and Merkle, *Management and Ideology*, 208–40. And, on the revisionist interpretation, see Nelson, “Scientific Management in Retrospect,” 21; and Whitson, “The Reception of Scientific Management by British Engineers,” 207–29.

managers with specific techniques relating to how this ideal might be achieved.⁴¹

The typical flavour of such articles is conveyed in one example on “Ascertaining the Costs of Production,” which was published in *Industrial Canada* in February 1905. Its author, business writer E.J. Hathaway, began by proclaiming that “Every manufacturing establishment should have a system for ascertaining the cost of production.” He went on to demonstrate a “simple, economical, and accurate system for keeping factory records” – complete with sample worksheets for tracking the various stages of production – which was then being employed by one “printing and book-binding establishment.” Lastly, he concluded the article by noting how such a system furnished “a ready check on all [cost] estimates” and enabled “excessive costs of labor in any department” to be “readily located and accounted for.” Such were the types of benefits that Taylor himself surely would have approved.⁴²

Even among those firms that did not adopt any full-fledged “system” of scientific management, there were still many other ways in which some elements of the basic ideology of scientific management would have worked its way into everyday business practice. Take, for instance, the International Business Machines’ (IBM) advertisements for “international time recorders” published in the *Canadian Chartered Accountant* and *Industrial Canada* during the late 1910s and early 1920s. As one such advertisement warned employers, “pay

⁴¹ H.L.C. Hall, “The Model Factory,” *IC*, Feb 1907, 586-8, and Apr 1907, 723-5; and Philip H. Hensel, “Industrial Accounting[:] an Essential Aid to Management,” *QRC*, Spring 1936, 97-103. Other examples include F.W. Taylor, “Principles of Scientific Management,” *IC*, Mar 1913, 1105-6; W.H. Malkin, “Some Applications of the Principles of Successful Merchandising,” *IC*, Aug 1921, 64-5; “K.M.H. ’A New Yardstick of Efficiency,” *Canadian Chartered Accountant* (hereinafter, *CCA*), Mar 1929, 309-13; L.G. MacPherson, “The Use of Statistical Methods in Accounting,” *CCA*, July 1929, 101-9; and H.A. Hopf, “How to Run Your Business Scientifically,” *CB*, Dec 1937, 21-5.

⁴² E.J. Hathaway, “Ascertaining the Cost of Production,” *IC*, Feb 1905, 432-3.

time disputes waste time and cut down on production.” The answer, it claimed, was to install an IBM time recorder to eliminate time measurement “mistakes, with resultant disputes, wrangling, and hard feelings over fancied unjust deductions, etc.” Since the employee “makes the record himself” by punching in and punching out, the “printed, [and] unchangeable” record created in this process, IBM promised, was beyond dispute. Moreover, it pointed out “our two-colour printing time sheet serves as a rapid basis for the payroll. The red printings indicate late arrivals, early leavers, overtime, etc.; the green printings indicate full and normal time.” Another IBM advertisement declared:

When you buy labor, you pay for time and what it produces. What portion of the time for which you pay is productive? What portion is non-productive? Do you prove your purchased hours with Job Time Recorders? Only by answering these questions can you gain control of your labor costs. You can answer them only by obtaining an accurate record of the time spent by each employee on each job.

The purchase of technologies such as time recorders, filing systems, and machine tools thus often brought with them, or indeed required, a certain impetus toward the logic of scientific management along with them. Recognizing this, some companies, such as Office Speciality Filing Systems – an “office speciality manufacturing company with offices in Toronto, Montreal, Vancouver and other Canadian cities – even offered “free” administrative consulting services along with their products. Their advertisement, also published in *Industrial Canada* in the early 1920s, pledged that their “[s]ystems service experts truly merit the term *expert* ... [and] will gladly make your office routine, record-keeping, or filing problems their own.”⁴³

⁴³ “Pay time disputes waste time,” *CCA*, July 1918, 2-3; “Lost Minutes Gnaw at the Vital Spots of Your Business,” *IC*, Jan 1921, 208; and “So They Called the Expert In,” *IC*, May 1920. In addition, see the discussion of how mergers, bonus systems, piece-rate methods of payment widened the field of industrial accounting, in Austin H. Carr, “The Profession of Accountancy,” *CCA*, June

Universities were yet another mechanism in the generation and transmission of the scientific management ideology. The appearance of the management sciences within this context was itself part of a much broader process of professionalization that was taking place across disciplinary boundaries during the late nineteenth and early twentieth centuries. In the absence of a well-established professional status, management consultants and those in other evolving areas of expertise faced a wide open field of competitors. Taylor was often given complaining about the so-called “fakirs” of his day, who he saw as being more interested in making a fast dollar rather than strengthening the foundations of scientific management. Nevertheless, these “fakirs” continued to be a problem well into the interwar period. George S. May (1890-1962), a Bible salesman turned management consultant from Windsor, Illinois, was among the most notorious. Despite having no professional training and little practical experience in management, May founded his own consulting firm in Chicago, Illinois, in 1924, just as the demand for “efficiency experts” was ascending to its pre-Depression era heights. May’s business model consisted of “frequent, unsolicited mailings” and other “high-pressure” sales tactics, together with expensive managerial platitudes of dubious value. And though censured by many of those within the industry, as well as barred from membership in the Association of Consulting Management Engineers (ACME), formed in 1929, by that time George S. May International was already billing upwards of \$250,000 per annum. By the end of the 1930s, this figure would top over \$1 million.⁴⁴

1933, 3-21, and S.H. Dobell, “The Chartered Accountant – His Widening Horizon,” *CCA*, Apr 1934, 314-21; as well as Merkle’s ruminations on “machine rationality” in *Ideology and Management*, 1-4.

⁴⁴ Nelson, *Managers and Workers*, 63-8, and *Frederick W. Taylor*, 126-36; Kipping, “American Management Consulting Companies,” 205; and “George S. May International,” available:

In order to protect both their reputations and their “billing standards,” those employed in any of the emerging professions had a strong incentive to find ways to regulate their industries and, if possible, to restrict the entry of potential competitors. Their relative success in doing so was dependent upon a variety of factors, including the internal cohesion of the profession, the demand for its services, and the nature of its body of knowledge. Accounting and engineering were particularly propitious in the latter respect, having developed along with an increasingly esoteric knowledge base and an institutionalized rationale for having these occupations set up as “independent,” professional experts. If one is to purchase an investment or cross a bridge, then one wants to have some assurances that they will be reasonably safe in doing so. The price of obtaining such assurances through private regulation or public legislation is reflected in the higher costs for professional services. It is equally this acknowledgement of expertise that – for good or ill – privileges the statements of recognized professionals over those of non-professionals, or non-recognized professionals, within a given area of knowledge. Accordingly, those professions that came to be established as those “qualified to speak” to a certain subject stood to gain wealth, power, and prestige. As such, this process formed a crucial element in the macro-intellectual and political foundations of advanced-capitalist societies, in which complex technologies, institutions, and systems of knowledge were becoming progressively proliferate.⁴⁵

www.georgesmav.com, 7 July 2005. At least according to some former clients and employees, it would appear that the company’s practices have changed little over the last seventy years; see, “The Rip-Off Report,” www.badbusinessbureau.com/reports/ripoff41290.htm, 7 July 2005.

⁴⁵ See Foucault, *The Archeology of Knowledge*, 55-61, and “On Power,” 101-9; as well as the literature on professionalization and discipline construction previously cited in chapter one.

The creation minimum educational or other qualifications formed part of the public and private attempts to regulate various professions, as in the Canadian Medical Council's (1912-) development of Canada's first nationally standardized examination for a medical licence in 1913. A similar trend was taking place within various business disciplines as well. The Canadian Bankers' Association (CBA), for example, began offering banking courses in 1914 in association with Queen's University, while the Life Underwriters Association of Canada began to do the same shortly thereafter in association with the University of Toronto and the École des Hautes Études Commerciales in Montreal. At Queen's, the banking program proved to be particularly popular. Over 400 students enrolled in the first year alone, a figure that later climbed to over 1,500 by the mid-1930s. Banker managers, for their part, approved of how such courses had "raised the standards" of their staffs.⁴⁶

Not everyone in the post-secondary educational system was pleased with the new programs. Traditionalists argued that business studies were more appropriately situated in commercial "trade schools" and that universities should continue to focus exclusively upon the provision of a "classical education," with an emphasis on subjects such as Greek, Latin, Religion, Philosophy, and History. The question for them, to paraphrase the Queen's principal, George M. Grant, was whether the university was to be a "huge 'city of pigs,'"

⁴⁶ Douglas Waugh, "Medical Education," available: www.canadianencyclopedia.com, 8 July 2005; Medical Council of Canada, "History, 1912-2005," available: www.mcc.ca, 8 July 2005; Barry Boothman, "Culture of Utility: The Development of Business Education in Canada," in Barbra Austin, *Capitalizing Knowledge: Essays on the History of Business Education in Canada* (Toronto: University of Toronto Press, 2000), 42; Pupo, "Educational Promises and Efficiency Ideals," 92-6; and the "Annual Meeting of the Canadian Banker's Association," *JCBA*, Jan 1936, 249.

feeding at the trough of material progress, or “a land of high-souled men and women?”⁴⁷

Though the end result was perhaps not quite so dichotomous, it is clear that the traditionalists were fighting a losing battle in their efforts to keep applied, technical subjects out of the university system. Throughout the late nineteenth and early twentieth centuries, employers, parents, and students persistently demanded that universities offer more practical, market-oriented forms of education in order to better prepare students for work and life in modern society. At the University of Western Ontario, it was these very concerns that helped to convince the board of governors to sanction an undergraduate business program in 1920. As its dean of arts, Sherwood Fox, had cautioned, commerce programs were quickly becoming among the most popular offerings at rival institutions such as Queen’s and Toronto, and so students could and would go elsewhere if Western did not keep pace.⁴⁸

In addition to the imperative of defensive expansion, the advancement of business education was also attractive to university administrators for its positive benefits. As the Queen’s *Principal’s Report* of 1920-1 pointed out, the increased enrollment and other sources of revenue brought in by professional programs was good for the university as a whole, including the traditional arts programs. At Queen’s and other revenue-starved

⁴⁷ “Thanksgiving and Retrospect,” *Queen’s Quarterly* 9, 3 (January 1902), 231. Grant originally meant his comments in relation to Canada, but they equally capture much the same sense of what the traditionalists saw as the fate of the university system.

⁴⁸ Boothman, “Culture of Utility,” 35-53; and W.S. Fox, *Sherwood Fox of Western: Reminiscences* (Toronto: Burns and MacEachern, 1964), 42. On the larger traditionalist/modernist debate, also see Owram, *The Government Generation*, 3-49; Paul Axelrod, *Making a Middle Class: Student Life in English Canada during the 1930s* (Montreal and Kingston: McGill-Queen’s University Press, 1990), 5-19; and Daniel Nelson, “Scientific Management and the Transformation of University Business Education,” in Nelson, *A Mental Revolution*, 79.

institutions across Canada that were suffering from a combination of rising enrollments and irregular government funding commitments, these were powerful arguments. In that very year, as the *Queen's Report* had noted, "the whole financial situation of the University is one which requires the most serious attention of the Board of Trustees ... The Million, which we have just raised, and the revenue of which we thought would relieve us from difficulty for many a year, has practically disappeared in the increased cost of carrying on the institution." Surely, the problem was not faculty salaries. At that time, as the *Report* went on, even a full professor at Queen's could only expect to earn about as much as a railway conductor, and slightly less than a construction supervisor, hospital dietician, or teacher.⁴⁹

The expansion of business programs was equally attractive to university faculty. As a growing number of university professors recognized, the new fields of the management sciences furnished "a fertile source" for articles, conferences, and lectureships, as well as new possibilities for employment as business consultants. For some at least some faculty, these were career-making opportunities. In the late 1920s and 1930s, E.A. Allcut, a professor in the department of Mechanical Engineering at the University of Toronto, published several articles in relation to scientific management as well as a widely-employed text on *The Principles of Industrial Management* (1932), and also built up a substantial business as a consultant on a variety of engineering and management problems. Though Allcut's case was

⁴⁹ Queen's University Archives (hereinafter, QUA), *Principal's Report* (1920-1), 6-7 and 16-18. With respect to the financial strains faced by Canadian universities in general during the 1910s to the 1930s, also see A.B. McKillop, *Matters of Mind: The University in Ontario 1791-1951* (Toronto: University of Toronto Press, 1994), 271-321; Robin S. Harris, *A History of Higher Education in Canada, 1663-1960* (Toronto: University of Toronto Press, 1976), 210; and Axelrod, *The Making of a Middle Class*, 20-1.

perhaps exceptional, a more typical example is probably that of Hubert Kemp, a marketing professor in Toronto's department of political economy, who in the late 1920s began working for the Montreal office of the advertising firm of Cockfield, Brown and Company during teaching breaks. At Western, meanwhile, the close association established between the university's newly-formed department of Business Administration and the region's business community provided for "the development of course materials and student employment," while also supplying local firms with ready access to faculty advice.⁵⁰

For all of these reasons, Queen's, Toronto, and other institutions across Canada continued to expand both their faculty and their course offerings in the various business disciplines throughout the interwar period. Queen's launched its baccalaureate-level program in commerce in 1919. McGill soon followed suit in 1920. The University of Toronto, which had been offering Bachelor of Arts program specializing in "commerce and finance" since 1909, then soon moved to its own Bachelor of Commerce (BComm) program in 1921. In schools outside of the urban-industrial heartland, university-level business programs were somewhat slower to develop. At Dalhousie, a professorship in commerce was approved in 1922 but was "not properly staffed until 1930," while at Manitoba, where a two-year diploma program had been in place since 1904, no BComm program was established until 1937. And although Alberta had commenced its bachelor-level program as early as 1926, its course

⁵⁰ See "Edgar A. Allcut," available: www.archives.ca, 17 July 2003; "Edgar A. Allcut Fonds," LAC, MG30-B109, Vol.11-12 and 14; Daniel J. Robinson, *The Measure of Democracy: Polling, Market Research and Public Life 1930-1945* (Toronto: University of Toronto Press, 1999), 18-21; and Boothman, "Culture of Utility," 45-8. Also, see McKillop, *Matters of Mind*, 166-76 and 320-34; Merkle, *Ideology and Management*, 71-5; and Nelson, "The Transformation of University Business Education," 77-95.

offerings “remained skewed towards accounting until after the Second World War.”⁵¹

The scientific approach to the resolution of business and social problems, as well as the professional aspirations inherent in the new BComm programs, were reflected in the Queen’s *Calendar of Arts* of 1921-22. As its description of the school’s commerce program explained:

Business affairs and social relationships are taking on a new complexity. Private business demands a wider knowledge of accounting principles, of corporate financing, of statistics, and of modern methods of investigation and analysis. Broad issues of economic justice have grown insistent. The scope of public activity has widened. New international relations impose new tasks and offer new opportunities alike in private industry and in public service. With this development there has come ... a recognition that the university must take a great part in preparing men for these wider tasks. No university training, it is true, can supply the place of natural aptitude and character, or remove the necessity of practical experience. Yet the University can, if it will, do much to train men’s faculties, and to widen their outlook, as well as to impart a knowledge of principles of industrial and political activity and some acquaintances with the technique of their future occupation.

Quoting a “well-known business man,” it concluded with the assertion that “the future of business at its best lies in the further development of the professional point of view. In the ministry, the law, and medicine, experience has shown that the shortest and most effective way to absorb the fundamental facts, principles, and standards of the particular profession and to prepare for its practice is in a good school.” This is precisely what the Queen’s BComm program proposed to offer.⁵²

⁵¹ See Boothman, “Culture of Utility,” 7 and 43-9; and the *Calendar of the Faculty of Arts* (1919-1939) at the QUA, the University of Ottawa Archives, the University of Toronto Archives (hereinafter, UTA), and the University of Western Ontario, Archives and Research Collections Centre (hereinafter, UWOA), and other institutions.

⁵² QUA, *CA* (1921-2), 5-6. Also, see the similar descriptions of the commerce programs offered in the *Calendar of Arts* from Western, the University of Ottawa, and elsewhere.

The values of scientific management were also embedded in many of the courses offered within business departments. During the early 1920s to the early 1930s, Taylor's *Shop Management* and *Principles of Scientific Management* were required reading in courses on "the Structure of Modern Industry" and "Industrial Management" at Toronto, Queen's, and Western. More generally, the application of the scientific method and the elaboration of specialized knowledge in the functional areas of business organization were evident in the appearance of courses on labour, marketing, finance, and executive "Problems." As the course descriptions in Western's *Calendar of Arts* for 1923-4 explained, "Marketing Problems" "will be complementary to the course in Business Finance and will illustrate the practical application of the principles learned in the first term," while in the course on "Executive Problems" "[t]he work taken in the various courses previous to this year will be correlated by means of written reports on the problems of a general executive nature. [And] [q]uestions of Production, Sales, and Financial Policy will have to be considered and coordinated in the effort to reach a solution to the problems involved."⁵³

Shifting to yet another domain, scientific management was being absorbed into government institutions and practices as well. The urban reform movement provides one illustration of this process. As the growth of urban populations accelerated in Canada during the late nineteenth and early twentieth centuries, many Canadians feared for the physical and moral health of the nation. Disease, crime, poverty, and a host of other supposed vices of urban life were identified and discussed in books, journals, and newspaper articles by business

⁵³ See Pupo, "Educational Promises and Efficiency Ideals," 211-37; UWOA, *CA* (1923-4), 79-82; and the *Calendar of Arts* from Queen's, Toronto, and other institutions.

reformers, such as Hebert Ames (1863-1954); political activists, such as J.S. Woodsworth (1874-1942); and others. In response to these concerns, a diverse group of church leaders, charity organizers, temperance advocates, and business officials initiated campaigns to “purify city life” through more effective regulation, urban planning, and municipal services. Just as scientific and business methods were being applied to economic problems, so too were they coming to be regarded as the answer to social and political problems.⁵⁴

Nowhere was this clearer than in the crusade for municipal finance reform. When the costs of municipal government began to rise along with the expansion of municipal activities, calls for the restructuring of urban finance soon joined the proposals of the larger urban reform movement. In 1897, the city of Toronto experimented with the first aptly-named “Board of Control,” the purpose of which was to create a central spending authority that could, literally, control the municipal budget in the interests of the city as a whole. Winnipeg (1906), Ottawa (1907), Hamilton (1910), Halifax (1913), London (1914), and other cities eventually followed suit. In many cases, these “municipal cabinets” were composed of the city mayor and four or more “controllers,” who were elected citywide and sat as full members of the municipal council. As historian Paul Rutherford explains, the idea was “to divide legislative and executive functions and to fix responsibility [for the overall budget], thereby

⁵⁴ See Herbert Ames, *The City Below the Hill: A Sociological Survey of a Portion of the City of Montreal* (Montreal: Bishop Engraving and Printing, 1897); and J.S. Woodsworth, *My Neighbour: A Study of City Conditions, A Plea for Social Service* (Toronto: Missionary Society of the Methodist Church, 1911). On the larger urban reform movement, see Rutherford, “Tomorrow’s Metropolis,” 435-55; John C. Weaver, “‘Tomorrow’s Metropolis’ Revisited: A Critical Assessment of Urban Reform in Canada, 1890-1920,” in *The Canadian City*, 456-77; Girard Hengen, “A Case Study of Urban Reform: Regina before the First World War,” *Saskatchewan History* 41, 1 (1988), 19-34; and Elizabeth Bloomfield, “Economy, Necessity, and Political Reality: Town Planning Reports in Kitchener-Waterloo, 1912-1925,” *Urban History Review* 9, 1 (1980), 3-48.

reducing political influences.” And while such reforms seldom met the expectations of taxpayers, they still embodied the hope that “sound” business methods and bureaucratic centralization could make municipal governments better by making them more efficient.⁵⁵

Similar principles were also being applied to the contentious issue of freight rates. From the very beginning of the development of the Canadian railway system, the costs of freight rates was contested by the railway companies versus the manufacturers, wholesalers, farmers, cities, and towns that depended upon them as their life lines to the larger world. Given the vast and variable geography of Canada, along with the high fixed costs of railways, many railway projects were heavily subsidized through tax concessions, land and cash grants, and loan guarantees in the interests of promoting the public good. Despite these public investment most railways typically remained in the hands of private interests who were more concerned with short-term profits rather than public opinion. The conflict inherent in this situation was further complicated by widely varying types of cargoes, rate differentials, operating costs, and market considerations. In short, it was not always easy to determine the precise level for a “fair” railway rate. Following early attempts to establish such rates through competition, negotiation, or legislation, the federal government opted to create a National Board of Railway Commissioners in 1904. Its mandate was to investigate all complaints relating to railway operations, safety, and pricing, and its decisions were to have “the force

⁵⁵ On boards of control, see Rutherford, “Tomorrow’s Metropolis,” 442-8; Weaver, “‘Tomorrow’s Metropolis’ Revisited,” 470-4; Henry Roper, “The Halifax Board of Control: The Failure of Municipal Reform, 1906-1919,” *Acadiensis* 14, 2 (1985), 46-65; Christopher Armstrong and H.V. Nelles, *The Revenge of the Methodist Bicycle Company: Sunday Streetcars and Municipal Reform in Toronto, 1888-1897* (Toronto: Peter Martin Associates Ltd., 1977); and T.J. Plunkett, “Municipal Government,” available: www.canadianencyclopedia.com, 11 July 2005.

of law.” The Board itself was structured as a three-member tribunal, with each member appointed for a ten-year term. Prior to rendering its decisions, the Board was to hold hearings in which testimony would be provided by railway officials, complainants, expert witnesses, and lawyers. In effect, scientific investigation in a quasi-judicial administrative forum – rather than interest group demands filtered through the legislative process – was to become the new arbiter of “fairness.” As we shall see, it was a technique for containing political demands that would become another key pillar of the modern welfare state.⁵⁶

Even the private sphere of the home was not left unaffected by the enthusiasm for scientific management. Between the mid to late 1890s, classes in “domestic science” began to be offered through the Young Women’s Christian Association and the public school system. Their purpose was to assist young girls to become “real homemakers” by instructing them in the essential principles of effective “household management,” including classes in “cooking, sewing, home dressmaking, and millinery.” The popularity of these classes were such that they were soon followed, in 1903, by the opening of Canada’s first school for teachers of domestic science in Guelph, Ontario. By this time, a burgeoning literature of books, pamphlets, and articles on “the principles of domestic engineering,” “household engineering,” and “modern housework” had also begun to appear.⁵⁷

⁵⁶ With respect to the NBRC, see Ken Cruikshank, *Close Ties: Railways, Governments, and the Board of Railway Commissioners, 1851-1933* (Montreal and Kingston: McGill-Queen’s University Press, 1991), 3-7, 71-102, and 200-3; and Canadian Transportation Agency, “100 Years at the Heart of Transportation,” available: www.cta-otc.gc.ca, 11 July 2005.

⁵⁷ Cheryl MacDonald, *Adelaide Hoodless: Domestic Crusader* (Toronto: Dundurn Press, 1986); and Haber, *Efficiency and Uplift*, 62-3. Also, see Adelaide Hoodless, *Public School Domestic Science* (Toronto: Copp, Clark, 1898); “Inefficiency in Housework,” *GM*, 21 Feb 1914, 11; Mary Pattison, *The Business of Home Management: The Principles of Domestic Engineering* (New York:

The diffusion of scientific management, therefore, took place within a complex set of relationships among the firm, the education system, and the broader social context. As this process unfolded during early twentieth century, an “efficiency craze,” of sorts, swept across North America, Europe, and elsewhere. Experts in scientific management were invited to speak before business gatherings and social clubs, including Taylor himself, who in 1913 addressed students and manufacturers in Toronto as well as the Canadian Club in Ottawa. At the same time, the ideas and practices of scientific management began to broadly filter into government institutions, newspaper articles, and other areas. Science and efficiency, rather than religion and tradition, were watch words of the new “modern” era.

Testifying before the Watertown Congressional Investigation into the relationship between scientific management and labour unrest in 1911, Taylor explained that true scientific management required a “complete mental revolution” on the part of both worker and management, who were “to take their eyes off the division of the surplus as the all-important matter, and together turn their attention toward increasing the size of the surplus until this surplus becomes so large that it is unnecessary to quarrel over how it shall be divided.” But if scientific management did increase the surplus of production, the question over its proper division stubbornly remained. A “mental revolution,” however, was indeed underway.⁵⁸

Robert M. McBride, 1915); Christine Frederick, *Household Engineering: Scientific Management in the Home* (Chicago: American School of Home Economics, 1915); Helen MacMurchy, *How to Manage Housework in Canada* (Ottawa: F.A. Acland, 1921); and Clarry Hunt, *Modern Housekeeping* (Montreal: Standard Brands, 1928).

⁵⁸ US House of Representatives, *Hearings before the Special Committee of the House of Representatives to Investigate the Taylor and other Systems of Shop Management Under Authority*

Whether misplaced or not, Taylor's faith in the power of science to increase productivity and to resolve disputes over fairness came to be widely embraced in the United States, Canada, other advanced-capitalist societies. It was a revolution represented in new institutions, ideas, practices, and summed up in an article on "The Economic Phase" of the "National Partnership," published in *Canadian Business* in November 1938. As its author, René Morin, explained, the salvation of Canada from the Depression lay in "TOIL, THRIFT and UNITY," which reflected the older notions the causes of social and economic and progress, but to which he had also added "SCIENTIFIC RESEARCH." Science was to be the key to finding the "one best way" for determining the payment of wages, the relief of the unemployed, the raising of children, the measurement of the national income, and more. This was the mental revolution that was actually taking place, as opposed to the one that had been originally envisioned by Taylor. During the interwar period, this revolution would continue to evolve in varied and sometimes surprising directions as it intermingled with other economic, political, and social discourses. As it did so, it would eventually make possible new conceptions not only of business operations but of economic and social policy as well.⁵⁹

of House Resolution 90 (Washington: US Government Printing Office, 1912), 1387-89.

⁵⁹ René Morin, "The National Partnership ... The Economic Phase," *CB*, Nov 1938, 44-7.

4. INVENTING LABOUR PROBLEMS AND SOLUTIONS: THE SCIENCES AND PRACTICES OF INDUSTRIAL RELATIONS, 1900-1939

Although the study of labour has long been part of the field of political economy, the emergence of distinct scientific disciplines directed toward the analysis of individual workers and labour markets are relatively recent developments.¹ At the turn of the twentieth century there were virtually no university courses, professional conferences, or research institutes directed towards such topics, but by the end of the Second World War the analysis and regulation of these “labour problems” had become a veritable growth industry. Over the same period, governments and businesses also began to intensify their search for more effective ways of improving labour productivity and maintaining labour peace. Taken together, these changes formed an important component in the development of a more “scientifically managed” economy and society during the first half of the twentieth century.²

This chapter focuses on the emergence of the labour problem and the “sciences” of personnel management and labour economics in Canada from 1900 to 1939. It argues that these processes took shape through a complex set of interrelations among academic research, business-labour relations, and public policy. The result was a new conception of workers as

¹ Indeed, the contemporary conception of industrial relations only acquired its current content and significance as a product of the First Industrial Revolution of the mid-eighteenth to the mid-nineteenth century. See Roy J. Adams, *Industrial Relations Under Liberal Democracy: North America in Comparative Perspective* (Columbia, SC: University of South Carolina Press, 1995), 1-62 and “All Aspects of People at Work: Unity and Division in the Study of Labour and Management,” in Roy J. Adams and N.M. Meltz (eds.), *Industrial Relations Theory: Its Nature, Scope, and Pedagogy* (Metuchen, N.J.: IMLR Press, 1993), 119-20; and Bruce Kaufman, *The Origins and Evolution of the Field of Industrial Relations in the United States* (Ithaca, NY: ILR Press, 1993), 3-8.

² Portions of this chapter also appear in my article, “Inventing Labour Problems and Solutions: The Emergence of Human Resource Management in Canada, 1900-1945” *JCHA* 15 (2004 ed.).

distinctive individuals with particular skills, temperaments, and psyches, all of whom were situated in a rapidly-changing economic realm encompassing numerous occupational possibilities, each with its own specific ideal qualifications. In conjunction with contemporary beliefs about the potential for scientific solutions to social problems, this perception of the field of industrial relations contributed to establishing the mindset in which the expansion of interventionist, non-market strategies for governing the labour force would become part of the accepted “conventional wisdom” among numerous business leaders, union officials, academic researchers, and policymakers. Individual workers and labour markets, in other words, came to be understood as discrete factors in the production process and the national economy, factors that could be scientifically observed, analysed, and regulated. At the same time, though, personnel management and labour economics were successful because they both proved to be more than just a repressive forces of “social control:” they were also productive forces of economic advancement and social cohesion that in many respects delivered upon their promises of promoting productivity and peace in the field of industrial relations.

4.1 Personnel management and the individual worker

Governments, businesses, and other social organizations have long addressed themselves to the problems personnel management; specifically, those of sorting individuals on the basis of their abilities and of making individuals more productive. In the process, individuals have long been analysed and organized according to a whole range of assumptions, examinations, and templates in the family, the school system, and the workplace. Yet it was not until the late nineteenth and early twentieth centuries that a distinct discipline

devoted to the systematic, “scientific” analysis and management of individuals as units of production, with a specific set of abilities, skills, emotions and psychological needs, materialized. Indeed, as in the case of the other management sciences, personnel management, in the modern sense of the term, appeared only in the context of the development of an urban-industrial labour force situated in large-scale business organizations and the simultaneous movement towards the application of scientific methods to the resolution of a range of business, economic, and social problems. What set personnel management apart from other systems of knowledge, however, was its distinctive blending of psychology, sociology, business management, and political economy. And, by bringing forth an appreciation for the psychological and sociological dimensions of workplace performance and social efficiency, it too contributed to the transformation of the possibilities of political discourse and public policy.

The school system was one of the first contexts in which the practices of personnel management began to evolve. Over the course of the late nineteenth and early twentieth centuries, the public school system was substantially widened in terms of both the total percentage of students enrolled and the average time each student spent in school. Social and education historians have pointed to a complex set of cultural, political, and economic motivations underlying these trends, among which was the growing recognition of the individual worker as an important part of the resources of advanced-industrial societies.³ This

³ See, for example, Alison Prentice, *The School Promoters: Education and Social Class in Mid-Nineteenth Century Upper Canada* (Don Mills: Oxford University Press, 1999); Paul Axelrod, *The Promise of Schooling: Education in Canada, 1800-1914* (Toronto: University of Toronto Press, 1997); and Ronald Manzer, *Public Schools and Political Ideas: Canadian Educational Policy in Historical Perspective* (Toronto: University of Toronto Press, 1994).

latter sentiment was clearly expressed in the report of the Royal Commission on Industrial Training and Technical Education. Established in 1910 by future Canadian prime minister William Lyon Mackenzie King, then the minister of labour, its mandate was to “inquire into the needs and present equipment of the Dominion as respects industrial training and education.” As the minister explained in a memorandum to the Privy Council, such an investigation was warranted because “industrial efficiency” and the “promotion of the home and foreign trade of Canada in competition with other nations” could be “best promoted by the adoption in Canada of the most advanced methods of industrial training and education.”⁴

The four parts of the commission’s report looked at “the general system of systems of education” in a range of nations, as well as “the systems and methods, institutions, courses and classes” which seemed “most likely to furnish information that would be useful to Canada.” In examining “Industrial Training and Technical Education in Relation to the Needs, Duties and Rights of Individuals,” it explained that “in the struggle of modern industry to produce goods cheaply in order to make profits,” so much attention had been paid to the elements of “raw materials, labor-saving machinery and organization” that, at times, “the conditions of and results upon individual workers” were “entirely lost sight of.” However, it pointed out, “[t]he most important asset in any State is the value of the individual citizens themselves. While the conservation of natural resources and the promotion of industries are important and the development of trade has possibilities of benefit, the conservation of life and ability in the individual workers is supreme.” It continued, moreover, with the

⁴ *Report of the Royal Commission on Industrial Training and Technical Education* (hereinafter, *Commission on Industrial Training, Report*), Vol. 1, Part I (Ottawa, 1913), 1-13.

observation that “[t]he body politic or society gains hardly anything by the labour of thousands of children at the most important period of their growth and development.” In such cases, “[t]he employer is often as great a loser as the boy or girl who works for him,” because “[d]iscontentment on the job, more than the wages from it, will make a boy skip from one place to another. That leads to the destruction of the sense of responsibility and the loss of any habit of persevering application from a sense of duty.”⁵

The hazards of the poorly-trained individual were further reinforced by additional studies conducted by public and private institutions in Canada and elsewhere over the next several decades. The federal department of labour’s official publication, the *Labour Gazette*, for instance, reported in 1930 on a recent survey conducted by the Massey Harris Employment Department, which had decided to track the fate of “the number of boys under 20 years of age, who had left employment [with the company], or had been discharged within the last 7 years.” The survey encompassed 1,499 individuals who had been employed for an average of nine weeks. “[T]hese boys,” the survey concluded, “practically all came from the ‘non-academic type’ ... staying but a short period in any job.” The result was that many “never become trained and ‘develop into the floating type of labourer,’ who, as they get older, become ‘a drag on the labour market,’ and compose ““the bulk of the city’s unemployed.”⁶

The question, then, was how to ensure the creation of workers who would not become a charge on the public accounts. To this there were several responses. One was greater attention to publicly-funded vocational education, the benefits of which the

⁵ Commission on Industrial Training, *Report*, Vol. 1, Part II, 171 and 394.

⁶ “Need for Vocational Education,” *LG*, Apr 1930, 365.

Commission on Industrial Training outlined as:

- (1) The preservation of health and the vigour of life
- (2) The formation of good habits
- (3) The development of the sense of responsibility and duty
- (4) The preparation of the body, mind and spirit for following some useful occupation
- (5) The cultivation of the mental powers, the acquisition of knowledge and the development of scientific spirit with direct reference to the occupation.
- (6) The promotion of goodwill and desire and ability to co-operate with others.
- (7) The maintenance of standards and ideals
- (8) As all inclusive and ultimate, the perfecting of the human spirit, the improvement of the quality of life itself and the betterment for the conditions of labour, leisure and living.

The educational system, therefore, was to become an increasingly important part of the social machinery for producing “productive” and “responsible” citizens.⁷

Another need recognized by the Commission on Industrial Training was that of guiding individuals into “the occupations to which they are best suited.” This, too, was constituted on a scientific basis over the following decades, through studies such as those conducted in Great Britain by Professor Julian Huxley of the National Institute of Industrial Psychology. As reported in the *Labour Gazette* in the mid-1930s, Huxley’s study divided children into two groups: one of which “were advised in the ordinary way[s]” attached to the school “on choice of employment” and the other of which were “tested by specially trained workers.” In the latter case, the tests concerned “manual dexterity, mechanical ability, performance tests with concrete problems, and ordinary intelligence tests ... [as well as] special temperament charts ... for each child, to include estimates of such qualities as initiative, perseverance and so on.” The results of the study indicated that those “who had

⁷ Commission on Industrial Training, *Report*, Vol. 1, Part I, 19.

been specially tested and had followed the tester's advice proved to have been much the most satisfactorily placed, as judged by the length of time the first job was held, by the proportion who continued in the same job throughout the period, by the opinion of employers, and by opinion of the children themselves."⁸

The idea that individuals might be ideally sorted into different occupations was the impetus behind the vocational-guidance movement. According to a pamphlet of the National Vocational Guidance Association of the United States from the 1920s, the objective of vocational guidance was to "offset the unwise and false guidance of untrustworthy advertisements, suggestion, selfishness, ignorance, and other prejudiced or unscientific sources" with a more scientific approach to selecting a potential career. How this was to be achieved was outlined at the opening of a vocational-guidance bureau in connection with the Montreal branch of the Young Men's Christian Association` in 1924. As reported in the *Montreal Gazette*, in providing this service, there was "no intention arbitrarily to direct any young man to a specific livelihood, or to interfere with a formed ambition or the wishes of a boy's natural guardian." Instead, the methods employed would be "to present to the youth ... the general principles connected with the choice of life work, to enable him by a process of self-analysis to discover in what direction his preference and his capabilities point, and to bring him in touch with men, already established and successful in the indicated line of work, who will enlighten him as to its advantages and its difficulties."⁹

⁸ *Ibid.*, Vol. 1, Part II, 394; and "An Experiment in Vocational Guidance in Great Britain," *LG*, Apr 1934, 310.

⁹ "Vocational Guidance," *LG*, Nov 1924, 953; and "Vocational Guidance Movement at Montreal," *LG*, Jan 1925, 35.

The functions of providing this early form of “career counselling” led to the creation of a new career path in itself – namely, that of the “vocational-guidance” counsellor. Ideally, as suggested above, the vocational-guidance counsellor was someone who had a combination of practical experience in the labour force and knowledge of the working conditions and economic prospects within various trades.¹⁰ Many of those who served in this role in the early phases of its development during the 1900s and 1910s were volunteers from the local community. In Manitoba, for example, the Winnipeg Industrial Bureau, described as a “body of public-spirited men representing twenty business organizations,” began sponsoring a series of talks on various trades and occupations presented by businessmen, professors, and trade unionists at schools across the city in the early 1910s. By the early 1920s, however, full-time, paid counsellors began to become more common. In Ontario, for instance, the School Law Amendment Act of 1921 empowered high school board or boards of education to “appoint one or more officers qualified according to the regulations to collect and distribute information regarding available occupations and employments.” Similar steps were taken in British Columbia as well, which began to make provisions for the hiring of a “Vocational Officer” in 1924. Even the Employment Service of Canada (ESC), founded in 1919, operated upon principles the same principles, with the main difference being that its purpose was to assist in finding employment for demobilised veterans from the First World War and others who had already entered the labour force rather than students who were entering the labour

¹⁰ See, for instance, the Commission on Industrial Training, *Report*, Chapter 12; Herbert C. Powell, “Vocational Guidance,” *Social Welfare* (hereinafter, *SW*) July 1923, 203-4; and “Duties of a Vocational Guidance Director,” *LG*, Mar 1930, 259-60.

force for the very first time.¹¹

Still other career paths connected with the management of the “human factor” in production were beginning to emerge within the workplace during the late nineteenth and early twentieth centuries. The “welfare secretary” and the “personnel manager” were two such examples. These positions had similarities as well as differences, and the history of their evolution provides a case study of the processes by which disciplinary and occupational boundaries were established, contested, and altered over time. Both were usually expected to have some sort of formal preparation. For welfare secretaries this usually meant social work education and/or practical experience as a social worker, while for personnel managers this could have meant education in social work, commerce, or political economy and/or practical experience as a business manager, social worker, or religious minister. Both shared many of the same functions as well. These included responsibility for issues relating to the company’s working conditions and the administration of its employee benefits. Occasionally, they also included the tasks of investigating and advising upon the personal lives of the company’s employees by means of an “attitude adjustment” or “personal affairs” interview, or, as one article put it, by acting “as a Father Confessor to any of the thousands of employees who many seek advice on some particular problem.”¹² Unlike welfare secretaries, however, personnel managers were more likely to have a management as opposed to an advisory

¹¹ Commission on Industrial Training, *Report*, Vol. 1, Part II, 407-8; “Notes on Vocational Education and Apprenticeship,” *LG*, Nov 1924, 953; and “Provision for Vocational Guidance in Ontario Schools,” *LG*, Jan 1929, 3-4. With respect to the operations of the Employment Service of Canada, also see C.E. Dankert, “The Employment Service of Canada,” *Dalhousie Review* (hereinafter, *DR*)(1929), 219-23, and the Department of Labour (hereinafter, *DL*), *Annual Reports*, 1919-1940.

¹² Alan K. Cook, “The Rise of the Personnel Relations Man,” *CB*, Aug 1943, 102.

position. Furthermore, whereas welfare secretaries tended to be associated with the industrial-betterment movement, along with its moral and religious underpinnings, personnel managers were more closely associated with the evolving management sciences. Given the prescribed gender roles of the time, these factors appear to go a long ways in explaining why the position of welfare secretary was almost always occupied by women, while the position of personnel manager was almost exclusively the domain of men. All of the above, moreover, contributes to explaining why the position of welfare secretary was all but entirely displaced by that of personnel manager by the early 1920s.¹³

Changes in the career paths of personnel managers were intimately connected with changes in the academic study of the human factor in production. The potential of personnel management as a academic field began with the first tentative efforts to combine the study of labour with the emerging science of psychology. With the establishment of his laboratory for “industrial psychology” at Harvard University in 1892, Hugo Munsterberg (1863-1916) became among the earliest pioneers of this field. Together with a small but growing segment of academics, Munsterberg was concerned with investigating the quantification and classification of an individual’s “mental abilities” and “psychological characteristics.” In 1913, portions of this research were translated and published as *Psychology and Industrial*

¹³ On personnel managers and welfare secretaries, see *Ibid.*; Leslie L.H. Miles, “Interviewing the Worker,” F.H. Horton, “How a Practising Industrial Relations Man Views His Job,” and W.H.C. Seeley, “Industrial Relations in Practice,” in *Industrial Relations: Papers presented at a Conference on Industrial Relations sponsored by Queen’s University, 1936* (hereinafter, *Industrial Relations*) (Kingston: Queen’s University, Industrial Relations Section, 1938), 12-19 and 35-49. Also, see Kaufman, *Origins and Evolution*, 3-69; Barley and Kunda, “Design and Devotion,” 363-375; and Mary M. Niven, *Personnel Management, 1913-36: The Growth of Personnel Management and the Development of the Institute* (London: IPM, 1967), 11-111.

*Efficiency.*¹⁴

In the meantime, the “Binet-Simon Intelligence Scale” was becoming the first of such tests to be employed upon a grand scale. Originally developed by psychologists Alfred Binet and Theodore Simon, the Binet-Simon scale was first applied in France during the early 1910s for the purposes of identifying “mentally-deficient” students within the public school system. Shortly thereafter, it was adopted and refined by other scholars working abroad. Most notable among these efforts was that of Stanford psychologist Lewis M. Terman, who published *The Measurement of Intelligence* in 1916. In this work, Terman not only adapted the Binet-Simon test for an American audience but also incorporated a version of the “intelligence quotient” numeric scale, which had been developed by German psychologist William Stern, in order to better quantify actual test performance. Only one year later, Terman and other psychologists then collaborated in creating yet another series of tests to be administered to over 1.7 million recruits for the US Army during the First World War. During the 1920s and 1930s, variations of these same tests came to be extensively employed in the US school system and US business firms.¹⁵

Yet perhaps the largest boost to the legitimacy of “industrial psychology” occurred with what came to be known as the “Hawthorne experiments.” These began with a series of studies conducted by the National Research Council of the United States National Academy

¹⁴ The work was originally published in 1912 as *Psychologie und Wirtschaftsleben*.

¹⁵ Chester Kellog, “Mental Tests and Their Uses,” *DR*, Vol. 2 (1922), 490-500; and Mitchell Leslie, “The Vexing Legacy of Lewis Terman,” *Stanford Magazine* (July-August 2000)(Available: www.stanfordalumni.org, 20 December 2003). Also, regarding the “employee-testing” fad, see Wren, *The Evolution of Management Thought*, 195-203.

of Sciences at the Hawthorne Plant of Western Electric in Chicago, Illinois from 1924 to 1927. Over this period, initial research involving variations in workplace illumination, rest periods, length of the workday, and other factors proved inconclusive. Inexplicably, it appeared as though that productivity had increased in every single group involved in the study – even in the control groups, which, aside from participating in the study, had not had any substantial changes to their work environment or wage incentives. Further investigations were thereafter conducted by researchers from Harvard's Industrial Research Department, among whom were Elton Mayo, T. North Whitehead, and Fritz Roethlisberger. Mayo surmised that all the groups of test room workers had become "a social unit, enjoyed the increased attention of the experimenters, and developed a sense of participation in the project," and that these psychological factors – rather than those relating to the material conditions of work, fatigue, or economic incentives – were the basis of the increased productivity. From 1928 to 1932, the Harvard group carried out additional studies lending further support to this hypothesis, and thereby reinforcing the perceived importance of psychological factors in production with the weight of a substantial body of empirical evidence. Shortly thereafter, their research was published and widely disseminated in Mayo's *The Human Problems of an Industrial Civilization* (1933) and Roethlisberger and William Dickson's *Management and the Worker* (1939).¹⁶

Over this same period, a small but growing number of Canadians were also

¹⁶ Dickson was the chief of the employee relations research department at the Hawthorne plant. With respect to the Hawthorne experiments, see Wren, *The Evolution of Management Thought*, 275-99; Kaufman, *Origins and Evolution*, 76-80; and Richard Gillespie, *Manufacturing Knowledge: A History of the Hawthorne Experiments* (Cambridge: Cambridge University Press, 1991).

participating in the development of the sciences of personnel management. One such contribution was that of R.M. MacIver's *Labor in the Changing World* (1919). In this work, MacIver, a professor of Political Economy at the University of Toronto, located at least part of the problems of contemporary industrial relations in the "lack of appreciation of worker psychology." For MacIver, the application of scientific management in industry needed to be accompanied by efforts to provide for labour participation as a "junior partner" in management decisions, such as through consultative "works councils," in order to maintain the worker's sense of dignity and control over their own destiny; as well as by protective social legislation, such as unemployment insurance, in order to address the worker's need for income security.¹⁷ Further examples can be found in the work of Canadian students. Mary Lillian Reid, for instance, completed what was probably the first Canadian graduate work in personnel management with her master's thesis on "Works Councils." At the undergraduate level, a survey of BA theses from Western's Business Administration program reveals several additional works dating from the late 1920s and early 1930s, including J.F. Bankin, "Personnel Administration" (1929); C.M. McGaw, "Industrial Fatigue and Efficiency," (1934); T.A. Standing, "Canadian Industrial Pensions Systems" (1934); and S.N. Stevens, "Wage Policies in Canadian Industries" (1934).¹⁸

¹⁷ R.M. MacIver, *Labor in a Changing World* (Toronto: J.M. Dent, 1919). Also, see the discussion of the significance of MacIver's work in Anthony Giles and Gregor Murray, "Towards an Historical Understanding of Industrial Relations Theory in Canada," *Relations Industrielles/Industrial Relations* (hereinafter, *RI/IR*) 43, 4 (1988), 787-90.

¹⁸ Mary Lillian Reid, "Works Councils: Do They Offer a Solution to the Present Day Industrial Problem?" (MA thesis, University of British Columbia, 1923); and "Research Problems," *QRC*, (Winter 1938), 47-53.

The elaboration of this theoretical body of knowledge greatly expanded the scope for educational training in personnel management, while the practical applications of this knowledge afforded university faculty with yet another field of opportunities for professional development. As might be expected, though, the early forays into the teaching of personnel management tended to be fairly limited in scope. The first university-based, non-credit course in "Employment Management," designed to meet the needs of those already employed in the field, was offered by the Department of Social Service of the University of Toronto starting in 1919. The course ran for just over two weeks, covering "the worker and his fitness for the particular job, the conditions under which work is done, ie. the rules and management of the plant concerned, the system of remuneration, profit sharing, etc. [as well as t]he questions of a suitable method of measuring the workman's ability, the training of the worker, and industrial morale." The department of political economy at Queen's, meanwhile, began offering a regular, degree-credit course on "Business Policy" in the mid-1920s, which looked at "problems in location, expansion, factory management, labour administration, finance, insurance, transportation and selling policy." Like several other institutions, the department of political economy at Western also offered a regular, degree-credit course on "Labor Problems" at this time. It dealt with the "the psychology and history of the labor movement ... immigration, wages, standards of living, women and children in industry, industrial accident and sickness, unemployment, trade unionism, the employer's approach to the labor problem, labor legislation, [and] methods of industrial peace."¹⁹

¹⁹"University to Teach Scientific Methods of Using Labor," *TS*, 16 Aug 1919, 12; *QUA, CA* (1924-5), 116; and University of Western Ontario, Archives and Research Collections Centre (hereinafter, *UWOA*), *CA* (1926-7), 99. On the availability of "labor problems" courses, see Pupo,

By the late 1930s and 1940s, research institutes dedicated to personnel management, and the larger field of “industrial relations,” were beginning to be established. Prior to the Second World War, such institutes had already been founded at universities in the U.S. such as Pennsylvania (1921), Princeton (1922), Michigan (1934), Stanford (1936), the Massachusetts Institute of Technology (1937), and a handful of others. In Canada, the first of such institution was created at Queen’s, which established an Industrial Relations (IR) Section within its School of Commerce in 1938.²⁰ In that same year, the Queen’s School of Commerce director, W.A. Mackintosh, sketched out the functions of the new institution in a speech to Queen’s third annual conference on industrial relations. He began on a negative note. First, he said, the IR Section was not to become “a manufacturer of formulas ... [to] place its trademark on the catch-words of the day, deluding itself that it is thereby doing useful work.” Secondly, it was not to be “a promoter of programmes, an emotional advocate of this or that plan of industrial salvation ... [since] to the degree that it becomes an advocate of specific programmes it necessarily loses its freedom.” Thirdly, it was not to be expected to “turn out ready made experts, because such expertise “can only be acquired by experience, by close contact with problems and with the human beings involved in the problems.” What it did aim to do, according to Mackintosh, was to provide “a clearinghouse of information” that would be “both a channel and a storehouse ... available to all who would profit by it.”

“Educational Promises and Efficiency Ideals,” 75-115 and 133-164; Kaufman, *Origins and Evolution*, 48; and Anthony Giles, “Industrial Relations at the Millennium: Beyond Employment?” *L/LT*, 46 (Fall 2000), 40.

²⁰ Kaufman, *Origins and Evolution*, 45-6; and Lawrence Kelly, “Industrial Relations at Queen’s,” *RI/IR* 42, 3 (1987), 476-9.

Its second task was to “carry on investigation and research.” Some of this work would be primarily “elementary” and descriptive in nature, while at other times it would undertake the more difficult task of assembling, classifying and analysing information “not generally available” in order to “show the tendencies which are at work in industry.” Moreover, he continued, “[a]s experience and resources grow,” it might be possible to “go beyond existing practice and cut into essential problems.”²¹ In other words, the IR Section was to be a centre for independent, scientific research into the problems of modern industrial relations.²²

The creation of the Queen’s IR Section signalled the arrival of personnel management as a distinct field of knowledge in Canada. The first two conferences that the IR Section organized in 1936 and 1937, the first on industrial relations ever held in Canada, attracted over 100 participants from business, labour, and academia. Businesses were prepared to offer more than just morale support as well. The early conferences at Queen’s, for example, were partially sponsored by the Montreal Personnel Association and the Toronto Personnel

²¹ W.A. Mackintosh, “Industrial Relations and the University,” in *Industrial Relations* (1938), 1-4. Not surprisingly, Mackintosh’s depiction of the role of the IR Section was largely mirrored in its early promotional material. In particular, see QUA, Wallace Fonds, Principals Files, “Industrial Relations Section, Queen’s University,” pamphlet (c1938); R.C. Wallace to W.A. Mackintosh [re: “press release”], 14 September 1937; and R.C. Wallace to J.E. Hall [re: “press release”], 8 Nov 1937.

²² Despite having a staff of only four people – including its director, J.C. Cameron, as well as a research assistant, stenographer, and part-time office assistant – the IR Section was admirably active in fulfilling these functions. By the end of its first full year of operations, it had sent out thousands of inquiries and questionnaires; gathered materials from more than 700 corporate, government, and labour sources for its library; answered over 150 requests for information from businesses, labour organizations, universities, researchers and government departments; published three bulletins; held two conferences; and offered two full-credit courses and one short-term non-credit course on industrial-relations topics. See QUA, Wallace Fonds, Principal’s Files, J.C. Cameron, “Report on the Operations of the Industrial Relations Section, October 12, 1937-June 30, 1938;” J.C. Cameron, “Report on the Work of the Industrial Relations Section, School of Commerce and Administration, for the year ended June 30, 1939;” “Industrial Relations Section, Queen’s University,” pamphlet (c1938); and Kelly, “Industrial Relations at Queen’s,” 477-85.

Association – formed in 1935 and 1936, respectively. The first annual budget for the IR Section was supported by donations from sixteen companies totalling \$11,850, and by 1942 its projected annual budget was supported by donations from over 100 “subscribers” totalling \$12,000.²³ Furthermore, the formation of professional associations of personnel-management practitioners was closely linked to the growing “credentialization” of the field, as evidenced by the growing number of institutions offering various certificates and diplomas in “industrial relations.” The Queen’s IR Section, for example, began its week-long extension course in 1938. Similar short-term summer programs were also in place at Toronto and McGill by the early 1940s. These were joined by a two-year certificate program initiated by the Department of Industrial Relations within the Montreal School of Social Service in 1944, a program that the Queen’s IR Section matched with its own one-year diploma program in 1945.²⁴ By this time, industrial-relations departments or institutes had been established at Queen’s (1937), Laval (1943), and Montreal (1944), later joined by Toronto (1946) and McGill (1949). At Laval, the first Canadian professional journal dedicated to industrial relations, *Relations industrielles/Industrial Relations*, was also added in 1945. A solid institutional basis was thus established, and the prospects for the field looked promising indeed.

Moving on to the applications of this system of knowledge, one can see how

²³ When the University of Toronto established its Institute of Industrial Relations in 1946, it fared better still by attracting the support of over 200 subscribers and over \$100,000 to support its first five years of operation. See Kelly, “Industrial Relations at Queen’s,” 479, 482 and 487; *Industrial Relations (1936-7)*; UTA, A71-0019, Vol. 2, F-“Subscribers to the School of IR, 1946-1950;” and F-“Institute of IR – Formation and History,” V.W. Bladen to J.W. Spence, 4 May 1951.

²⁴ QUA, Wallace Fonds, Principal’s Files, “Report on the Work ... June 30, 1939” and University of Montreal School of Social Service, Department of Industrial Relations, pamphlet (c1945); Cook, “The Rise of the Personnel Relations Man,” *CB*, Aug 1943, 24 and 100.

personnel management practices reshaped the observation, analysis, and management of the individual worker. Between the early 1920s to the late 1930s, the “ethos” of personnel management was coming to be perceived as a “modern” and profitable, and therefore desirable and increasingly diffuse, set of values and practices. By 1942, *Canadian Business* writer Kenneth Cox noted that “a number of internationally known firms such as Procter and Gamble, the Waltham Watch Company, Dennison Crepe Paper Company, R.H. Macy’s Department Store, the General Electric Company and the Western Electric Company” all had “rather extensive testing setups for the selection of employees.”²⁵

The London Life Insurance Company was one such firm. While the insurance industry has long been a tough and competitive business, it was particularly so during the Great Depression. The level of risk was up and the ability to pay for premiums was down. Given the squeeze in corporate profits, continued success in the industry called for agents who were proficient in leveraging sales and taking existing market share from their competitors. This, in part, explains why by the middle of the 1930s London Life had launched an intensive search for what was known as the “Double A” sales candidate. According to research conducted by the Sales Research Bureau (SRB) of Hartford, Connecticut, the ideal insurance salesman was said to fit a very particular profile. Based on “thousands” of questionnaires “filled in by men known to have made a success of life insurance selling,” the SRB had constructed two tests to gauge a sales candidate’s potential for success: the Prospective Agent’s Rating Chart, to measure “background preparation,” and the Aptitude Index, to measure “intangible psychological factors.” The Double A sales candidate was the prospective employee who

²⁵ Kenneth Cox, “Selecting Employees the Modern Way,” *CB*, Sept 1942, 96-100.

could score an “A” rating in both categories.²⁶

The SRB’s research indicated that, typically, the Double A sales candidate ranged in age “from 35 to 39, [and was] happily married, with a wife favourable toward the business and with a complete High School or University Education. In his previous occupation, he may have been an outside salesman, a bank manager, a business proprietor or executive.” In his personal habits, he was “somewhat impatient of detail, dislike[d] ‘tinkering,’ [and] like[d] to spread his energies into a great many activities.” Moreover, he had “instinctive sense for people ... There [was] an element of shrewdness in the selection of his contacts,” in that he joined “political organizations with good prospects and clubs” where he could “associate with the leading people of the community.” In his job, “he hope[d] to secure a certain amount of power and the chance to control important matters.” And, in domestic life, he enjoyed “an attractive, well-arranged home” because it provided him with “a feeling of stability, permanence and security.”

In addition to rating applicants for sales positions against these and other criteria contained in the SRB’s rating charts, London Life further scrutinised each candidate according to “(1) a personal history record, (2) a credit inspection report, (3) a health report, (4) references and (5) [a] manager’s pen picture,” all of which were then forwarded to head office for further analysis.²⁷ If this attention to detail put the company considerably ahead of many of its contemporaries in knowing specifically what “type” of worker it wanted in its labour force, its general attention to the individual worker was still part of a larger trend. By

²⁶ Randy Bythell, “Looking for the ‘Double A’ Man,” *QRC*, Autumn 1939, 19-22.

²⁷ *Ibid*, 22.

this time, many other important Canadian companies and government organizations also had adopted at least some measures for selecting employees and determining their workplace duties, performance, and proper level of remuneration in, as Cox put it, "the modern way." As early as 1918, for instance, the Canadian government had contracted the American management-consulting firm of Arthur Young and Company in order to assist in the process reclassifying the positions within the federal civil service.²⁸

Unfortunately, however, as many firms and governments were to discover, achieving modernity was both an expensive and a time-consuming proposition. In some instances, therefore, there tended to be more commitment to the concept rather than the actual practice of personnel management. Of the fifty Canadian war plants surveyed by the management-consulting firm Stevenson and Kellogg in 1943, for example, only eight were rated as having "first-class" personnel management programs in place. Of the remainder, twenty were rated as being in the "developing stage" and twenty-two were rated as "dealing still with primary needs." The "first-class" plants were said to be those in which "all facilities for excellent working conditions and the comfort of employees are in good shape; workers are carefully selected, put in jobs best suited to them and up-graded as ability warrants; foremen are well trained; and production per employee is rising." In such a context, *Canadian Business* approvingly noted, "There isn't much chance for discontents to start trouble."²⁹

But what, more precisely, was the business rationale for employee testing and other

²⁸ Cox, "Selecting Employees the Modern Way," *CB*, Sept 1942, 96-100; and J.E. Hodgetts et al., *The Biography of an Institution: The Civil Service of Canada, 1908-1967* (Montreal and Kingston: McGill-Queen's University Press, 1972), 65-90.

²⁹ "Personnel Jobs," *CB*, Sept 1943, 124-5.

personnel management practices? In a panel discussion at the Conference of Personnel Executives put on by the National Industrial Conference Board (NICB) in April 1939, Dr. Millicent Pond, Employment Supervisor for Scovill Manufacturing Company, put it as such: "As I see it, the value of tests for the employer is, first, that it is possible in many occupations to improve the percentage of satisfactory and highly successful employees by their use. Second, it is possible in the matter of promotions to be more sure that the person you choose out of the many available for promotion of a given sort will be a successful choice." Much like the educational-guidance movement, therefore, part of the functions of personnel departments included the improvement of productivity and the reduction of labour problems through attempting to sort the "right workers" into the "right positions."³⁰

Similar lines of reasoning were outlined in papers presented by personnel-management practitioners to the first annual conference on industrial relations at Queen's university in 1936. As A.J. Hills, the Chief of Personnel for the Canadian National Railways, explained it in his presentation, the inventory and evaluation of a company's human capital ought to be taken equally as serious as the inventory and evaluation of its physical capital. From this perspective, a rationally-planned personnel program for selecting, training, and promoting workers, which took into account a company's present and future needs, was simply good business. Furthermore, he added, if it was "diplomatically introduced," such a programme "should have a good effect on the morale of the staff as it should certainly create good feeling on the part of the employees to know that the company thinks well enough of them to train

³⁰ NICB, "The Use of Tests in Employment and Promotion," *Studies in Personnel Policy*, No. 14 (June 1939), 5-6.

them to meet the changing condition [of industry]." W.H.C. Seeley, Director of Personnel for the Toronto Transportation Commission, further emphasized that the need for improvement in the employee-selection process of most industries could not "be stressed too greatly." In his view, "the chief difficulty" facing most personnel managers "was not in distinguishing between those who are capable of learning and those who are not," but rather "in distinguishing between those who, after learning their duties, will carry them out with intelligence and pride and those who must have close, constant supervision." The problem, then, was to find more of the first type of worker, while weeding out the second.³¹

The scientific selection, assessment, and shaping of the individual worker was carried out through a variety of personnel-management practices. Scientific employee-selection processes were one such example. While few companies had a program quite on the scale of that of London Life and its elaborate methods for finding the Double A sales candidate, a growing number of them were adopting one or more of its elements. L.H. Miles, an employment manager with Canadian Industries Limited, for example, told the 1936 conference on industrial relations at Queen's that the commonest aids in evaluating a potential employee included: "(a) the application for employment; (b) the interview report; (c) the applicant's self-analysis; (d) the previous employer's recommendation; and tests of aptitude and specific abilities." According to Miles, "where deemed appropriate" and "assuming a knowledge of the requisite qualifications for the position to be filled," these were the

³¹ As part of accomplishing the latter, Seeley briefly referred to employee recreation programs, accident prevention and compensation, apprenticeship, and an employee magazine, among other "phases of Industrial Relations." See A.J. Hills, "Planning a Personnel Program," and Seeley, "Industrial Relations in Practice," 9-12 and 42-9.

techniques that should be employed by personnel managers for determining the extent to which each prospective employee fit the imagined profile of what sort of individual would best fill each job opening.³²

Another practice consisted of reviewing the workplace performance of *existing* employees, in order to determine either their eligibility for promotions or their need for corrective action. Of the ninety-four companies surveyed by the NICB, 73.2 percent reported to have some sort of employee-rating system in place, and of these firms approximately 78 percent reported conducting such ratings once or twice per year. Many these rating systems resembled the “Man-Rating Chart” employed by the Hudson’s Bay Company (HBC). Like many such plans, it based its assessment of the individual upon a combination of their job performance and their “general character,” in this case by rating each according to their “Personality,” “Ability,” and “Reliability.” [Figure 4.1] Three observations can be made about this particular example. The first is that the HBC chart, which was intended to select individuals for promotion, leaves little doubt as to the gender of those being considered. In this context, the “Man-Rating” title was more than just a term of convenience. According to an article appearing the company’s employee magazine, *The Beaver*, only a month earlier, “[w]hether she admit it or even believe it – the ambition of every business girl is – what the destiny of all normal women is – to find a husband that will tally to the measure of her ideal ... The sensible working girl, therefore, is putting in office hours ... to improve herself ... to marry a man higher up in life and making more money than if she [had] never entered the business world.”

³² Miles, “Interviewing the Worker,” 14.

Figure 4.1: HBC "Man-Rating Chart"

Man-Rating Chart—Executive Ability			Date this Rating
Name	Position	Dept.	Date last Rating
Success Qualities	Per- fect %	Actu- al %	Remarks
PERSONALITY—			
1. Ability to win confidence and respect, because of personality	16		
2. Ability to arouse interest and ambition in others	16		
3. Equipment of courtesy, courage and tact	16		
4. (a) Respect for a promise given.	16		
(b) Ability to teach others its importance in the business world			
5. Willingness and ability to co-operate and get co-operation	16		
6. Ability to admire progress of associate or competitor and to profit therefrom	16		
Total	100		
ABILITY—			
1. Judgment—leadership	34		
(a) Ability to pick men and plan work intelligently			
(b) To delegate authority wisely			
2. Originality in devising new or better methods	16		
3. Willingness and ability to accept new methods	16		
4. Speed, thoroughness, coupled with a love of work	16		
5. Energy, endurance, health	18		
Total	100		
RELIABILITY—			
1. (a) Amount of supervision required	24		
(b) Number of times in given period obliged to re-learn all or part of system and duties			
2. Ability to avoid making the same mistake twice	16		
3. (a) Punctuality—as applied to business	24		
"On time," including:			
Appointments:			
"On the job:"			
Answering correspondence:			
Ahead of the work.			
(b) Up-to-dateness in broad sense of the word			
4. (a) General value	36		
(b) Years of experience:			
(c) Loyalty:			
(d) Standing in community:			
(e) Understanding of Company policy.			
(b) Accuracy:			
(a) As applied to facts and figures:			
(b) As applied to statements, verbal or written:			
(c) As applied to conclusions.			
Total	100		
Rated by	Approved		

Source: J. Brown, "Stores' Staff Promotions are Governed by Efficiency," *The Beaver* (hereinafter *TB*), Dec 1920, 24-7.

Second, as for the men who were being rated for promotion, the HBC chart illustrates how it was not just one's individual efficiency that was coming under scrutiny, but also one's "confidence," one's "ambitions," and one's "ability to co-operate and [to] get co-operation." Third, the HBC chart, and other such examples, provided one of the templates by which the company could convey what it expected of its employees, and thereby encourage the same by making employees aware of the fact that these were being monitored, as well as one's standing against this standard and those of one's fellow employees.³³

Job analysis was yet another practice. Its purpose was to classify each employment position to determine: the nature of its requirements, the profile of its ideal candidate, and its proper level of remuneration. Of these three, the first two were the most straightforward but the most important, as they marked the "starting points" from which management could make its determinations on hiring, training, wages and other aspects of personnel policy. This began with delineating each position according to its functions and the education, abilities, skills, and temperament which were determined to be ideally suited for performing in this role. In the final aspect, however, the process became increasingly complex, as here firms had to take into account not only their internal needs but also the external labour market conditions that determined the availability and costs of different types of labour.

At the 1938 conference on industrial relations at Queen's, W.F. Cook of the Kimberly-Clark Corporation recounted his company's particularly ambitious example of how it embarked on a program of "scientific wage determination." Cook explained that in 1933

³³ NICB, "The Use of Tests in Employment and Promotion," 14; J. Brown, "Stores' Staff Promotions are Governed by Efficiency," *The Beaver* (hereinafter *TB*), Dec 1920, 24-7; and "To HBC Girls," *TB*, Nov 1920, 11.

Kimberly-Clark began classifying, comparing, and determining the wage rates for its 3,400 person workforce spread over seven plants in five different localities. This started with the usual questions of job analysis, but also took into account other factors such as the comparability of the work performed by each occupation and the going "market rate" for each type of labour. An equal number of representatives from management and labour were involved, with the proviso that any wage increases for one occupation had to be counterbalanced by an equivalent decrease in another. In practice, however, those in occupations determined to be receiving an "above-level" wage did not have their pay cut. Instead, it was agreed that such anomalies would be "washed out" through normal turnover and through differential treatment whenever general wage increases or decreases are made." In the end, based upon these determinations, wage schedules were established for 700 different hourly-paid occupations! Fifty-eight percent of employees received raises ranging from \$0.01 to \$0.19 per hour, resulting in an additional outlay of "\$120,000 per year or two percent of the payroll." In return, Cook concluded that the company had gone a long way towards resolving many of its "wage adjustment problems" by placing the question of wages on what it presented as a scientific basis as opposed to "[t]radition, inheritance, hunch favouritism, group pressure, special cases," and so on.³⁴

Scientific employee selection, employee rating, and job analysis, therefore, each contributed to constructing "the ideal worker" and the relative value of his or her work. Taken together, these interrelationships are perhaps best illustrated through the job-rating chart employed in Canada during the late 1930s by the J.D. Woods and Company

³⁴ W.F. Cook, "Wage Determination," *Industrial Relations* (1938), 78-86.

management-consulting firm. This analytical system was similar to what could be found in wage-determination texts such as M.R. Lott's *Wage Scales and Job Evaluation* (1926). It listed seventeen factors of differing weights, which were "divided into two main classes; the first and most important, the requirements that the work demands of the worker; the second, the conditions which the job imposes on the worker." Trade education, for instance, was rated from zero to twenty-eight, while the amount of workplace experience required was rated from zero to twelve. Other ratings included job demands such as mechanical ability, dexterity, alertness to detail, and working conditions such as monotony, abnormal position, and disagreeableness. The idea was to have "[s]everal persons with different viewpoints participate in the ratings and pool the results." The final outcome was then expressed as an index number which was meant, "not to replace judgement," but rather to provide "a guide to orderly thinking" and to replace "crude opinion with a thoughtful appraisal."³⁵

During the Second World War, the drive to legitimize labour-management co-operation as the best route to productivity, "fair" wages, and economic growth further intensified. Posters and pay-packet inserts urged workers to "produce for prosperity" and "security." Films produced by the National Film Board of Canada, and shown in the workplace and community centres in collaboration with business and labour organisations, urged workers to support both the war effort and the concept of "industrial democracy." And, on a more practical level, hundreds of "labour-management" production committees (LMPC) were set up in medium and large-sized businesses as well, ostensibly to provide workers with input into workplace conditions, the labour process, and, sometimes, even the

³⁵ R. Presgrave, "Paying the Worker," *Industrial Relations* (1936), 27.

hours of work and wages, though the latter often continued to be primarily handled through the collective bargaining process in cases where a union was already in place. The latter harkened back to the “Joint Industrial Councils” established in the aftermath of the First World War in a similar attempt to suppress workplace conflict through appeals to labour-management co-operation. Both sought to “co-opt” workers by tapping into their supposed psychological desire for “participation” in the labour process, though neither necessarily yielded much in terms of substantive decision-making power since final authority usually continued to rest with a company’s chief executive officer and “outside” state-appointed arbitrators. LMPCs were far more widespread than “industrial councils” had ever been, however, encompassing nearly 300,000 workers in 1945 by one estimate. Nonetheless, as labour historian Peter McInnis concludes, these and other similar mechanisms tended “to reinforce an active, but rigidly circumscribed, sphere for labour’s action.”³⁶

By the end of the Second World War, then, personnel management had thus emerged as a relatively coherent set of ideologies and practices circulating throughout the school system, the state, and workplace within Canada and other advanced-industrial societies. In the process, it thereby generated several powerful political, economic, and social effects – effects which proved to be simultaneously coercive, productive, and contestable.

The coercive aspects of personnel management were far from subtle. By bringing scientific analysis down to the level of the individual worker as a distinctive “being,” it constituted the labour force not as a uniform pool of undifferentiated units of “labour” but as

³⁶ McInnis, *Harnessing Labour Confrontation*, 1-17; and, on the larger “legal framework” of industrial relations, see Judy Fudge and Eric Tucker, *Labour Before the Law: The Regulation of Worker’s Collective Action in Canada, 1900-1948* (Don Mills, On.: Oxford University Press, 2001).

a variegated range of individuals with distinctive abilities and psychological needs. When combined with the creation of a growing occupational diversity and an increasingly-intensive gradation of the relative value of different employment positions through “job analysis,” these processes contributed to producing the socio-economic construct of “the corporate ladder.” In conjunction with the diffusion of the ideal of a merit-based system for selecting and promoting workers, which was also promoted in personnel-management practice, this represented the promise that those dissatisfied with their current position could reasonably aspire to, and if they worked diligently perhaps achieve, a position more to their liking. “Staff promotions,” as *The Beaver* proudly announced to the employees of the HBC in 1920, were “governed by efficiency” and the “periodic analysis of ‘Success Qualities.’” This, therefore, invited workers to conform with the preset model of these very “Success Qualities,” which, obviously, did not include questioning authority, promoting worker solidarity, or faithfulness to priorities outside of the workplace.³⁷

Yet the practice of personnel management cannot be entirely understood in negative terms; to be sure, its utility, its inherent “genius,” resided in its ability to produce consent. If employee selection, promotion, and job analysis are all believed to be based upon merit and scientific analysis, then those who do achieve success have a certain stake in accepting and defending the existing systems. Historical and contemporary experience also would seem to suggest that, within certain limits, practices such as goal setting, payment incentives, and psychological rewards, do promote productivity. As *London Life* discovered, investment in the “scientific selection” – or, perhaps more accurately, the “scientific constitution” – of

³⁷ Brown, “Store’s Staff Promotions,” 24.

individual workers appeared to provide substantive and measurable returns: using the SRB's system during the five-year period from 1933 to 1938, it was able to decrease the overall number of company agents by 43 percent, while also increasing the average production of each individual sales agent by 35 percent.³⁸ At the larger social level, moreover, personnel management's emphasis on the individual worker, rather than the collectivity of workers, promoted a view of the world as a more-or-less "fair" competition among individuals rather than, say, as an ongoing conflict between the social classes of capital and labour.³⁹

None of this is to suggest that the theories and practices of personnel management were accepted without question. Indeed, in its application as a system of power/knowledge, it brought forth the possibilities of "forces of resistance" to management prerogatives. Take, for instance, MacIver's argument that worker psychology demanded that workers have a "voice," if only a "junior" one, in management decisions. This represented a considerably more progressive view in comparison with many management attitudes at the time, particularly those which appeared to be widely-held only a generation earlier.⁴⁰ Two decades later, these same sort of psychological arguments also would be advanced in support of collective bargaining rights by other "experts," such as Harold Logan, a labour economist at the University of Western Ontario, and J. Finkelman, a professor of administrative and

³⁸ Bythell, "Looking for the 'Double A' Man," *QRC*, Autumn 1939, 19.

³⁹ See Kaufman, *Origins and Evolution*, 21-43; and Barley and Kunda, "Design and Devotion," 371-6.

⁴⁰ See, for example, Gregory S. Kealey (ed.), *Canada Investigates Industrialism: The Royal Commission on the Relations of Labour and Capital, 1889 (Abridged)* (Toronto: University of Toronto Press, 1889).

industrial law at the University of Toronto.⁴¹ Alternatively, one might cite the example of the job analysis process at Kimberly-Clark, in which the majority of workers did realise some form of wage increase. Even the very concept of “equal pay for work of equal value” helped to establish one more avenue for contesting the existing systems of wages or, at the very least, for mobilizing dissent on the basis of perceived divides between rhetoric and reality. Clearly, a new dynamic had entered the wider field of industrial relations.

4.2 Labour economics and “responsible unionism”

Parallel to the evolution of personnel management’s concern with the psychology and sociology of the individual worker, another system of knowledge and practices focussed upon the institutional and economic dimensions of the labour market at large was also developing. As the processes of urbanization and industrialization proceeded apace between the mid- to late nineteenth century, the “labour question” began to assume a greater prominence in Canadian politics and society. Social reformers raised concerns over issues such as the lack of safety regulations in the workplace and the exploitation of women and children. Workers organized themselves into labour unions, and sought to obtain higher wages and better working conditions through negotiations or labour strikes. And business leaders, government officials, and academic researchers searched for new ways to maintain labour peace, social efficiency, and economic growth in the context of the capitalist system.

Over the course of the early to mid-twentieth century, two primary means for

⁴¹ Harold Logan, “Labour Organization: A Critical Perspective,” *CJEPS* 4 (1938), 192-208; and J. Finkelman, “Trends in Employer-Employee Relations – Collective Bargaining in Canada,” *Industrial Relations* (1938), 34-42.

addressing these macro-dimensions of the “labour question” began to take shape. On the first level, this included the institutional norms that emerged through labour-capital relations and legislative regulations, and which defined the limits of “legitimate” union activities and business practices. On the second level, it included the economic norms that emerged through the collection, analysis, and dissemination of “official” government statistics and the conduct of academic, business, and labour research, and which established what constituted “fair” prices for different goods and services and different types of labour. By the end of the interwar period, the interactions among these actors and activities ultimately brought forth the possibility that collective bargaining with “responsible” labour unions could become a contributing factor in the achievement of socio-economic stability and productivity.

In Canada and elsewhere, the foundations of “responsible unionism” – according to which certain labour unions could gain recognition and bargaining rights in exchange for agreeing to maintain “reasonable” wage demands and to adhere to existing collective agreements – began with the early appearance and expansion of the organized-labour movement.⁴² Much like capitalists and professionals, workers too shared in the impetus towards organization as part of the larger search for security and stability in modern society. Like business organizations and professional societies, moreover, worker organizations – or “labour unions,” as they came to be known – were also outgrowths of the older precedent set by the medieval guild system, in which tradesmen in various lines of business would band together to regulate working conditions, wages, and competition. In the early phases of

⁴² On the concept and development of responsible unionism, see Fudge and Tucker, *Labour Before the Law*.

industrialization in Canada during the mid-nineteenth century, unions tended to be “small, local organizations” formed among skilled workers such as “printers, shoemakers, moulders, tailors, coopers, bakers, and tradesmen.” Over the late nineteenth and early twentieth centuries, however, these local organizations were gradually absorbed, displaced, or surpassed by larger, national or international associations – similar to the process that was then occurring within local business and professional societies at that time as well.⁴³

The Knights of Labor was the first large-scale labour organization with a truly national presence in Canada. Originally formed as a secret society of skilled garment workers in Philadelphia in 1869, the movement later “went public” in 1878 and spread throughout the United States, Canada, and elsewhere. As an “industrial union,” the Knights undertook to organize all workers regardless of race, gender, craft, or religion. Their philosophy was to celebrate the dignity of all work, and work towards bettering the lot of workers through influencing public opinion and electing “independent” labour candidates to various levels of government. As such, they eschewed strikes, riots, and other “less respectable” forms of labour protest. The first Canadian chapter was established in Ontario in 1875. By the height of its popularity in the mid-1880s, it had as many as 450 assemblies across Canada and 20,000 members. Shortly thereafter, however, the movement went into rapid decline under the combined weight of internal divisions, economic depression, and inter-union competition.⁴⁴

⁴³ David Frank, “Working-Class History – English Canada,” available: www.canadianencyclopedia.com, 24 July 2005.

⁴⁴ *Ibid.*; Craig Heron, *The Canadian Labour Movement: A Short History*, 2nd ed. (Toronto: James Lorimer, 1996), 20-7; and Greg Kealey and Brian Palmer, *Dreaming of What Might Be: The Knights of Labour in Ontario, 1880-1900* (Cambridge, Mass.: Cambridge University Press, 1982).

As the Knights of Labor were beginning to wane, the Trades and Labour Congress (TLC) was on its way to becoming the largest and most stable labour organization of the early to mid-twentieth century. Following two earlier and abortive attempts to establish an “overall federation of Canadian labour,” the TLC was established in 1886. From the outset, the TLC was closely allied with its US counterpart, the American Federation of Labour (AFL), the affiliates of which had numerous branches within Canada. Like the AFL, the TLC aimed to promote the bargaining power and stability of its members by assigning member unions exclusive jurisdiction over workers in various industries and trades, and thereby limiting inter-union competition. In 1902, it even went so far as to expel all unions that “conflicted in jurisdiction” with those unions officially recognized by the AFL and TLC; specifically, “the last remnants of the Knights of Labor, several French-Canadian locals, and a few independents.” With this step, the TLC moved even closer to the model of “business unionism” practised by the AFL, which was characterized by a highly centralized bureaucratic structure and a strategic emphasis upon “bread-and-butter” issues, such as wages and working conditions. In the political arena, it also meant neutrality with respect to political parties, together with a patient approach to promoting long-term social change. Whatever it lacked in revolutionary fervour, such a strategy did provide the TLC with a wide potential constituency among the most skilled workers in Canada, as well as access to the organizational expertise and benefit schemes of the much larger AFL unions. Between 1902 and 1914, the TLC’s membership increased from 13,000 to 80,000. Towards the end of the

1930s, this figure had grown to over 150,000.⁴⁵

Over this same period, a large number of other labour organizations continued to compete with both the TLC and one another for membership numbers and political influence. Subsequent to their expulsion from the TLC, the Knights of Labor and other independent unions went on to form the National Trades and Labour Congress (1902), which later became the Canadian Federation of Labour (CFL) (1908). Around the same time, the Industrial Workers of the World (IWW), a radical socialist union, had begun organizing among the “loggers, miners, and railway workers in British Columbia and Alberta.” After a brief upsurge from 1904 to 1914, however, the “Wobblies,” as they were known, quickly receded into obscurity. Following the end of the First World War, the mantle of Western Canadian labour radicalism was then taken up by the One Big Union (OBU), which, like the IWW, endeavoured to organize all workers in an effort to improve their conditions in the short term and to challenge the very basis of the capitalist system in the longer term. At the time of its formation in 1919, the OBU claimed as many as 41,500 members, a number which steadily declined over the early to mid-1920s as a result of the difficult post-war economic conditions, as well as the combined attacks of businesses, governments, and other unions. In 1927, its remnants joined with the aforementioned CFL to create the All-Canadian Congress of Labour (ACCL), the membership of which ranged in the neighbourhood of 45,000 to 27,000 between the mid-1920s and late 1930s. Meanwhile, in Quebec, the Confédération des Travailleurs

⁴⁵ Heron, *The Canadian Labour Movement*, 31-5. Also, see Stuart Jamieson, *Industrial Relations in Canada*, 2nd ed. (Toronto: MacMillan, 1973), 12-21; Irving Abella, *The Canadian Labour Movement, 1902-1960* (Ottawa: CHA, 1975), 3-4; and the DL, *Labour Organization in Canada* (Ottawa, 1939), 12-4 and 21-5.

catholiques du Canada (CTCC), a church-sponsored union, encompassed similar members numbers between the mid-1920s to the late 1930s as well.⁴⁶

Consistent with the pattern suggested above, for the most part, labour unrest in Canada tended to ebb and flow with the movement of economic conditions in general – rising in times of prosperity and tighter labour markets and waning again in times of recession and intensified competition among workers. Yet regardless of periodic changes in its relative urgency, the labour question remained a persistent theme in Canadian political and industrial life. Between 1911 and 1939, total union membership increased from 133,132 to 358,967. In this same period, there were over 5,000 labour strikes involving over 1 million workers, which, collectively, accounted for the equivalent of over 20 million lost “person days” of labour. Given the magnitude of such costs – not to mention those associated with work slowdowns, labour turnover, or similar manifestations of worker unrest – it comes as little surprise that more-and-more business managers, government officials, and university researchers thus began to devote their efforts to addressing these and other labour problems.⁴⁷

The corporate welfare initiatives of the interwar period were one of the methods by which employers sought to improve relations with their employees. In some respects, these initiatives were extensions of the earlier “industrial betterment” movement. During the late nineteenth century, the advocates of industrial betterment had sought to create a “spirit of cooperation” between workers and management amid rising concerns over labour unrest,

⁴⁶ Jamieson, *Industrial Relations in Canada*, 17-24; Heron, *The Canadian Labour Movement*, 37-9, 51-3; and the DL, *Labour Organization in Canada*, (1911-1939).

⁴⁷ DL, *Labour Organization in Canada* (1939), 8; and Douglas Cruikshank and Gregory S. Kealey, “Strikes in Canada, 1891-1950,” *L/LT* 20 (1987), 85-145.

union organization, and the moral implications of an “exploited” labour force. To do so, they started to experiment with material rewards, such as low-rent housing and “fair” wages, to motivate workers with economic incentives, as well as educational initiatives, such as lecture seminars and libraries, to enlighten workers as to the “nature of the economic system” and the benefits of “hard work, thrift, and sobriety.” Towards the end of the century, several large American firms, including National Cash Register, US Steel, and the Pullman Palace Car Company, began adopting a variety of these practices, some of which were even featured at the Paris exhibition of 1900. Not surprisingly, given the rapidly expanding economic and cultural linkages between the two countries, these same ideas were soon being applied in Canada as well. Early examples here encompassed local firms, such as McClary Manufacturing of London, Ontario, as well as the Canadian subsidiaries of international firms, such as International Harvester, which maintained a plant in Hamilton, Ontario, but was headquartered at Chicago, Illinois.⁴⁸

What set the corporate welfare plans of 1920s and 1930s apart from the early efforts at industrial betterment was their greater sophistication and their usual justification in terms of scientific management’s language of “efficiency.” As R.F. Thompson of the Massey-Harris company put it during the late 1920s, “the average employer is [now] far-sighted enough to perceive that even from purely selfish motives, the institution of carefully thought out personnel plans more than pay for themselves, in the greater spirit of co-operation which

⁴⁸ Barley and Kunda, “Design and Devotion,” 365-8; James Naylor, *The New Democracy: Challenging the Social Order in Industrial Ontario, 1914-1925* (Toronto: University of Toronto Press, 1991), 165-80; and Margaret McCallum, “Corporate Welfarism in Canada, 1919-39,” *CHR* 71, 1 (1990), 46-50 and 75.

prevails between the parties to industry.”⁴⁹ Typically, such plans could include anything from old-age pensions, stock-purchase programs, corporate housing, and recreation facilities and programs to other more mundane benefits such as on-site washrooms, change rooms, showers, and cafeterias with meals sold at or below cost.⁵⁰

One the most comprehensive programs of corporate welfare to be introduced within Canada was put into place by the Procter and Gamble (PGC) company, which was based in Cincinnati but operated a branch plant in Hamilton, Ontario. In addition to “wages slightly above the prevailing scale,” sickness and disability benefits, retirement benefits, life insurance and profit sharing, the company also provided all employees participating in the stock-purchase plan with “a guarantee of full pay for full time for not less than forty-eight weeks in each calendar year” up to the age of retirement. After two years of experimentation, the company further concluded that it would be possible to “to stabilize production, distribution and consumption in such a way that operations may be conducted on a fairly stable basis.” On the eve of the plan’s inauguration in 1923, company president William Procter admitted that it “had an economic value hard to define;” however, he believed that “[t]he advantage of a regular production and a satisfied and permanent workforce of workers would easily

⁴⁹ Barley and Kunda, “Design and Devotion,” 365-9 and 371-5; and “Welfare Work an Aid to Efficient Production,” *IC*, Jan 1927, 112-4. Also see W.L. Edmonds, “Making Life Pleasanter for the Workers in a Frontier Industry,” *IC*, Feb 1921, 70; J.L. Charlesworth, “Welfare Plans of the Large Implement Industry,” *IC*, May 1929, 147-8; and “Welfare Plans of Canadian Companies,” *IC*, June 1936, 42-3.

⁵⁰ On Corporate-welfare initiatives in Canada, see Taylor and Baskerville, *A Concise History of Business*, 338-43; Neil Tudiver, “Forestalling the Welfare State: The Establishment of Programs of Corporate Welfare,” in Moscovitch and Albert, *The Benevolent State*; and McCallum, “Corporate Welfarism in Canada,” 46-79.

more than offset ... [any] possible shut-down expenditures.”⁵¹

The PGC program was not the only example of the attempt to regularize the employment and income of a company's workforce. Indeed, PGC's form of “one-company” Keynesianism reached its fullest expression in the plan presented by Kodak Canada in 1931. Much like the PGC plan, it too sought to “minimize the evils of unemployment” and labour turnover through the “accurate forecasting of sales, careful planning, scheduling of production at an even rate during the year, and building up of inventories during slack periods.” But it went a significant step further as well, initiating a reserve fund that was to be used to pay unemployment benefits to any of its workers who did end up being laid off. The company was to bear the bulk of the cost of the program, though it reserved the right to declare an emergency and have the fund “supplemented by contributions of 1 percent from all employees not receiving benefits.” Benefits were to be paid at “60 percent of the average weekly earnings of the unemployed person,” with the length of benefits to be determined by the employee's length of service to the company.⁵²

Other corporate welfare programs included the creation of “industrial councils” or “co-management committees” in which both management and labour representatives participated in making decisions relating to range of workplace issues such as safety, grievances, production, recreation, wages, and other matters. Although such councils could be established at the level of industries or individual firms, the latter were the more common

⁵¹ “A Guaranteed Job,” *IC*, Sept 1923, 41-2; “Guaranteeing a Full-Time Job to Employees,” *IC*, Sept 1923, 72-3; and H. Michell, “Hamilton Firm's Employment Guarantee,” *IC*, June 1931, 45-7.

⁵² S.B. Cornell, “Minimizing the Evils of Unemployment,” *IC*, June 1931, 109-10.

practice in Canada. Their purpose was to improve labour relations by providing workers with a “voice” in the production process. Particularly during the early 1920s and 1930s, these plans were advanced as a potential strategy for improving productivity, securing labour peace, and avoiding the need to deal with “outside” union officials. In 1919, the federal Department of Labour even commissioned a special investigation on the topic, later published as the first of the department’s “Industrial Relations” bulletins. According to it, industrial councils had been adopted by Bell Telephone, Imperial Oil, International Harvester, Massey-Harris, and Gutta Percha Rubber, among others. All told, it reported the “number of employees coming within the scope of Joint Councils and Committees” in Canada as of July 1920 was “approximately 145,000.” A further study by the Ontario Department of Labour in 1928 found that “the opportunity” for works councils “had been afforded by 21% of the 300 firms” it had surveyed, “about one-fifth” of which had a well-organized system in place.⁵³ Throughout the period, moreover, several articles in the *Gazette*, the *Canadian Congress Journal*, *Industrial Canada*, and other publications detailed the purposes, virtues, and possibilities embodied in these plans.⁵⁴

Along with the work of historians and other scholars, the above publications provide us with some sense of the broad outlines of industrial council programs. As with most

⁵³ DL, “Joint Councils in Industry,” Bulletin No. 1, Industrial Relations Series (Ottawa, 1921), 6 and 8; and “Survey of Industrial Welfare in Ontario,” *LG* (Mar 1929), 299.

⁵⁴ See, for instance, “Industrial Council Plan of the International Harvester Company,” *LG* (Apr 1919), 410-1; “Co-partnership and Joint Management,” *LG* (Aug 1924), 628; “The Co-operative Plan,” *Canadian Congress Journal* (hereinafter, *CCJ*), Oct 1925, 17-8; Alan N. Longstaff, “Union-Management Co-operative Plan,” *CCJ* (Mar 1930), 20-1; Charlesworth, “Welfare Plans of Large Implement Industry,” 147-8; and J.S. Willis, “Trends in Employer-Employee Relations: The Functions of an Employee Representation Plan,” *Industrial Relations* (1938).

business practices, these policies are difficult to generalize owing to the variations that existed from one firm to the next. For the most part, however, joint councils were often composed of equal representation from management and labour. The labour representatives were usually elected by secret ballot, and may or may not have been members of an organized labour union. In the event of a “tie” among the representatives of the council, most plans had some provisions for referring the issue to the company’s chief executive officer or possibly another form of “arbitration.”⁵⁵ In practice, though, as Naylor points out, whatever the internal rules of the particular industrial councils may have been, management still ran the company; consequently, the role of industrial councils tended to largely advisory.⁵⁶

Joint councils became part of the process of defining the possibilities for responsible unionism in two ways. In the first place, in cases where the labour representatives of the joint councils were members of a labour union, successful joint councils tended to legitimize the recognition of unions by providing a model of how management and organized labour could work together to the advantage of both. At the industry level, the Railway Board of Adjustment (RBA), No.1 furnishes one such example. This twelve-member board, composed of equal numbers of railway executives and representatives of the railway brotherhoods, was established at the urging of the government in 1918 to “avoid disputes or mis-understandings

⁵⁵ DL, “Joint Councils in Industry,” 6-7; “Survey of Industrial Welfare in Ontario,” *LG* (Mar 1929), 299-300; McCallum, “Corporate Welfarism in Canada,” 57-62; and Naylor, *The New Democracy*, 163-5 and 175-88.

⁵⁶ Naylor, *The New Democracy*, 178. Also see the plans discussed in Bruce Scott, “A Place in the Sun: The Industrial Council at Massey-Harris, 1919-1929” *L/LT* 1 (1976), 163; Robert Storey, “Unionization versus Corporate Welfare: The ‘Dofasco Way,’” *L/LT* 12 (Fall 1983), 7-42; and H.M. Grant, “Solving the Labour Problem at Imperial Oil: Welfare Capitalism in the Canadian Petroleum Industry, 1919-1929,” *L/LT* 41 (Spring 1998), 83-4.

which would tend to lessen the efficiency of transportation service in Canada during the war.” It was “further agreed that this arrangement should continue in effect after the war, unless either of the parties agreed to terminate it.” In its first two years of operation, the RBA arbitrated eighty-seven labour disputes to the apparent “satisfaction of all involved.”⁵⁷ At the firm level, the Canadian National Railway’s (CNR) dealings with its shopmen in 1925 provides another example of a successful joint council. Although wages and grievances continued to be handled through the regular collective bargaining process or the RBA, this “shop council” dealt with matters such as job analysis, production scheduling, and working conditions. As reported in the *Canadian Congress Journal*, under this program, workers benefited by having “steadier employment, closer relationship with the management and improved working conditions.”⁵⁸ Management too seemed satisfied with the arrangement. Commenting on these efforts in 1926, the president of the CNR, Sir Henry Thornton, told the Talyor Society that he believed “the great bulk of our working classes are reasonable and only seek those things to which they are justly entitled ... I can say frankly on this occasion as I have said before that, in all of my dealings with working people and trade union leaders, I have never found the first to be deaf to reasonable and fair treatment and I have never had one of the latter let me down or pursue a treacherous or dishonest course.” For Thornton union-management co-operation made good business sense. The railway, he explained, “probably employs more men per unit of output than any other, and most of the time a large percentage

⁵⁷ Naylor, *The New Democracy*, 165. A discussion of this board can also be found in DL, “Joint Councils in Industry,” 9.

⁵⁸ Longstaff, “Union Management Co-operative Plan,” *CCJ*, Mar 1930, 20-1.

of its employees are beyond the supervision of the superintendent and the eyes of the foremen." In this context, "the most valuable asset that can be achieved is the goodwill not only of the officers but of all the employees down to the humblest watchman."⁵⁹

Paradoxically, industrial councils also advanced the concept of responsible unionism in cases where they were unsuccessful as well, as this tended to lend support to the arguments that "external" union-management negotiations offered a better mechanism for organizing labour relations. Naylor provides several examples of the limitations of joint councils drawn from the early 1920s. At the Armour Packing Company in Hamilton, for instance, the plant council was used to break an ongoing strike when much smaller wage agreements were signed with the worker's council representatives than had been demanded by the union. It is hardly surprising, then, that some workers came to view works councils with suspicion. Such was the case at Imperial Oil, where the overwhelming majority of workers opted to have their demands for higher wages directed through the union rather than the industrial council. At the Avon Hosiery Company in Stratford, meanwhile, management's attempt to hold elections for a labour-management committee ended when workers returned blank and mutilated ballots. The key issue for whether or not joint-industrial councils or other forms of "company unions" worked as a management tool, therefore, hinged upon the extent to which they came to be accepted as the "legitimate" representatives of workers vis-a-vis labour unions that had been organized and certified by the workers themselves.⁶⁰

The growing questioning of industrial councils as the best means for obtaining labour

⁵⁹ "Co-operation in Railroad Management," *CCJ*, Mar 1926, 19-21.

⁶⁰ Naylor, *The New Democracy*, 177 and 184.

peace was part of a larger recognition of the constraints of corporate welfare practices in general. If the supposed “unity of interests” between labour and capital was difficult to maintain during the economic dislocations of the early 1920s, it was virtually impossible to do so in the economic chaos of the 1930s. Employee stock purchase plans were one such practice that seemed far less attractive during the Depression. As the AFL reported, the “record-breaking smash on Wall Street [in 1929] caught many workers” who had been participating in such plans. In one case, the stock of US Steel fell from a high of \$261 to a low of \$153 around the period from 1929-1930, and though the company’s employees had been paying less than the top price, many still suffered a substantial loss on their investment. Given the similar trend of stock prices in Canada, it is reasonable to surmise that some Canadian workers found themselves in the same situation. For these reasons, University of Western Ontario graduate business student Donald St. Campbell cautioned against the usefulness of such plans in his article on “The Future of Employee Stock Ownership” in 1934. In his view, it seemed “almost impossible to combine, by means of employee stock ownership, the partnership idea and the investment idea.” He therefore recommended that “[c]ommon stock sold to the rank and file employees is the best type if the purpose is only to arouse in them a sense of ownership and a consequent keener interest in the welfare of the company. But from the point of view of investment it is not a sound practice.”⁶¹

More generally, corporate welfare practices were challenged on a variety of other grounds as well. The TLC’s official organ, for one, argued such practices tended to “restrict

⁶¹ “The Stock Exchange Crash and Stock Ownership by Employees,” *CCJ*, May 1930, 14; and Donald St. Campbell, “The Future of Employee Stock Ownership,” *QRC* (Spring 1934), 149-53.

the free movement of labour," since most required significant periods of service before workers could receive any benefit.⁶² On this point, therefore, corporate welfare programs were brought into conflict with the ideology that individual workers were free to make socio-economic advances by selling their labour power to anyone who would pay the best price on an "open" market. Furthermore, such programs were said to provide inadequate protections for most workers in any case. In 1929, while speaking to a gathering of American government officials and academics, labour-relations consultant Murray W. Latimer of Industrial Relations Counsellors Inc. pointed out that long service requirements meant "one would be hardly justified in saying that there is much chance for industrial pension plans to provide any large portion of industrial workers with protection against old-age dependency."⁶³ Not only this, corporate welfare programs also, of course, left out all of those workers who were not employed by a company which had made provisions for old-age, group insurance, or other social security benefits. This number was hardly insignificant as well. In 1937, a survey of 7,725 Canadian companies by the National Employment Commission (NEC) found that "only eight percent had a formal pension plan covering employees other than office staff" and "only two percent offered their employees a stock subscription plan."⁶⁴ By the early 1930s, therefore, it was becoming clear that both industrial betterment and corporate welfarism appeared offered more in terms of rhetoric than they did in terms of workable

⁶² See, for example, "Industrial Relations," *CCJ*, Mar 1929, 33; "How the Worker Fares with Employee Stock Participation," *CCJ*, Apr 1929, 18-9.

⁶³ "Unwanted Old Age," *CCJ*, Apr 1929, 32; and "Another View of Industrial Pension Schemes," *LG*, Apr 1929, 365.

⁶⁴ McCallum, "Corporate Welfarism in Canada," 54 and 56.

solutions to the perceived problems of industrial capitalism.

As corporate welfarism came into question, other strategies for managing the field of industrial relations were emerging from the push and pull of everyday workplace relations and the institutional sites from which these daily struggles were observed, analysed, and regulated. Among the latter, some of the key sites included those within government agencies, university departments, and federal and provincial legal systems.

With the enactment of the Conciliation Act of 1900, the federal government took its first tentative steps into the systematic gathering of labour statistics outside of the census. Under this act, a department of labour was created under the Ministry of Agriculture and charged with the administration of existing federal labour legislation, the conciliation of labour disputes on a voluntary basis, and the collection and dissemination of statistics relating to labour conditions. The creation of this new department fulfilled a recommendation the Royal Commission on the Relations of Labour and Capital had made in 1889. It also followed years of agitation for such legislation by organized labour, as well as the establishment of similar departments in eighteen European nations and twenty-nine states of the United States.⁶⁵

To carry out the department's work, the Conciliation Act provided "for the appointment of individual correspondents (on a part-time basis)" in industrial centres where the population exceeded 10,000 people, in order to "report monthly conditions and events in their areas." Initially, there were twenty-six such correspondents scattered across the

⁶⁵ See R.H. Coats, "Beginnings in Canadian Statistics," *CHR* 27, 2 (1946), 109-30; *Statutes of Canada*, 63-64 Vict., 18 July 1900; Craven, *Impartial Umpire*, 215; and J.J. Atherton, "The Department of Labour and Industrial Relations, 1900-1911" (MA thesis, Carleton University, 1972), 55-60.

country, more of which were added during subsequent years. These correspondents were employed to collect information on everything from local labour conditions to labour disputes, wages, and the prices of basic commodities. Thus, by the early 1900s, for the first time, a reasonably-comprehensive administrative machinery had been put into place to collect, analyse, and report upon matters relating to labour conditions in Canada. And, even though the responsibilities of the department continued to expand throughout this period, a trend both reflected and reinforced by its reorganization as a separate department with its own minister in 1908, these functions remained an important part of its mandate.⁶⁶

Equally significant was the ready availability of this information through the monthly publication of the *Labour Gazette*, which had also been created under the Conciliation Act, as well as other periodic reports by the department of labour. The *Gazette*, in particular, sought to reach a wide audience. Its cost was initially set at an affordable three cents per copy and twenty cents for an entire year's subscription, and a considerable portion of its total circulation was typically distributed free of charge to public libraries, boards of trade, and other interested parties. As a result, by 1907-1908 its average circulation had reached over 8,000 copies per month. By 1938-1939, this figure had reached over 14,000.⁶⁷

In order to be an effective source of information, the *Gazette* and the other publications of the department of labour had to be perceived as accurate and impartial.

⁶⁶ Atherton, "The Department of Labour and Industrial Relations," 94-5; and DL, *Annual Report* (1902). By 1908, for instance, there were forty-six such correspondents.

⁶⁷ For instance, one-third of its total monthly circulation was distributed at no charge in 1907-1908, while over half of its total monthly circulation was thus distributed in 1935-1936. See Atherton, "The Department of Labour and Industrial Relations," 100-1; and DL, *Annual Report* (1936), 12-3.

Therefore, while the *Gazette* was attacked at one time or another by both labour and business organizations for its perceived “bias” toward the other side of the employment relationship, its editors made a number of efforts to ensure that it would be seen to be a reliable source of information, beginning with conforming to the accepted standards of proper “scientific” investigation.⁶⁸ In its report on the *Gazette*’s first full year of publication, for example, the department of labour explained that its correspondents had “received the most explicit instructions in regard to the class of information which they are expected to supply, and as to the sources from which it should be drawn, the intention being to present facts, and not opinions.” A look these reports further reveal that correspondents did indeed receive uniform and detailed guidance as to the information they were to gather. The form used in assessing “conditions of local industries” during the early 1900s, for instance, was subdivided into a standard, if rudimentary, industrial classification, and asked correspondents to “deal only with such industries as are of importance in their locality.” Likewise, the form dealing with the “conditions of particular trades” was subdivided into standard occupations as defined by the department, and correspondents were told to provide data “for as many trades as possible, in regard to which exact information can be obtained.”⁶⁹

In addition, the *Gazette* sought its information from a variety of sources. This was particularly the case with respect to labour disputes, arguably the most contentious issue reported upon by the department. In regard to disputes occurring during the 1901-1902

⁶⁸ Regarding these complaints, see Atherton, “The Department of Labour and Industrial Relations,” 103-5; and Craven, *Impartial Umpire*, 217-19.

⁶⁹ DL, *Annual Report* (1902), 9-15.

period, the department not only relied upon its correspondents but also sent out 2,000 requests for information from both employers and employees on “the causes, results, and other facts” relating to labour disputes. It developed a similar strategy in assessing the levels of unemployment as well. By the late 1910s, the *Gazette*’s description of the unemployment situation consisted of reports by its correspondents, as well as those from employers, unions, and the ESC. In republishing this information, moreover, the *Gazette* was careful to delineate these sources, along with the methodology upon which each of the reports were based.⁷⁰

Occasionally, the department of labour’s efforts to ensure the reliability its information clashed with the sensibilities of its sources, as in the case of the department’s collection of statistics on labour organizations. The department had began assembling data on this topic as early as 1900, and published its first “Directory of Labour Organizations” in the September 1901 to May 1902 issues of the *Gazette*. From September 1902 to June 1903, it supplemented this work, which up to that point had essentially consisted of a descriptive list of labour organizations, with “a series of articles containing statistical and descriptive tables in which an attempt was made to show the present extent of labour organization in Canada, as well as to give an idea of the leading features of its growth and history.”⁷¹

In 1911 the department furthered these efforts with the publication of its first separate annual report on *Labour Organization in Canada*, which provided comprehensive information on union organizations, union membership levels, and union publications, among

⁷⁰ Ibid., 14-16. The *Labour Gazette* first began systematic efforts to quantify the extent of unemployment in Canada during the First World War. See the *LG* issues from the 1920s and 1930s; and the discussion in Sautter, “Measuring Unemployment in Canada,” 475-87.

⁷¹ “Labour Organization in Canada – Its Growth and Present Position,” *LG*, July 1903, 38-9.

other topics. Once again, the department sought information from a variety of sources, but still largely depended on the cooperation of labour organizations for much of its information.⁷² As the department recognized, however, the trouble was that the size of union organizations was an important factor in the battle for union recognition, legitimacy, and members – indeed, this was a intensely-contested issue between the two largest labour organizations in Canada at the time: the TLC and the ACCL – and so there was at least the prospect that union officers might inflate their union’s membership figures in these reports.⁷³ To address this issue, in 1936 the department asked union secretaries to accompany their reports with a sworn statement in support of the accuracy of their figures, a move that was endorsed by the TLC and condemned, and seems to have been ignored in practice, by the ACCL. In the next year, though, the problem was resolved by the department of labour’s suggestion to have the reported figures “verified by means of an audit by an officer of the federal Department of Finance.” Both the TLC and the ACCL agreed with this procedure and such an audit was thus conducted, though this time the CFL and the CTCC.⁷⁴

Beyond these efforts, the department of labour also actively promoted its position as an “impartial umpire” of industrial relations and labour statistics. The Conciliation Act implied as much in empowering the department with the function of providing voluntary

⁷² DL, *Annual Report* (1902), 28-32; and DL, *Labour Organization in Canada* (1911).

⁷³ A recent summaries of this conflict can be found in Heron, *The Canadian Labour Movement*, 7-87; and Morton, *Working People*, 57-224.

⁷⁴ The CFL and CTCC later agreed to participate in the audit in 1938. “Annual Report on Labour Organization in Canada,” *CCJ*, Feb 1936, 8; LAC, MG28-I103, Vol. 113; and *Labour Organization in Canada* (1936-8), 7-8.

conciliation of labour disputes, and its provision that the department of labour was to engage in “the dissemination of *accurate* statistical and other information relating to the conditions of labour.”⁷⁵ This message of “impartiality” came through even more clearly in the early issues of the *Gazette*, the department’s primary instrument for circulating its information. Its inaugural issue of September 1900 proclaimed:

The *Gazette* will not be concerned with mere questions of opinion, nor will it be the medium for the expression of individual views. It is an official publication, and as such will seek to record only such statements of fact, and such collections of statistics, as are believed to be trustworthy...[and] care will be taken to have the information as complete and impartial as possible.⁷⁶

Furthermore, early volumes began with the “disclaimer” that:

The *Labour Gazette* wishes to draw the attention of its readers to the fact that, while every care will be taken to have information as complete and impartial as possible, it does not in its accounts or proceedings, abstracts of reports, legal decisions, quotations or other records of matters of concern to labour, necessarily endorse any of the views or opinions which may be expressed therein.⁷⁷

Such claims, therefore, were indicative of the purportedly “objective” position that the department sought to occupy with respect to labour statistics, so as to resolve disputes over prices and wages by providing the real economic “facts.”

Yet because its supposed objective neutrality and factual basis, official government statistics on prices, wages, and employment conditions thereby represented more than just “raw data;” it represented standards and norms against which the demands and practices of

⁷⁵ *Statutes of Canada*, 63-64 Vict., 18 July 1900; reprinted in the *LG*, Sept 1900, appendix one. [Emphasis added.]

⁷⁶ “The Labour Gazette,” *LG*, Sept 1900, 1.

⁷⁷ See, for example, the opening lines of *LG*, Oct 1900, 1 to Aug 1903, 1.

businesses and labour organizations might be judged. In doing so, it thus provided the grounds upon which to identify the “reasonableness” of the demands of either side of a labour dispute and, not incidentally, to keep such demands within those boundaries. In the words of the first Minister of Agriculture and Labour, William Mulock, in fact, its very purpose was to enable parties to a labour dispute to “be able to better understand each others’ views, and [make them] more amenable to conciliatory arguments.”⁷⁸ As a result, then, it greatly contributed to generating the economic norms around which “reasonable” parties could either gravitate towards or be propelled towards consensual resolutions to labour disputes.

The more systematic gathering of statistics on wages and prices was also interrelated with the federal government’s initiation of the “Fair Wages Resolution” of 1900. Following investigations into the sometimes oppressive nature of labour conditions in the fulfilment of government contracts, the department of labour was charged with task of ensuring that fair wages were paid to all workers employed directly by the government, as well as its contractors and subcontractors. To carry out this work, the department had to have some sense of the prevailing wages, prices, and working conditions throughout the country, and then to establish a “schedule of fair wages” based upon this information. The result of this work had several implications. Again, along with job analysis and surveys of employment prospects across different occupations, the “fair wages” schedules, which were frequently published by the *Labour Gazette*, became another part of the expansion of statistical knowledge of the labour market and its constitution as a visible, tangible, and functioning market; one that could observed, analysed and, indeed, effected by far more than the skills and

⁷⁸ Atherton, “The Department of Labour and Industrial Relations,” 107-9.

psychological makeup of the individual worker and the “free exchange” of labour power for monetary payments. In this context, in addition, the publication of the fair wages schedules also represented a “scientifically-determined” standard of what constituted a fair wage for various types of labour.⁷⁹ “From its creation [in 1900] until the close of the 1910-1911 fiscal year” alone, the “Fair Wages Branch” of the federal department of labour had “prepared 1,900 schedules for government departments: 822 for Public Works, 855 for Railways and Canals, 155 for Marine and Fisheries. and a further 68 for other agencies.” In the process, it offered a fairly comprehensive set of definite figures by which to assess the reasonableness of existing and proposed wages and working conditions. Looking at the Fair Wages Schedule for the “construction of a pile ben and timber decking wharf at Westview, North Vancouver, B.C., in 1929, for example, one is informed that, in return for no more than eight hours of labour, “pile driver foremen” must earn at least \$10.00/day, while “Carpenters” must earn at least \$8.00/day and “Labourers” must earn at least \$4.00/day.⁸⁰ Nonetheless, aside from those actually engaged in this work, it is, of course, impossible to gauge how many employers and employees might have been influenced by such schedules in their negotiations over work and wages. Whatever the case, what is more important is the way in which these schedules stood as an official acknowledgement that a “fair wage” would not necessarily emerge from the “unfettered” negotiations between individual workers and their employers.

By the end of the First World War, therefore, the “essential truths” of the labour market were being revealed to be increasingly complex. In early reports of the Department

⁷⁹ See *ibid.*, 34 and 82.

⁸⁰ “Fair Wages Conditions in Dominion Government Contracts,” *LG*, Jan 1929, 95.

of Labour, labour market conditions of the largest industries in major urban centres were characterized as “busy,” “active,” “quiet,” and “dull.” But during the late 1910s to the mid-1920s, a more precise picture of the national, regional and local demands for certain types of labour was beginning to emerge through the compilation of the various correspondents reports, employer returns, and other indices reported within the *Gazette*. At the same time, a statistical index based on the employer returns began to be published therein as well, thereby providing a conveniently comparable measurement of future movements in the rate employment and unemployment in the various trades and industries throughout Canada.⁸¹

Viewed through this perceptual lens, the labour market came to be perceived not as a stable and self-regulating mechanism for mobilizing labour resources across Canada but rather as a regionally and sectorally diverse set of distinctive markets that could be characterized by both stabilities and irregularities. On a regional level, for instance, the trade union reports for January 1921 indicated an unemployment rate that ranged from 21.6 percent in British Columbia to 14.2 percent in Ontario, 13.3 percent in Quebec, and 5.9 percent in Nova Scotia and Prince Edward Island. Five years later these figures were 6.9, 8.4, 8.6, and 17.8 percent, respectively. A decade later they were 16.9, 18.4, 16.1, and 7.4 percent. On a local level, meanwhile, correspondents reports and employer returns demonstrated the extent to which the demand for certain occupations could vary in major urban centres from one year to the next.⁸² All of this suggested that at least some unemployment could stem not

⁸¹ Atherton, “The Department of Labour and Industrial Relations,” 111-2 and 352; Sautter, “Measuring Unemployment in Canada,” 475-87.

⁸² “Employment and Unemployment in Canada in January 1930,” *LG*, Mar 1931, 324-42.

so much a personal failure on the part of the unemployed worker, as from a systemic mismatch between the demand for labour and an individual's skills and location. For those who were entering the workforce, vocational guidance was designed to assist in avoiding such a situation by preventing unwise occupational choices. For those who were already part of the labour force, the ESC was designed to accomplish the same by providing information on job opportunities across Canada and helping them to relocate when necessary.

Prior to the founding of publicly-funded employment services, the demand for the job-placement services was fulfilled by private employment agencies. In these cases, employers, workers, or sometimes both, paid a fee to an employment agent who acted as a "labour broker" by connecting job seekers to employers with job openings. According to numerous employers, labour organizations, and government reports, however, this system did not always provide for optimal results. Desperation among employers or, more frequently, among workers, was said to provide a great deal of scope for unscrupulous employment agents to take advantage of the situation by extorting bribes, charging exorbitant fees, or simply stealing the money of their clients. Some employment agents were also accused of colluding with transportation agents and dishonest foreman to maintain a high rate of labour turnover in return for monetary compensation. As a British Columbia legislative report reported issued in 1920 described it, these labour "rings" maintained "a continual stream of working men going to various camps where they are permitted to work a sufficient time to earn the money that had been advanced for fares and fees," after which they would be discharged and the next group brought in. A system that was summarized in the phrase: "a

gang going, a gang working, and a gang coming.”⁸³

Evidence of the alleged abuses of private employment agencies had been growing throughout the first two decades of the twentieth century. In an effort to regulate those agencies dealing with immigrants, who were often believed to be among the most vulnerable of the employment agents’ victims, the federal government passed order-in-council (PC 1028) in April 1913. As explained by A.R. Rigg, the Director of the ESC, this order:

required, among other things, that every agency dealing with immigrants should be licenced by the federal superintendent of immigration; that records of business should be kept and reports of the same furnished; that a maximum fee of \$1.00 could be charged for securing employment, the fee to be refunded if employment at wages and upon terms as represented was not procurable upon arrival at the place of employment; and that in the event of a license holder being convicted of an indictable offence his licence should ipso facto be deemed to have been cancelled.

By May of that year, some 315 agencies were licensed, 300 of which were “the ordinary private fee-charging type.” Over the next sixteen months, no less than one-in-four of those agents would be prosecuted, convicted, and have their licences revoked. The problems exposed by this experience were further reinforced by two royal commission reports issued by the provinces of British Columbia and Ontario in 1914 and 1916, respectively, both of which recommended the creation of a larger system of public employment agencies to better serve the needs of individual workers and the economy in general.⁸⁴

Under legislation enacted in 1906, Ontario had become the first province to authorize

⁸³ A.R. Rigg, “The Relation of Organized Labour to the Unemployment Service of Canada,” *CCJ*, Feb 1924, 9-15; and A.R. Rigg, “Canada’s Experience with Private Employment Agencies,” *LG*, Apr 1926, 331-5.

⁸⁴ Rigg, “Canada’s Experience with Private Employment Agencies,” *LG*, Apr 1926, 331-5.

the creation of public employment agencies. From 1907 to the First World War, such offices were opened in Hamilton, Ottawa, London, Brantford and several other municipalities. Quebec followed suit in with similar legislation in 1910. Over the next two years, public employment agencies in Montreal, Quebec City, and Sherbrooke. Following the end of the First World War, the federal government moved to build upon this trend by promoting the creation of a national network of public employment agencies as part of its strategy for dealing with the employment problems that were anticipated as a result of demobilization. To do so, under the terms of the Employment Offices Co-ordination Act (1918), the federal government offered the provinces matching grants of up to half of the costs of organizing and operating employment offices. It also provided funding for establishing interprovincial clearing houses for labour at Moncton, Ottawa, Winnipeg, and Vancouver, as well as for the overall federal supervision of the public employment agency network.⁸⁵

In the early phases of demobilization, the ESC expanded rapidly from the twelve offices in existence in Ontario and Quebec at its inception in December 1918 to over sixty-six offices spread throughout all provinces by March 1919. Much like private employment agencies, the ESC took orders for certain types of labourers from employers as well as applications for employment from workers, and then used this information to connect workers with the demand for their labour. As a public employment agency, however, the ESC charged no fees to either employers or workers. In addition, the ESC enabled its applicants to take

⁸⁵ To this end, the Act appropriated the sums of \$50,000 for 1918-19, \$100,000 for 1919-20, and \$150,000 for each succeeding year as the federal share for the operations of the ESC. See DL, *Annual Report* (1919), 49-55; G.D. Robertson, "Canada's Program for Meeting Unemployment," *LG*, Jan 1921, 43-5; and Struthers, *No Fault of Their Own*, 16-19.

advantage of a reduced rate for railway transportation , providing that the distance to new work location was more than 116 miles, the cost of the fare was greater than \$4.00, and no local workers could be found to fill the position. In short, therefore, its main function was to help in reducing unemployment by mobilizing both information and workers. By the end of its first full year of operation, it had made almost 400,000 job placements. Over the next decade it would make another 4 million, as well as many more up to its absorption into the Unemployment Commission of Canada in 1941.⁸⁶

The ESC also rendered a particular service in assisting in locating jobs for “disabled” veterans. As Department of Labour Statistician A.J Odam pointed out in an address to the seventeenth annual convention of the International Association of Public Employment Services (IAPES) in 1929, at the end of the war Canada had “more than sixty thousand ex-soldiers suffering from war disabilities of varying degrees, most of whom find it necessary to supplement their pensions by engaging in gainful employment.” From 1918 to 1923 the task of placing these men was handled by a Rehabilitation Committee consisting of “leading businessmen,” after which it was devolved onto the ESC. These efforts met with some success. During the year ending October 1925, the “Handicap Section” of the Toronto office of the ESC alone made a total of 2,126 such placements, with 640 placed in “regular” employment and 1,486 placed in employment “of a temporary nature,” 89.2 percent of which were placements of ex-servicemen. In fact, in the year ending in March 1928 the entire ESC

⁸⁶ Dankert, “The Employment Service of Canada,” 218-24; and A.J. Odam, “The Efficiency Public Employment Services,” *LG*, Oct 1929, 1111-4.

placed close to 9,000 disabled ex-servicemen "in jobs of varying duration."⁸⁷

In conducting its work, the ESC contributed to the re-conceptualization of both the labour market and the individual worker. On the one hand, the figures collected on applications and placements became part of the deepening of the statistical knowledge of the labour force.⁸⁸ Reports issued by its provincial and municipal offices further gave some insight as to the factors that were believed to be driving the local demand for labour. In looking at the June 1923 Employment Office Reports, for example, we learn the "provincial highway work, street and road repairs, in addition to some sewer construction, gave employment to many labourers at Amherst, Halifax, New Glasgow, and Chatham in the Maritimes, while "the erection of a few public buildings and private residences caused a keen demand for building tradesmen" in Quebec. These reports, moreover, also closely tracked the movement of labour, right down to letting government officials, statisticians, and economists know that in June 1923 the ESC transferred 15,610 persons from outside of their locality of which 2,474 were granted the Service's reduced rate of transportation. Among the latter, the records further detail, were "96 bushmen" moved from ESC office in Montreal to Sault Ste.-Marie; "27 river drivers" transferred from Quebec City to Timmins; and "one hotel clerk" sent from Saskatchewan to Edmonton. In the process, and in conjunction with the other statistics reported in the *Gazette*, such as those supplied by the employer's reports,

⁸⁷ Odam, "The Efficiency Public Employment Services," *LG*, Oct 1929, 1111-4; and J.F. Marsh, "Some Phases of "Handicap" Placement," *LG*, Aug 1926, 782-4.

⁸⁸ See Gilbert Jackson, "The Prevention of Unemployment in Canada," *CCJ*, Aug 1924, 20-1; A.R. Rigg, "Some Facts About Employment and Unemployment Statistics," *LG*, Jun 1929, 612-7; and Sautter, "Measuring Unemployment in Canada," 478-84.

this data reinforced the depiction of the labour market as regionally, industrially, and occupationally segmented set of distinctive markets [See Figures 4.2 and 4.3], each shaped by a wide range of possible international, national, and local factors.⁸⁹

Figure 4.2: Index of Employment by Cities

**TABLE II.—INDEX NUMBERS OF EMPLOYMENT BY PRINCIPAL CITIES,
(AVERAGE CALENDAR YEAR 1926-1935).**

	Montreal	Quebec	Toronto	Ottawa	Hamilton	Windsor	Winnipeg	Vancouver
Dec. 1, 1922	92-9		102-7				100-1	78-4
Dec. 1, 1923	94-3		99-7	100-4	92-1		98-3	84-9
Dec. 1, 1924	94-3	99-6	99-6	99-3	91-4		95-9	90-9
Dec. 1, 1925	96-2	99-4	102-4	98-3	93-3	92-9	99-7	90-9
Dec. 1, 1926	101-9	102-2	102-3	99-9	100-7	99-7	107-9	101-4
Dec. 1, 1927	100-7	119-9	100-3	102-3	102-3	98-2	111-8	98-7
Dec. 1, 1928	110-9	119-1	100-3	100-1	100-9	102-6	116-8	102-8
Dec. 1, 1929	117-1	121-1	100-3	101-3	100-7	102-8	113-8	100-4
Dec. 1, 1930	102-6	118-6	102-3	100-4	100-4	102-6	104-2	102-4
Dec. 1, 1931	98-7	100-7	100-4	102-7	98-9	72-3	97-2	98-3
Dec. 1, 1932	98-1	99-2	91-2	92-6	76-6	93-7	92-2	85-8
Dec. 1, 1933	94-8	99-9	93-6	95-4	90-9	79-2	85-3	84-9
Jan. 1, 1934	79-9	96-5	90-9	91-3	77-1	78-5	81-1	82-2
Feb. 1	81-1	96-6	90-7	90-4	80-7	80-9	79-5	81-9
Mar. 1	82-6	96-1	91-1	90-7	81-6	81-7	79-7	84-1
April 1	83-1	95-4	92-7	91-4	81-6	102-9	79-7	84-6
May 1	82-6	96-3	92-9	100-3	82-9	100-3	81-2	83-9
June 1	82-3	97-9	93-9	102-4	82-7	100-1	81-9	84-3
July 1	82-7	96-1	94-1	102-4	82-3	100-6	82-7	86-8
Aug. 1	82-4	96-1	92-9	102-4	82-3	100-7	84-9	91-3
Sept. 1	82-6	96-9	94-3	100-3	84-8	91-9	85-2	91-9
Oct. 1	87-9	97-1	96-5	100-3	84-4	86-7	86-5	90-3
Nov. 1	87-3	96-5	97-2	98-9	82-3	76-1	86-4	89-9
Dec. 1	88-7	92-4	97-1	98-9	81-1	77-9	87-1	82-9
Jan. 1, 1935	86-8	90-9	95-3	97-4	82-9	80-4	85-4	82-7
Feb. 1	81-6	90-9	93-9	98-2	84-6	100-1	81-4	82-9
Mar. 1	82-3	94-9	94-9	98-9	85-2	107-9	81-2	86-9
April 1	82-8	95-2	94-3	99-2	87-7	102-6	81-5	86-7
May 1	82-3	96-7	96-7	101-3	90-3	102-5	81-5	93-4
June 1	87-2	96-8	97-6	100-5	92-5	102-5	87-9	96-3
July 1	87-8	96-9	97-9	100-2	92-9	102-5	89-1	96-9
Aug. 1	87-3	100-9	97-2	100-2	90-4	100-9	89-6	101-7
Sept. 1	88-7	100-2	98-7	100-9	90-2	102-2	89-1	102-7
Oct. 1	91-6	100-5	100-1	100-3	100-1	100-8	91-1	100-5
Nov. 1	92-7	100-5	100-7	100-6	100-4	102-4	91-4	101-3
Dec. 1	91-9	99-9	100-6	100-6	100-4	102-7	94-1	100-3
Relative Weight of Employment by Cities as at Dec. 1, 1935.	14-9	1-3	12-3	1-4	3-2	1-6	4-1	2-3

Note.—The "Relative Weight," as given just above, shows the proportion of employees in the indicated city to the total number of all employees reported in Canada by the firms making returns for the date under review.

Source: "Employment and Unemployment in Canada in November 1935," *LG*, Jan 1936, 60.

⁸⁹ "Employment Office Reports for June 1923," *LG*, Aug 1923, 912-7.

Figure 4.3: Index of Employment by Industries

TABLE III.—INDEX NUMBERS OF EMPLOYMENT BY INDUSTRIES
(AVERAGE CALENDAR YEAR 1926 = 100)

	All Industries	Mining	Logging	Fishing	Manufacturing	Transportation	Construction	Services	Trade
Dec. 1, 1921	88-3	88-3	130-3	102-5	88-2	88-7	88-4	78-8	88-5
Dec. 1, 1922	88-3	88-3	129-9	102-5	87-2	88-8	78-2	79-9	88-2
Dec. 1, 1923	88-9	88-5	128-4	100-8	86-1	88-1	78-7	80-7	88-9
Dec. 1, 1924	88-9	88-7	128-6	100-8	86-0	88-0	78-8	80-6	88-2
Dec. 1, 1925	88-5	88-3	128-2	100-3	85-8	88-2	78-7	80-8	88-1
Dec. 1, 1926	100-0	100-0	100-0	100-0	100-0	100-0	100-0	100-0	100-0
Dec. 1, 1927	100-1	100-3	100-7	100-1	100-6	100-1	100-8	100-9	100-3
Dec. 1, 1928	100-7	100-9	100-1	100-0	100-7	100-2	100-2	100-2	100-4
Dec. 1, 1929	100-1	100-8	100-2	100-2	100-6	100-4	100-2	100-3	100-4
Dec. 1, 1930	100-6	100-6	100-8	100-8	100-8	100-8	100-8	100-8	100-8
Dec. 1, 1931	100-1	100-6	100-8	100-8	100-8	100-8	100-8	100-8	100-8
Dec. 1, 1932	100-2	100-3	100-2	100-9	100-3	100-8	100-8	100-7	100-8
Dec. 1, 1933	100-8	100-4	100-8	100-8	100-9	100-8	100-8	100-8	100-1
Jan. 1, 1934	100-6	100-9	100-8	100-8	100-4	100-8	100-8	100-8	100-3
Feb. 1	100-4	100-2	100-8	100-4	100-8	100-8	100-8	100-7	100-4
Mar. 1	100-7	100-5	100-3	100-9	100-7	100-8	100-8	100-3	100-3
April 1	100-3	100-1	100-9	100-3	100-8	100-8	100-8	100-8	100-1
May 1	100-6	100-2	100-5	100-6	100-8	100-8	100-8	100-8	100-6
June 1	100-6	100-2	100-8	100-2	100-9	100-8	100-8	100-8	100-6
July 1	100-9	100-8	100-3	100-7	100-1	100-8	100-8	100-8	100-1
Aug. 1	100-9	100-2	100-8	100-3	100-2	100-8	100-8	100-8	100-8
Sept. 1	100-8	100-1	100-4	100-4	100-8	100-8	100-8	100-8	100-8
Oct. 1	100-8	100-4	100-4	100-9	100-8	100-8	100-8	100-8	100-8
Nov. 1	100-2	100-8	100-8	100-2	100-8	100-8	100-8	100-8	100-8
Dec. 1	100-9	100-3	100-6	100-9	100-8	100-1	100-8	100-8	100-8
Jan. 1, 1935	100-6	100-3	100-3	100-1	100-6	100-2	100-8	100-8	100-8
Feb. 1	100-6	100-1	100-4	100-4	100-2	100-2	100-8	100-8	100-8
Mar. 1	100-6	100-7	100-8	100-8	100-8	100-8	100-8	100-8	100-8
April 1	100-4	100-9	100-8	100-8	100-8	100-8	100-8	100-8	100-8
May 1	100-2	100-8	100-8	100-2	100-8	100-1	100-8	100-8	100-8
June 1	100-8	100-4	100-8	100-2	100-8	100-8	100-8	100-8	100-8
July 1	100-8	100-8	100-2	100-4	100-8	100-7	100-8	100-8	100-8
Aug. 1	100-1	100-8	100-8	100-2	100-8	100-8	100-8	100-8	100-8
Sept. 1	100-7	100-8	100-8	100-8	100-8	100-8	100-8	100-8	100-8
Oct. 1	100-1	100-8	100-8	100-8	100-8	100-8	100-8	100-8	100-8
Nov. 1	100-7	100-8	100-8	100-8	100-8	100-8	100-8	100-8	100-8
Dec. 1	100-8	100-8	100-8	100-1	100-8	100-8	100-8	100-8	100-8
Relative Weight of Employment by Industries as at Dec. 1, 1935	100-0	51-8	5-2	6-1	2-2	10-2	11-4	2-8	10-3

Note.—The "Relative Weight," as given just above, shows the proportion of employees in the indicated industry to the total number of all employees reported in Canada by the firms making returns for the date under review.

Source: "Employment and Unemployment in Canada in November 1935," *LG*, Jan 1936, 61.

On the other hand, the analysis of individual workers and the connection of these workers with jobs also bolstered the notion that each individual could find a suitable place in the labour market based on their skills, intelligence, and psyche. The functioning of the "Handicapped Section" of the Toronto office of the ESC supplies an example of how this worked in practice. In a paper delivered to the Conference of Ontario Office Superintendents of the Employment Service of Canada, J.F. Marsh of the Toronto Employment Office explained their procedures for placing "disabled" workers. This began with a comprehensive

interview in which stress was laid upon “the applicant’s education, personality, type, age, height, weight, nationality, occupation both prior and subsequent to disability, mental attitude, etc.” Next, “special scouts” were sent out to contact employers to find job openings. When such openings were located, the scout was then to “carefully note the details of the employer’s requirements, the nature of the energy required to perform the duties involved in an efficient manner, and all of the particulars which would assist the department in selecting applicants capable of rendering 100 per cent efficiency to the employer.” A placement was then made, later succeeded by a follow-up visit to “spur on the applicant” and maintain good relations with the employer.⁹⁰

As historian James Struthers contends, the ESC thus represented one of the federal government’s first standing, proactive measures for attacking the “root causes” of unemployment.⁹¹ In this sense, it furnished an official acknowledgement, of sorts, that the “problem” of unemployment was not about to disappear; indeed, the ESC’s own statistics demonstrated as much. That said, Struthers further notes that financial pressures and shifting political alliances quickly combined to limit the effectiveness of the ESC as a potential instrument for organizing the Canadian labour market on a large-scale basis. Between 1923 and 1924, the Liberal government eliminated the additional \$100,000 it had been granting to keep the federal share of the ESC funding at 50 percent, thus leaving only the original \$150,000/year appropriation in place and allowing the federal share of funding to fall to 34%. Over the next two years, it also reduced the administrative expenditures on its own portions

⁹⁰ J.F. Marsh, “Some Phases of “Handicap” Placement,” *LG*, Aug 1926, 782-4.

⁹¹ Struthers, *No Fault of Their Own*, 17.

of the ESC from \$116,656 to \$45,625 and reduced the number of federal employees from fifty-four to twenty. At the same time, it acceded to demands to allow the Department of the Interior and the railways to resume their activities of recruiting and supplying farm labour, thus ending hopes that the ESC might assist in alleviating the Canada's seasonal employment problem through its ability to influence the movement of labour from one part of the country to another.⁹² Notwithstanding what it had accomplished, therefore, the ESC could only be but one part of the program to address Canada's unemployment problem.

Over this same period, academic research was also contributing to the deepening statistical knowledge of labour markets, organizations, and problems. Much of this preliminary research took the form of sociological *exposés* on the "conditions of the working classes." Though most popular among political economists in Canada during the 1890s to the 1910s, this genre was to become a well-established tradition later carried by other scholars. Jean Scott's 1892 examination of "The Conditions of Female Labour in Ontario" was among the first of such published, academic studies in Canada.⁹³ Future prime minister W.L.M. King took up this theme early in his career as well, in his 1898 report to the Postmaster General on the "'sweating system' in the carrying out of government clothing contracts." So too did future "Dominion Statistician, R.H. Coats, in the assistance that he provided to the 1914 federal "Board of Inquiry into the Cost of Living" in Canada.⁹⁴ In their

⁹² *Ibid.*, 21 and 37-40.

⁹³ Published in *Toronto University Studies in Political Science*, as cited in Greg Kealey, "Writing About Labour," in John Schultz (ed.), *Writing About Canada*, 149.

⁹⁴ W.L.M. King, "Report to the Honourable Postmaster General on the Methods Adopted in Canada in the Carrying out of Government Clothing Contracts" (1898), Sessional Paper 87. Though

attempts to promote reform, or least to forestall the further “degradation” of the working classes, these efforts foreshadowed later works by other political economists, such as Edmund Bradwin’s *The Bunkhouse Man: A Study of Work and Pay in the Camps of Canada, 1903-1914* (1928) and F.R. Scott’s *Labour Conditions in the Men’s Clothing Industry* (1935); as well as those of historians, such as Terry Copp’s *The Anatomy of Poverty: The Condition of the Working Class in Montreal, 1897-1929* (1974) and Micheal Piva’s *The Condition of the Working Class in Toronto* (1979).

Descriptive histories of labour organizations were another early approach to the study of industrial relations. King’s work figured into this area as well, this time by way of his 1897 University of Toronto Master’s thesis on “The International Typographical Union.” The most significant Canadian scholarship along these lines, however, was completed during the late 1920s, including Harold Logan’s *History of Trade Union Organization in Canada* (1928), revised and republished as *Trade Unions in Canada: Their Development and Functioning* (1948), and Allan Latham’s *The Catholic and National Unions of Canada* (1930). Here too, historians would later pickup where political economists left off, as disciplinary boundaries shifted and institutional labour history became a small cottage industry of its own during the late 1960s to the early 1990s, encompassing works such as Paul Phillips’ *No Power Greater: A Century of Labour in B.C.* (1967) and Doug Smith, Jock Bates and Esyllt Jones’ *Lives in*

not actually published as part of the annual volume of sessional papers, a copy of this report is available in the Public Archives of Ontario. See Craven, *Impartial Umpire*, 70-1 and n108. Also see the Board of Inquiry into the Cost of Living, *Report* (Ottawa: J. Taché, 1915).

the Public Service: A History of the Manitoba Government Employee's Union (1993).⁹⁵

During the 1920s and 1930s, a growing number of other scholars began to turn their attention to combining the largely empirical work of the 1890s-1920s with the burgeoning body of economic theory that was being produced around the same time. Consequently, over the course of this period, increasingly sophisticated and detailed academic studies of the legal and institutional aspects of the Canadian industrial relations scene began to appear, such as Bryce Stewart's *Canadian Labour Laws and the Treaty* (1926) and H.A. Innis's *Labor in Canadian-American Relations* (1937), along with economic texts specifically addressed to Canada, such as H.A. Innis and A.F.W. Plumptre's *The Canadian Economy and its Problems* (1934) and H.A. Logan and Mark K. Inman's *A Social Approach to Economics* (1939).⁹⁶ Significantly, these works marked a growing concern with what might be called "science-building," or the construction of a generally-applicable body of theoretical knowledge, as opposed to an emphasis on the description of specific economic and social problems.

Changes in the academic study of labour dovetailed with changes in university courses. Prior to the First World War, there were hardly any courses primarily devoted to the study of labour in Canada. By the 1920s, however, courses pertaining to "labour problems" began proliferate at institutions such as the University of Toronto, the University of Western Ontario and McGill University. Although these courses initially featured the sociological and historical approaches characteristic of the labour studies that had been

⁹⁵ Craven, *Impartial Umpire*, 65-8; Kealey, "Writing About Labour," 151; and Desmond Morton, "Some Millennial Reflections on the State of Canadian Labour History," *L/LT* 46 (2000), 16.

⁹⁶ Giles and Murray, "Towards an Historical Understanding," 787, and Kealey, "Writing about Labour," 151.

conducted during the 1890s - 1920s, by the later 1920s and 1930s they began to move towards a greater emphasis on the “dynamics” of industrial relations. The evolution of the University of Toronto’s “Labour Problems” course was typical of this trend from the study of the “problems” to the study of “process” of industrial relations.⁹⁷ In the course calendar for 1920-1921, the “Labour Problems” course is described as “[a]n account of the rise of trade unionism in England and America and a comparison of the labour legislation of leading countries.” By 1928-1929, it is described as “[a] course dealing with employment and unemployment; immigration and emigration; trade unionism and industrial relations generally; organization of the labour market by the state; minimum wage legislation; and schemes of social insurance.” And by 1933-1934, it is described as “[a] course dealing with the problems and disabilities of labouring people such as unemployment, industrial accident and disease, overstrain, monotony, and low wages and standards of living; with workmen’s efforts to solve these problems through trade unionism, consumer’s co-operation, political action, and social revolutionary programmes; with employer’s methods of meeting the problems of labour; and with intervention by the state in the interests of labour through protective legislation.” A similar sort of transformation can be noted at Western, where the “Labour Problems” course of the 1920s was renamed as “Labour, Theory and Problems” during the early 1930s. Moreover, not only did existing courses change but new types of courses began to appear as well. Queen’s, for instance, instituted its first course entitled “Industrial Relations” during

⁹⁷ With respect to the nature of this general trend in research, courses, and textbooks, see Giles, “Industrial Relations at the Millennium,” 39-40; Paul J. McNulty, *The Origins and Development of Labor Economics: A Chapter in the History of Social Thought* (Cambridge: MIT Press, 1980), 127-66; and Kaufman, *Origins and Evolution*, 3-18.

the 1938-1939 academic year, a course billed as “a social study of employer-employee relations,” with discussion of “the main economic and human forces which give rise to labour problems and the attitudes of employers, employees and the public thereto.”⁹⁸

Course textbooks began to change over this period too. Early on, many labour courses employed texts from the “labour problems” genre, later adopting more theoretical works as they became available. At Western, for instance, the reading list of the “Labour Problems” course of the early 1920s was dominated by traditional labour-problems texts, such as F.T. Carlton’s *History and Problems of Organized Labor* (1911) and T.S. Adams and H.L. Sumner’s *Labour Problems: A Textbook* (1905, 3rd ed.). By the mid- to late 1920s, however, the number of labour-problems texts had been significantly pared down and supplemented by newer industrial-relations texts, such as P.H. Douglas, C.N. Hitchcock and W.E. Atkins’ *The Worker in Modern Economic Society* (1927), W. Hamilton and S. May’s *The Control of Wages* (1923), and Bryce Stewart’s aforementioned *Labour Laws and the Treaty*.⁹⁹ Likewise, the recommended texts of the “Labour Problems” course of the 1920s at the University of Toronto encompassed traditional texts such as Richard Ely, *The Labour Movement in America* (1886); Robert F. Hoxie, *Trade Unionism in the United States* (1917); and John R. Commons *et al.*, *History of Labor in the United States*, 4 vols. (1918); however, by the late 1920s there had been a similar reduction in the number of older texts, along with the adoption of more recent works geared towards analysing the process of industrial relations, such as D.D. Lescobier, *The Labor Market* (1919); W.I. King, *Employment Hours*

⁹⁸ UTA, *CA* (1920-21), 187; (1928-29) 117; (1933-34) 114; and QUA, *CA* (1938-39), 114.

⁹⁹ UWOA, *CA* (1919-1920), 105, *CA* (1926-1927), 99, and *CA* (1928-1929), 104.

and Earnings in Prosperity and Depression, the United States: 1920-1922 (1923); and H. Jerome, *Migration and Business Cycles* (1926).¹⁰⁰

Together with the development of personnel management, this process of “science-building” equally contributed to the emergence of research institutes and university departments dedicated solely to the study of industrial relations, such as the IR Section at Queen’s and the Department of Industrial Relations at Laval. In this context, this process shared much in common with the earlier development of business disciplines such as accounting, marketing, and finance. To begin with, the creation of a theoretical body of knowledge greatly expanded the scope for conferences, teaching, and publishing organized around the subject of industrial relations, while the practical applications of this knowledge afforded a field of opportunities for professional development and employment. At the same time, however, “industrial relations” institutes represented yet another competitor for existing university departments in vying for students, money, and office space. As a result, it took time for these centres to establish themselves, and this, in part, explains why many of them were not originally setup as degree-granting departments in their own right.¹⁰¹

Although the bulk of the “industrial relations” institutes in Canada were funded through individual donations, academic budgets, and business subscriptions, some labour organizations contributed as well – thereby demonstrating both a shared faith in the

¹⁰⁰ UTA, *CA* (1920-1921), 187, and *CA* (1928-1929), 117.

¹⁰¹ See, for example, QUA, R.C. Wallace Fonds, Principal’s Files, “Industrial Relations Section, Queen’s University,” pamphlet (c1938); and UTA, Institute of Industrial Relations Records, A71-0019, Vol. 2, F-“Annual Reports,” Institute of Industrial Relations, “First Annual Report of the Director” (1947).

“scientific” view of the world and the hopes that “objective” science might be employed to assist each group in achieving their own particular interests. At the University of Toronto, for instance, the Faculty of Law and the Trades and Labour Council of Toronto (TLCT) combined to establish a “Labor Research Institute” in 1935. Its purpose was to pursue “scientific research in industrial law.” As explained in the *Canadian Congress Journal*, the official organ of the TLCT, it was created because “the history of industrial legislation goes to prove that attempts on the part of trade unions to obtain such legislation have frequently proved futile, because their case has been presented in many instances apart from an objective and scientific examination of the legal problems concerned.” According to the *Congress Journal*, these researchers would help to address such problems through their efforts to “produce as clear cut and objective statements of the law as it is, or of the law as it might be, when a given set of industrial circumstances has been put before them.” Moreover, their primary reward for this service was reportedly “an opportunity which every true scientist values more than money – to see legal problems – obscure, confused, and insecure – in their social and economic setting.” And while such statements might be dismissed as mere hyperbole, it would be a mistake to do since they reveal a great deal about the centrality of scientific methods and legal decisions in the unfolding discourse on industrial relations.¹⁰²

During the 1920s and 1930s, one of the pictures that materialized from the investigations based upon this growing volume of statistical information being made available through government agencies and academic research institutes was that of a nation with systemic economic problems. Figures on the movements of economic growth, prices, wages,

¹⁰² “Labor Research Institute Founded in Ontario,” *CCJ*, June 1935, 11-12.

strikes, levels of union organization, and other factors invited the drawing up of trends, comparisons, correlations, and the constitution of plans of action based upon the problems derived from such data. For many labour economists of the day, not surprisingly, the solutions which they proposed consisted of various forms of systemic policies that emphasized adjusting the political and economic basis of social organization rather than those which emphasized the management or reformation of individuals. To some extent, this was a matter of methodological perspective; at the same time, it was also a question of ideological preference.

By the mid- to late 1930s, a growing number of academics and government officials argued that the extension of collective bargaining by labour unions offered one of the most promising avenues for stabilizing labour relations, improving productivity, and expanding economic growth. This was the position outlined by J. Finkelman, a professor of administrative and industrial law at the University of Toronto. In a paper presented to the 1938 conference on industrial relations at Queen's University, Finkelman held that "in the new phase of industrial relations, disagreements will have to be settled in one of three ways: industrial warfare, government control or collective bargaining." Of the three, he favoured the third option. Nor was Finkelman a lone crank. His perspective was shared by Harold Logan, a professor in the department of political economy at the University of Western Ontario, who at that time was in the process of establishing his reputation as one of Canada's foremost experts on labour economics and organizations. Norman Rogers, a professor the department of political economy at Queen's University from 1929 to 1935 and the federal

minister of labour from 1935 to 1939, was another proponent of collective bargaining.¹⁰³

Why collective bargaining as opposed to other options? Of course, many labour economists and government officials who supported collective bargaining saw it as but one of a range of mechanisms for improving socio-economic conditions, so their position was not necessarily an either or nothing proposition. The arguments laid out in favour were equally varied. For Norman Rogers, collective bargaining had been “a recognized principle in British law for a hundred years” and part of Canada’s “national heritage of civil liberty.” For Logan, organized labour and collective bargaining offered the best means for counterbalancing the institutional power of capital, and thus “assist[ing] democracy to make modern capitalism tolerable.” Logan and Finkelman, moreover, both tied their championing of collective bargaining into the existing psychological conceptions of the “human factor” in production. In a lecture to the University of Toronto in 1938, Logan, for instance, expounded that “[d]emocracy and self-determination require ... that labour should so far as possible speak for itself. Excessive reliance on government merely brings us back to paternalism. No one knows like workers themselves their day-to-day interests, their estimates of values, their petty wrongs and grievances, their ambitions.” In this, Finkelman concurred. His view, as presented to the Queen’s conference on Industrial relations in 1938, was that collective bargains was at least partially a “state of mind.” As such, “it involves the recognition by the employer that the men and women that work for him are more than mere commodities; it involves the recognition that they are human beings whose services are inseparable from their

¹⁰³ See J. Finkelman, “Trends in Employer-Employee Relations,” 34-42; Logan, “Labour Organization,” 192-208; and “The Right to Organize,” *CCJ*, July 1937, 8.

personalities.” Noting that “the organization of the workers which engages in these negotiations may be either an employees’ committee or it may be a trade union,” Finkelman declared his preference for the latter because he “doubt[ed] whether the employee representation plan can develop in the workers and their leaders the sense of responsibility which is the basis of industrial peace.” Citing the findings of the US National Labour Relations Board (NLRB), Finkelman pointed out that employee representation plans, or works councils, fell short of “genuine collective bargaining” because they failed to provide workers with an effective voice in industry. “At every step in such plans,” the NLRB maintained, “it is merely a question of whether management, subject only to self-restraints and its own conscience, says ‘yes’ or ‘no.’”¹⁰⁴

With respect to legal developments, political economists, historians, and other scholars have already told us much about the actions, events, and other factors that went into the formation of the existing regimes of labour legislation in Canada and elsewhere throughout the late nineteenth and early twentieth centuries. As a matter of fact, this was once the bulk of the grist for the mills of institutional labour and, to a lesser extent, working-class history.¹⁰⁵ What is most significant for our purposes, however, is the question of how the evolution of labour legislation contributed to emerging norms of “responsible unionism.”

At the time of Confederation, trade unions were still considered to be “criminal

¹⁰⁴ Finkelman, “Trends in Employer-Employee Relations,” 34-42; and Logan, “Labour Organization,” 192-208.

¹⁰⁵ For an overview of some of these works, see Morton, “Millennial Reflections,” 11-36; Gregory Kealey, “Writing About Labour,” 146-74; and Craig Heron, “Working-Class History,” in Doug Owsram (ed.), *Canadian History: A Reader’s Guide*, Vol. 2, 86-122.

conspiracies in restraint of trade,” and unions members could be prosecuted simply by virtue of their membership in such an organization. In 1872 the Trade Unions Act freed those unions and their members who registered with the government from this form of prosecution. But regardless of this act, most unions remained unregistered. As labour historian Jay Atherton explains, such legislation “supposed a degree of organization, stability, and cohesiveness among workers that simply did not exist.” In fact, the government itself did not even bother to provide machinery for such registration until the late 1880s. In any case, all of this became moot upon the enactment of the Criminal Law Amendment Act of 1892, which incorporated the Trade Unions Act and extended its provisions to be of general application to all union organizations.¹⁰⁶

Though defined as legally-permissible organizations, however, many questions remained as to what sort of activities in which trade unions could legally engage. One the biggest of these questions revolved around the practice of picketing. Under the Criminal Law Amendment Act (1892), the prior provisions of the Trade Unions Act (1872) which had provided for the legality of “peaceful picketing” were dropped, thus leaving any picketing workers open to criminal prosecution for “watching and besetting” for the purposes of intimidating the strikebreakers, management, or customers of a particular company. “At the turn of the century, therefore,” as Atherton explains, “while labour might legally withdraw its services from an employer, if a union attempted to enforce a strike through picketing it was liable to prosecution.” Such remained the case until the explicit “right” to peaceful picketing

¹⁰⁶ Atherton, “The Department of Labour and Industrial Relations,” 12-13. Also see DL, *Labour Legislation in Canada* (Ottawa, 1945).

was re-inserted into the law by further legislative changes enacted in 1934.¹⁰⁷

As for the conciliation of industrial disputes, the Conciliation Act of 1900 had provided for “voluntary arbitration” by government officials upon the agreement of both parties. However, in time, the government found it necessary to regulate labour relations in certain industries more closely. By the turn of the twentieth century, for example, railway strikes could threaten to grind commerce to a halt and make the lives of many Canadians far more difficult. This was the context in which the federal government enacted the Railway Labour Disputes Act (RLDA)(1903). As Judy Fudge and Eric Tucker have outlined, this legislation established a two-stage process: “first conciliation, to be followed by arbitration, if necessary.” Where desired, “intervention could be triggered by the parties, any municipality affected by the dispute, or the minister responsible for labour.” From there, disputes between the parties would be arbitrated by a three-member board with representation by the state, the workers, and the employer. While the arbitration of the dispute was not binding, reports of the findings of the board were published by the government in the hopes that effects of public opinion would bring the parties to a “reasonable” compromise. Significantly, moreover, the RLDA introduced the “first element of compulsion into the federal government’s intervention into industrial disputes in the form of the power to compel testimony and order the production of documents.”¹⁰⁸

In 1907, the Industrial Disputes Investigation Act (IDIA) extended many of the principles of the RLDA to public utilities, mining and other industries deemed to be vital to

¹⁰⁷ Fudge and Tucker, *Labour before the Law*, 25-7.

¹⁰⁸ *Ibid.*, 41-3.

the national economy, while also adding some additional innovations. Most consequential among these was the provision of a compulsory “cooling-off” period in which strike actions were prohibited during the investigations of a conciliation board, thus adding another element of legal compulsion to the states arsenal in the regulation of industrial relations. Officially, like the RLDA, the IDIA largely depended upon the mechanisms of investigation and publicity as the central “coercive” measures for bringing an industrial dispute to resolution. In its actual operations, though, as Fudge and Tucker contend, the Department of Labour tended to emphasize voluntary conciliation and “active mediation” rather than “enlightened public opinion.” Criminal prosecutions for contraventions of the Act by were rare, and thus the IDIA largely provided a more elaborate “legal infrastructure” for the conciliation of disputes which could be invoked by the state, labour, or capital.¹⁰⁹

Whatever its virtues or drawbacks as a piece of labour legislation, the expansion of the IDIA had two additional effects. In the first place, its creation contributed to the growing demand for labour relations “experts” in the form of labour lawyers, government officials, personnel managers, and union business agents to administer or provide advice on the increasingly complex body of labour legislation in Canada. The IDIA itself even directly generated a stratum of such experts in the form of a “quasi-professional core of conciliation board members” who served as regular “arbitrators” in its hearings.¹¹⁰ Further, to the extent that regularized standards, procedures, and practices were institutionalized, the interactions

¹⁰⁹ *Ibid.*, 43 and 54-6. Also, see DL, *Labour Legislation*, 11-12; and Craven, *Impartial Umpire*, 85-7 and 287-97.

¹¹⁰ For instance, there were 124 applications for boards in from March 1907 to March 1912 alone. See Fudge and Tucker, *Labour before the Law*, 58; and Craven, *Impartial Umpire*, 296-7.

of these experts, as “epistemic communities,” tended to assist in the process of defining the sense of what constituted responsible behaviour on the part of labour and capital. Secondly, in much the same vein, as historian Paul Craven explains, the official government reports on successful agreements or arbitrations concluded among the parties to a labour dispute under the IDIA, such as those published in the *Labour Gazette*, provided “simple parables about the proper relations of labour and capital.” Examples, in other words, “of how satisfactory results may be obtained from the exercise of good faith and co-operative negotiation.”¹¹¹

The IDIA remained a central part of federal labour legislation and policy into the Second World War. As a framework for a national regime of industrial legality, however, it was considerably weakened in by the Judicial Committee of the Privy Council’s (JCPC) ruling in the *Snider* case in 1925. This case began when a board was established in a labour dispute “involving the Toronto Electric Commissioners, a municipal body.” In assessing the applicability of the IDIA, the JCPC ruled that as the IDIA dealt with “property and civil rights,” matters of provincial jurisdiction, it was inapplicable. The result was that the legislation had to be amended to “restrict it, in the first instance, to disputes within its scope which are in connection with works within Dominion jurisdiction, and, second, to enable its application to disputes within its scope which are within the jurisdiction of any province on enactment by the provincial legislature of a statute declaring the Act to apply.” All provinces except Prince Edward Island took the latter step over the course of 1925 to 1932, though BC, Alberta, and Saskatchewan repealed these provisions in 1937, 1944, and 1945, respectively.¹¹²

¹¹¹ Fudge and Tucker, *Labour before the Law*, 58; and Craven, *Impartial Umpire*, 223-5.

¹¹² DL, *Labour Legislation*, 11.

Even before the *Snider* decision, the legal regime of labour relations was already being further complicated by division of powers under the BNA. During the tumultuous 1920s and 1930s, several provinces would begin to make their own provisions for union regulation and collective bargaining. Tucker and Fudge enumerate a wide range of these developments. In Quebec, for example, the Professional Syndicate Act (1925) allowed for the incorporation of trade unions and protected them from legal action to seize their benefit funds. In 1934, furthermore, it considerably expanded the scope for collective bargaining by labour unions with the enactment of the Collective Labour Agreements Extension Act (1934). Under the terms of this legislation, the government was empowered to “decree that the terms of a collective agreement arrived at between one or more employers and a bona fide organization of employees was binding in the same trade or business in the region covered by the agreement, provided that the agreement had acquired sufficient importance and meaning for establishing labour conditions in the industry.” By 1935, “it was estimated that 135,000 workers, concentrated in construction, dockworking, garment, baking, and barbering trades,” were covered by such agreements.¹¹³ Other provinces soon followed suit with similar legislation. Ontario and Alberta, for instance, both passed Industrial Standards Acts with much the same sort of provisions in 1935.¹¹⁴ As Tucker and Fudge explain, although these agreements tended to be most successful in “highly-competitive” industries or those in which collective bargaining had already been well established, in cases where they did work out such agreements served as models of how collective bargaining could actually be used to stabilise

¹¹³ Tucker and Fudge, *Labour before the Law*, 186-7.

¹¹⁴ *Ibid.*, 188-90 and 201.

rather than threaten the economic viability of business firms in particular and the economy in general.¹¹⁵ Thus, while collective bargaining was not yet established as a collective “right” by the end of the 1930s, its social utility was coming to be more widely acknowledged.

The early to mid-twentieth century thus marked a crucial transitional period in the development of labour-capital relations. Over the course of this period, new sciences and new practices were directed toward both the micro- and macro-dimensions of the labour problem. In these contexts, two specific transformations stand out most prominently. The first relates to the growing concern with the “human factor” in production, in which the disciplines of scientific management and psychology intersected with and reshaped the observation and regulation of individual workers. The second relates to the ongoing expansion of statistical and “scientific” knowledge of the labour market, which reoriented both the empirical and theoretical possibilities for knowing and governing the labour force.

What, then, were the consequences of such developments? In the first instance, in the intersection among new scales of investigation and new modes of practice, the individual worker was reconstituted from a undifferentiated commodity to that of an individual person with a particular set of mental abilities and emotional desires. At the same time, in the second instance, a similar process brought forth new descriptions of the economic realm, and specific labour markets in particular, as “imperfectly”-functioning mechanisms for mobilizing labour resources and, in turn, of the unemployed worker as a potential “victim” of historical, economic, and social forces beyond his or her control. Based upon this knowledge,

¹¹⁵ Ibid., 180-205 and 226-7.

businesses and governments seeking thus began to implement a range of new practices such as scientific employee selection, job analysis, public and private welfare schemes, labour-management consultations, and collective bargaining in their efforts to secure labour peace and productivity. Collectively, the most obvious result of these policies was to bring about a much closer “managerial” relationship between business and government on the one hand and workers and citizens upon the other. Less obviously but more importantly, the other result was the steady progression of the conventional perception of the capitalist system in Canada as one centred upon the values of merit, fairness, and cooperation rather than those of wealth, power, and coercion. All of this implied much not only with respect to the realm of the workplace but equally so with respect to the wider realms of Canadian society and socio-economic policy. It is to these wider realms that we now turn.

5. TOWARDS A “BIO-POLITICS:” THE GENERATION AND REGULATION OF SOCIO-ECONOMIC NORMS, 1890-1939

Simultaneous to the transformation of labour-capital relations in advanced-capitalist societies during the late nineteenth and early twentieth centuries, a similar process of change was also underway within the broader social realm. As in the case of labour-capital relations, this process involved the emergence and development of new institutions, new scientific authorities, and new concepts and practices relating to the improvement of individual and social efficiency. Networks of small and independent charitable organizations were centralized into larger and more “scientifically managed” public and private bureaucracies. Evolving academic disciplines, such as social work and economics, were applied with growing intensity to the micro- and macro-dimensions of a ever-widening number of socio-economic problems. And, in their broad conventional understanding, social issues, such as the root causes of unemployment, as well as economic questions, such as the size and composition of national economies, were rendered to be more intricate but also perhaps more manageable than ever. Faith in the power of scientific and business methods, it seems, still trumped knowledge of the complexities of manipulating economic and social forces.

This chapter explores how Canada shared in these trends, as well as how they contributed to the ongoing transformation of its national paradigm of socio-economic policy. It begins at the micro-level, where the expansion of the discipline of social work and the widening application of social policy were subjecting unemployed and unemployable individuals to ever more intensive scales of observation, analysis, and regulation. It then continues on to the macro-level, where the development of national statistics and the

elaboration of economic theory were generating a more detailed mapping of the Canadian economy and society and a more likely possibility for predicting their general trends and norms. As this analysis suggests, the result of these transformations was the evolution of what appeared to be a more certain grasp of the nature of unemployment and national income, together with a variety of novel interventionist strategies for eliminating or at least reducing the first while increasing and stabilizing the second. What remained at stake in each of these contexts, moreover, was not simply the questions economic and social efficiency but also those of the very character and quality of life.

5.1 Managing the unemployed and the unemployable

The gradual identification of the unemployed and the unemployable as pressing social problems to be addressed through comprehensive and systematic public policies is well illustrated through the contrasts of two contemporary analyses of unemployment in Canada: one delivered in the late nineteenth and the other in the early twentieth century. In August 1882, the British Association for the Advancement of Science broke precedent by deciding to hold its fifty-fourth meeting in Montreal. This was a major achievement for the city, having been accepted in favour of competing invitations from Aberdeen, Birmingham, and Nottingham, and because it would be the first time the Association would meet outside of the United Kingdom. Given its location, the organization of the event called for a great number of special arrangements by committees on "Finance, Reception, Conveyance, Hospitality, Lodgings," and so on. In addition, the organizers saw fit to establish a Special Committee on Canadian Economics, "to procure papers from Canadians on economic subjects" to be

read before the economics section of the meeting. The call did not go unheeded. When the meeting took place in August and September of 1884, with some 1,773 members and associates of the Association in attendance, over twenty-five papers were presented on agriculture, forestry, banking, education, and other topics, by Canadian, American, and British participants recognized as experts in each field.¹

Among those presented was a paper by John Lowe, the Secretary of the Canadian Department of Agriculture, on "Population, Immigration and Pauperism in the Dominion of Canada." Lowe told his audience that, "Pauperism ... as it is understood in the United Kingdom and among European nations, has, fortunately for Canada, no existence." It was not, Lowe conceded, that Canada "had no poor needing assistance," as "[n]o considerable communities are without orphans, whose parents have left them without means of support; or old and infirm men and women, who have passed the period of life in which they can work for themselves, yet who have not succeeded in making provision from their savings for their declining years." Rather, it was that "the proportion borne by these classes of the population is very small, and they are mainly supported by relatives and friends." In the few cases where institutional support was provided, moreover, "many of the inmates earn a large proportion of the whole cost of keeping them." Such statements were entirely consistent with the new Dominion's *laissez-faire* mentality with respect to social policy, which was founded upon the expectation that most people were expected to support themselves either by finding employment or, as a last resort, by securing their own forms of temporary assistance.

¹ British Association for the Advancement of Science, *Canadian Economics: Being Papers Prepared for Reading Before the Economical Section with an Introductory Report* (Montreal: Dawson Brothers, 1885), v-xxxi.

Unemployment was, in short, an aberration rather than the norm.²

Barely a generation later, in January 1915, the Ontario government, presiding over the most prosperous province in Canada, would convene its own commission “not to consider the conditions arising out the war, or even out of the passing season of commercial depression, but to examine into the *permanent* causes of recurring unemployment ... and to recommend measures to mitigate the evil.”³ This represented a considerable movement away from earlier beliefs about the intermittent existence of unemployment and poverty, one that was situated on the verge of a rapid expansion of interest in scientifically identifying the “true” extent and causes of these and other social problems. At the outset of its investigations, the Ontario Commission on Unemployment frankly admitted that it had hardly any reliable information as to the magnitude and nature of unemployment in the province. Consequently, it was compelled to conduct its own investigations based upon information from the Canadian Manufacturers Association (CMA), the Amalgamated Society of Carpenters and Joiners, the Toronto General Hospital, municipal authorities, public and private employment agencies, and other several other sources.⁴ Over the next three decades, these and other preliminary studies would be supplemented by a burgeoning literature of government investigations, media reports, academic conferences, journal articles, and books.

The reasons behind this early twentieth-century expansion of interest in

² *Ibid.*, 195-224.

³ Ontario Commission on Unemployment, *Report of the Ontario Commission on Unemployment* (hereinafter, Ontario Commission on Unemployment, *Report*)(Toronto: A. T. Wilgress, 1916), 9. [Emphasis added.]

⁴ *Ibid.*, 5-9 and 89-90.

unemployment, poverty, and other social problems were undoubtedly complex. Certainly, it was connected to economic changes, most particularly the decline of rural life and the rise of an urban-industrial society. Certainly too, it was connected to beliefs about the “demoralizing” effects of idleness, which had long been equated with physical degeneration and moral vice.⁵ But it was also bound up with contemporary conceptions of Canada, morality, and science, relationships that are drawn out in a 1921 article by J.H.T. Falk, then the director of McGill University’s recently-established Department of Social Service. As Falk perceived it, “we in Canada do not have to face the social problems of the Mother Country: the virility of our people has not been sapped by three hundred years of English Poor Law and the demoralising effects of the industrial revolution.” However, he continued, “we are ... at a crucial stage in our history. There is evidence that we have with us some thing of all that is worst in the social fabric. It is not here in such a degree as to cause much alarm, but it is there. High infant mortality, child labour, commercialized vice, bad housing, corruption in office ... Shall we let them grow, or shall we exterminate them?” Falk, obviously, favoured the latter. At the same time, though, he noted that while “the scrapped machinery of the industrial world costs nothing for further maintenance[, h]uman machinery can never be scrapped so long as it lives. Society demands that it be kept in working order, – fed, clothed, and housed, though it may produce nothing for the rest of its life.” He assessed that “a very conservative estimate of annual bill to the Dominion of Canada for the care of people who are in such a state” to be in the neighbourhood of “fifty million dollars”

⁵ See, for instance, Guest, *The Emergence of Social Security*, 9-38; Struthers, *No Fault of Their Own*, 3-43; and Murphy, *The Ugly Canadian*, 11-22.

per year. Not surprisingly, moreover, he saw McGill's department of social service, which would turn out trained workers to assist in the process of "adjusting" these individuals to their environment, as part of the answer.⁶

Falk was not alone in this assessment. His vision of Canada as a more-or-less unblemished foundation upon which a "great society" could be constructed was already a firmly established part of the mindset of late nineteenth-century Canada, while his belief in the value of individual lives and his faith in science were closely linked to the tenants of Christian theology and the ideals of modernity – all of which thoroughly permeated early twentieth-century Canada.⁷ But, most specifically, what made Falk's position increasingly sensible to a growing number of Canadians by the early 1920s, and even more so by the late 1930s, was its connection with two simultaneous trends: the widening application of scientific and business methods to social problems in general and the expanding knowledge of the diverse individual and social causes of unemployment in particular.

These trends began to accelerate during the mid- to late nineteenth century. Prior to this period, poor relief in British North America was typically distributed by volunteers through a patchwork of different institutions, among which there was little communication or coordination. Some were religious organizations such as the St. Vincent de Paul Society, which provided outdoor relief, medical care, education, and other social services. Others

⁶ J.H.T. Falk, "The Future of Social Work in Canada," *DR* (1921), 182-7.

⁷ See, for instance, Berger, *The Sense of Power; Berger, Science, God, and Nature*; Richard Allen, *The Social Passion: Religion and Social Reform in Canada 1914-1928* (Toronto: University of Toronto Press, 1971); and Marlene Shore, *Science of Social Redemption: McGill, the Chicago School, and the Origins of Social Research in Canada* (Toronto: University of Toronto Press, 1987).

were private organizations such as the Montreal Ladies Benevolent Society, which dispensed food, fuel, or clothing and, less often, cash, in return for a demonstrated combination of worthiness and necessity. Still others were semi-public organizations such as Toronto's House of Industry, which supplied various forms of social assistance regulated by a work test or other evidence of deservedness and destitution.⁸ In fact, a 1911 Charities Commission found over 300 "missions, institutions, and other relief-giving organizations" in Toronto alone, a number the commissioners largely attributed to "'indiscriminate giving' on the part of citizens, and poor management practices on the part of the charities."⁹

By the late nineteenth century, however, the expanding demand for social assistance and the early beginnings of the scientific-management movement brought forth the first attempts to impose order and "reduce waste" in the overall administration of poor relief. The Charity Organization Society (COS), founded in London, England in 1869, was one organization dedicated to doing so. The primary instrument through which the COS sought to accomplish these goals was its network of "friendly visitors," many of whom were drawn from among the most prominent members of the community. Their purpose was to dispense advice and relief to the poor. Their authority do so was founded not only upon their

⁸ See Patricia Rooke and R.L. Schnell, *Discarding the Asylum: From Child Welfare to the Welfare State in English Canada, 1800-1950* (Boston: University Press of America, 1983); James M. Pitsula "The Emergence of Social Work in Toronto," *JCS* 14, 1 (Spring 1979), 35-7; Murray Nicholson, "The Other Toronto: Irish Catholics in a Victorian City, 1850-1900," in Stelter and Artibise, *The Canadian City*, 347-9; and Judith Fingard, "The Winter's Tale: Contours of Poverty in British North America, 1815-1860," *CHA, Historical Papers* (1974), 65-94.

⁹ Toronto, "Report of the Charities Commission 1911-1912," City of Toronto Archives, RG Reports, Vol. 2; as cited in Gale Wills, *A Marriage of Convenience: Business and Social Work in Toronto, 1918-1957* (Toronto: University of Toronto Press, 1995), 33.

relationship with the COS but also upon their own success, as evidenced by their social position and material wealth.¹⁰ That distinguished citizens “should devote spare hours to knocking on the doors of the poor” might indeed seem to be “extraordinary to us now.”¹¹ But for those who participated in this “social gospel” movement, such as the friendly visitors of the COS-style charities, the inclination to do so was said to be part of a religious duty to spread “moral uplift” and maintain Christianity’s “relevance” to modern society through addressing social problems. For all of these reasons, the COS model swiftly spread across Great Britain and North America, arriving in Toronto in 1881 and in Winnipeg in 1908 as the Associated Charities, and in Montreal in 1901 as Protestant Charity Organization Society.¹²

Governments were also grappling with the rising costs of social assistance. In 1907, Montreal, for example, established a Department of Municipal Assistance to oversee “all of the charitable work done by the city.” As its superintendent, Albert Chevalier, explained in the early 1930s, “the rapid growth of the city” simply did not “allow it to be otherwise.” According to him, a “great centre,” such as Montreal, was faced with a continuing escalation of the demand for assistance resulting not only from the increase of population itself but also from the “immigration of many indigents from lesser centres” seeking to improve their lot by

¹⁰ Roy Lubove, *The Professional Altruist: The Emergence of Social Work as a Career, 1880-1930* (Cambridge: Harvard University Press, 1965), 1-54; Wills, *A Marriage of Convenience*, 14-18 and 33-8; and Pitsula, “The Emergence of Social Work,” 37-9.

¹¹ Pitsula, “The Emergence of Social Work,” 36.

¹² Wills, *A Marriage of Convenience*, 17-18; Guest, *The Emergence of Social Security*, 30-8; Stephen Hick, *Social Work in Canada: An Introduction* (Toronto: Thompson Educational Publishing, 2002), 40-42. Also, on the social gospel movement more generally, see and Allen, *The Social Passion*; and Ramsay Cook, *The Regenerators: Social Criticism in Late Victorian English Canada* (Toronto: University of Toronto Press, 1985).

finding employment or admittance to a charitable institution, of which larger centres possessed a “greater number, variety and capacity”¹³ – indeed, by his department’s count, there were 240 of such institutions then operating in the city. In this context, Chevalier noted, his department was “a necessity.” Its functions – management and control – were clearly enunciated in the “Mission of the Department,” which embraced

(a) The control of the admittance of indigent insanes, idiots, imbeciles, epileptics and backward children to proper hospitals ... (g) The control, from the financial point of view, of young delinquents in reform schools, where they are detained at a cost of the City and of the Province ... (k) the distribution of subsidies to charitable institutions, and other grants awarded by the City (l) the registration of institutions of charity and of persons authorised to solicit gifts or alms on behalf of said institutions ... [and] (o) ... the management of the Meurling Municipal Refuge, for men without shelter.

Over the early 1900s and 1910s, similar incarnations of “public welfare” departments, divisions, or commissions also came into existence in other municipal centres, such as Toronto (1912), Vancouver (1914), and Ottawa (1920).¹⁴

This same impetus towards bureaucratic centralization was evident at other levels of government as well. Throughout the interwar period, several provincial and federal inquiries were established to look at ways of improving the organization of the growing government

¹³ See, for example, Ames, *The City Below the Hill*; and Copp, *The Anatomy of Poverty*.

¹⁴ Albert Chevalier, “The Department of Municipal Assistance,” CCSW, *Proceedings* (1930), 179-82. Admittedly, the setting of precise dates for each municipality is somewhat problematic, given that each local situation evolved differently and that bureaucratic centralisation did not always neatly coincide with other structural and nomenclatural changes. Nevertheless, the organisational changes noted above remain useful as rough indicators of the general trend. See, for example, James Pitusla, “The Emergence of Social Work,” and “The Relief of Poverty in Toronto, 1880-1930” (PhD diss., York University, 1979); Diane L. Matters, “Public Welfare Vancouver Style, 1910-1920,” *JCS* 14, 1 (Spring 1979), 3-15; and Joselyn Morely, “From Charity to Social Service: The Changing Response to Poverty and Need in One Municipal Department, Ottawa, 1916-1928,” unpublished paper presented at the 2004 conference of the CHA in Winnipeg, Manitoba.

responsibilities in the field of social welfare policy. Typical among them was the Manitoba Public Welfare Commission of 1918. After “earnest and extended enquiry to the study of Finance, Supervision and Control,” it laid out five principles “fundamental to an adequate and permanent Welfare System for the Province.” As the parameters of its study suggest, the overriding themes of the Commission’s report embraced the need for both adequate funding and “intelligent and methodical direction from the government,” regardless of whether or not funding was “secured from public monies or from benevolent contributions, or from both of these sources.”¹⁵ In Manitoba (1922), Ontario (1929), other provinces, and at the federal level (1944), investigations such as these eventually led into the founding of new departments of public welfare. Larger scale governments, it was believed, had both the financial capacities and organizational scope to more effectively manage the field of social assistance. Such, for instance, was the opinion of C.M. Hincks, the Medical Director of the Canadian National Committee on Mental Hygiene, who, in his presidential address to the Second Canadian Conference on Social Work in 1930, proclaimed that “while we should recognise the valuable contributions of private organizations ... The ultimate goal should be the placing of social service, in many of its branches, on the same footing as public health – financed out of taxation and organized to serve the entire community. Under a state system there are possibilities for efficient planning and administration that are [now] lacking.”¹⁶

¹⁵ See “A Public Welfare Plan for a Province,” *Social Welfare* (hereinafter, *SW*), Sept 1919, 194-5; The Ontario Commission on Public Welfare, *Report* (Toronto, 1929); and the Royal Commission on Dominion-Provincial Relations, *Report*.

¹⁶ Hinks, CCSW, *Proceedings* (1930), 8. Again, with respect to the institutional changes at the provincial and federal levels of government, there is room to quibble about the exact timing of centralization, which tended to be a long-term process. See, for instance, the case of Ontario as

Notwithstanding these efforts to contain the costs of social assistance, government spending on social policy continued to escalate over the course of the late nineteenth and early twentieth centuries. By one reasonable estimate, the proportion of these expenditures increased from 3.2 to 27.1 percent of all government spending and from 0.12 to 5.6 percent of the Gross National Product in the period from 1866 to 1939.¹⁷ In some cases, this growth was attributable to the dramatic expansion of certain areas of existing commitments, such as veterans benefits and public health; in other cases, it was attributable to the “redrawing of the boundaries” between private and public charity, as in the case of mother’s allowances and old-age pensions. That said, both private and public forms of social assistance remained important. As scholars within the “mixed social-economy” tradition of social policy history have amply demonstrated, advanced-capitalist societies, such as Canada, have long possessed a complex machinery of social assistance, “in which the state, the voluntary sector, the family, and the market have played different parts at different points in time.”¹⁸ For the “second generation” of social work professionals of the 1930s and 1940s, the relationship between private and public forms of social assistance that came to be established was for the private

described in Struthers, *The Limits of Affluence*, 3-142.

¹⁷ Irving J. Goffman, *Some Fiscal Aspects of Public Welfare in Canada* (Toronto: Canadian Tax Foundation, 1965), 30; as cited in Guest, 102. Also, see the relevant tables in Buckley and Urqhaurt, *Historical Statistics of Canada*, first edition, Sections C and H; and the Royal Commission on Dominion-Provincial Relations, *Report*, Books I and III.

¹⁸ Jane Lewis, *The Voluntary Sector, the State and Social Work in Britain: The Charity Organization Society/Family Welfare Association Since 1869* (Aldershot: Edward Elgar Publishing, 1995), 3. Also, see James M. Pitsula, “The Confluence of the Public and Private Sectors: Poor Relief in Regina during the 1930s,” *JCHA* 15 (forthcoming, 2004 ed.); Mariana Valverde, “The Mixed Social Economy as a Canadian Tradition,” *SPE* 47 (Summer 1995), 33-60; and Lynne Marks, “Indigent Committees and Ladies Benevolent Societies: Intersections of Public and Private Poor Relief in Late Nineteenth Century Small Town Ontario,” *SPE* 47 (Summer 1995), 61-87, among others.

organizations to be the “pioneers,” doing “exploratory work” and adopting “new ideas.” Then, “after its activities have been proven its value to the community,” as C.S. Ford, the Social Service Commissioner of Ottawa, asserted at the Canadian Conference of Social Workers in 1930, “there is a tendency induced by public opinion to take it over as a public agency and support it entirely by public funds or to grant substantial support.” In the long-run, therefore, the general trend was for important social welfare initiatives to be subsumed under the administrative and financial control of the state.¹⁹

Concurrent with the expansion of state activity in the field of social welfare during the first decades of the twentieth century, the work of COS-style volunteers was also starting to be supplemented, and ultimately displaced, by that of “professional” social workers. In Toronto, for instance, City Council hired a permanent relief officer in 1893 in order to unburden the mayor who, “by default,” had been previously responsible for duties such as “the distribution of railway and steamboat passes to penniless travellers; the payment of hospital bills for the indigent poor; arranging for the care of foundlings;” and so on.²⁰ In an effort to further streamline the delivery of social services in 1912, the city’s Associated Charities organization was then superceded by the Social Service Commission, a public body which employed professional social workers rather than “untrained” volunteers. Around the same time, private or semi-private organizations employing social workers dedicated to specific “areas of expertise,” such as the Neighbourhood Worker’s Association (1914) and

¹⁹ C.S. Ford, “Co-Operation Between Public and Private Social Agencies;” Dortha Jackson, “Coordination of Social Welfare in the Smaller City;” and Hincks, “How Can We Promote Social Welfare in Canada[?]” CCSW, *Proceedings* (1930).

²⁰ Pitsula, “The Emergence of Social Work,” 38.

the Child Welfare Council (1918), also began to appear. Consequently, as social work practices were gradually adopted within new and existing institutions, as in the examples cited above, the position of “social worker” emerged as the “functional specialist” charged with implementing these particular practices – much the same as had been the case with the evolution of analogous positions in business world, such as production engineer, financial accountant, and personnel manager.²¹

Like the COS friendly visitor, the field of practice for the social worker was that of the individual and his or her relationship to their social environment. What set social workers apart from COS friendly visitors, however, was their reliance upon scientific knowledge and professional expertise as the primary source of their authority as opposed to assumed moral superiority and apparent material success. As outlined in a report by the board of directors of the Canadian Association of Social Workers (CASW) in 1936, a social worker was defined as “one, who, having acquired certain professional technique, is qualified to treat, and if possible prevent, social maladjustments in the area of human and environmental relationships.” Specifically, these techniques were said to involve: “The observation of evidences of existing social relationships; the precise recording and continued interest in and study of these evidences; the interpretation of the same as indicating agents with power to retard or assist development; a knowledge of available, community resources; and from these the provision for the subject of opportunity for the development of latent strengths within him.” Any lack of awareness of these techniques or their objectives, the report continued,

²¹ Lubove, *The Professional Altruist*, 6-7 and 22-23. With respect to the Neighbourhood Worker’s Association and the Child Welfare Council, see Wills, *A Marriage of Convenience*, 46-79.

would “preclude the worker from being called a ‘social worker’”²²

The establishment of the scientific and professional status of social work was not automatic; indeed, among all of the new disciplines of the late nineteenth and early twentieth century, social work exhibited perhaps the most persistent and “self-conscious” drive in these directions. Most likely, this can be explained by the relatively low social and financial status accorded to the occupation of social worker in the early phases of its development. On the one hand, social work was seen to be a noble calling – similar to other “caring professions,” such as nursing and teaching. On the other hand, particularly at “entry-level” positions, the tasks of nurses, teachers, and social workers were regarded to be supplementary to the “more important” work of medical diagnosis, curriculum development, and social research. Both of these reasons contributed to ensuring that social work would be dominated by women. In Canada, prior to 1941, “women constituted over two-thirds of all social welfare workers” and “over 84 percent of the professionally-trained membership of the CASW.” This, in turn, meant that the work of social workers was understood to be supplementary in another way as well – that is to say, supplementary to the family income. Women, in short, did not fit the contemporary image of “breadwinner.” Paradoxically, therefore, as Struthers has argued, despite being a profession “composed primarily of single, career-oriented women,” few of the women social workers could escape “the constricting role motherhood” which their

²² Nora Lea, “Report of a Special Committee, Board of Directors, Canadian Association of Social Workers 1934-1936. Part I: What is a Social Worker?” *The Social Worker* (hereinafter, *TSW*), August-September 1936, 7. See as well the similar definitions put forth in “The Future of Social Work,” *DR* (1921), 186; Sydnor H. Walker, *Social Work and the Training of Social Workers* (Chapel Hill: University of North Carolina Press, 1928), 19-21, fn1; and A.E. Armstrong, “Presidential Address,” *CCSW, Proceedings* (1937), 7-8.

profession had done so much to perpetuate through emphasising the importance of the child-rearing contributions of mothers in the home. Consequently, few pursued an active career beyond marriage, and many of those who did remained poorly-paid and underemployed.²³

Another attitudinal obstacle to the early status of the social work profession was the sense that those who devoted their time to “assisting” the poor and maladjusted of society should do so primarily as an act of charity, not as a “money-making” occupation. In her history of the development of the Institute of Personnel Management in Great Britain, Mary Niven relates how Eleanor Kelly, a pioneer welfare secretary, garnered the “horror” of friends and family in the early 1900s when it was discovered that “she was not a voluntary worker doing a kind of ‘slumming,’” but was in fact “a paid employee” at the factory of Hudson Scotts, a tin box manufacturer. Upon hearing of this news, the wife of one church dignitary apparently decided that Ms. Kelly never would be “asked back for tea.”²⁴ Such attitudes were not restricted to a few snobbish individuals either. In a 1921 article, Falk explained that in one of his positions, about a decade prior to his arrival at McGill, “a newspaper published an article on his salary, divided it up into so much per month, day and hour, and finally insinuated that he was robbing the poor of the very clothes they were wearing on their backs in accepting such a salary.” To that day, Falk could “still remember the cold shiver he

²³ James Struthers, “‘Lord Give Us Men:’ Women and Social Work in English Canada, 1918 to 1953,” in Moscovitch and Albert, *The Benevolent State*, 126–43; Struthers, *The Limits of Affluence*, 19–48; and Sandra Burke, *Seeking the Highest Good: Social Service and Gender at the University of Toronto, 1888–1937* (Toronto: University of Toronto Press, 1996). With respect to the “breadwinner” ideology, also see Joy Parr, *The Gender of Breadwinners: Women, Men, and Change in Two Industrial Towns 1880–1950* (Toronto: University of Toronto Press, 1990).

²⁴ Niven, *Personnel Management*, 25.

experienced,” as “[n]o one ... wants to be criticized for working because there is a salary check at the end of each month.”²⁵

Social workers had two main responses to the social and financial position of their occupation. One was the attempt to attract growing numbers of men into the field, as a way of raising its status as a “legitimate” profession. This strategy is well illustrated in a recruitment pamphlet published by the University of Toronto School of Social Service during the early 1930s, which told potential candidates that “[q]ualified men are even more urgently needed than women.” “Those who showed competence,” it further promised, “could ‘anticipate rapid advancement to executive posts carrying salaries ... rang[ing] from \$2400 to \$5000 per annum or more.’” Moreover, it noted, “[a]lthough the field had been looked upon as peculiarly a women’s preserve ... social work nevertheless contained many positions that ‘offer[ed] scope for activity quite sufficient to satisfy masculine ideas of dignity and difficulty in work.’” Seemingly, these efforts met with some success. By the later 1930s and 1940s, more-and-more men were entering the field. Ironically, though, those who did so were disproportionately successful in advancing to the better-paying executive positions. In fact, a 1946 study of personnel practices in social work found that while “men represented only 13 percent of the CASW membership, they occupied 32 percent of the executive positions and were often receiving twice as much as women for comparable work.”²⁶

Even more important than the attraction of men, however, was the larger development

²⁵ “The Future of Social Work,” *DR* (1921), 186.

²⁶ With respect to the recruitment of men and the examples thereof, see Struthers, “‘Lord, Give Us Men,’” 136-8.

of the profession, including its elaboration and expansion as a specific field of knowledge practice. While many of the men occupying the higher positions in the field of social work were not necessarily formally trained as social workers, particularly during the early phases of its development, the evolution of the institutional and theoretical basis of the field and the expansion of the application of its practices were all still crucial to creating the bureaucratic structures and executive positions for men and women to occupy. In this process, the status of all those within the profession was – if slowly and incrementally – improved as well.²⁷

The emergence of social work as an academic discipline was one of the first steps in these processes of science building and professionalization. In the United States and Great Britain, the earliest schools of social work were established in New York (1898), Chicago (1904), Boston (1904), and London (1904). In Canada, a school of social work was first established at the University of Toronto in 1914, followed thereafter by McGill University (1919), the University of British Columbia (1929), and the University of Manitoba (1943). The purpose of these schools was to replace amateur volunteers and unskilled patronage appointees in social service with competent professionals, who could provide a “real service” to the poor by diagnosing and prescribing solutions their problems and by participating in the development of social policies (whether or not such policies were delivered through public or private organizations). In many cases, therefore, the instruction students received at such institutions included some combination of “technical training,” in areas such as family welfare,

²⁷ *Ibid.*, 137-9. On the improvement in the training and salaries of social workers, see also two of the studies cited *ibid.*, 143, n 45 and n51: “Report of a Study on Salaries and Other Employment and Personnel Practices in Canadian Social Work, *TSW*, April 1946; and “Employment of Social Welfare Workers in Canada, *TSW*, July-August 1953.

child welfare, and medical social work, as well as “general education” in areas such as political economy, social psychology, and public health.²⁸ By the end of the 1930s, it was estimated that there were between 400-500 “trained” social workers in Canada and the nation’s three schools of social work were producing graduates at a rate of 150 per year – far less, in the opinion of two of the top figures in the field, than could satisfy the escalating demand for such workers, given the ongoing expansion of public and private social services.²⁹

The creation of research and professional organizations, and the conferences and journals of these institutions, were equally important developments. The Social Service Council of Canada (SSCC) and the CASW were the two most significant of these organizations. During the late nineteenth and early twentieth centuries, much of the social research in Canada was associated with the social gospel and urban reform movements. It is from these origins that the first organization began with an alliance of church and labour groups which came together to form the Moral and Social Reform Council of Canada in 1907, later becoming the SSCC in 1913. The SSCC quickly developed an active program of conducting and disseminating social research, holding its first “Social Service Congress” the following year. This conference brought together a wide range of church, labour,

²⁸ E.J. Urwick, “The Training of Social Workers,” *SW*, May 1930, 176-7; Muriel McCall, “The Academic Equipment of the Social Worker,” *SW*, Mar 1931, 128-9 and 132; and C.W. Topping, “The Selection, Nurture, and Training of Social Workers,” *SW* [three-part article:] Feb 1932, 96-7; Mar 1932, 116; Sept 1932, 159. Also, see Lubove, *The Professional Altruist*, 118-24 and 137-56; James Gripton, et al., *A Study of the State-of-the-Art of Social Work Research in Canada* (Calgary: Faculty of Social Work, 1995), 25-8 and 63-5; John R. Graham, “A History of the University of Toronto School of Social Work” (PhD diss., University of Toronto, 1996), 44-52; and Shore, *The Science of Social Redemption*, 49-58.

²⁹ Charlotte Whitton, “London Bridge is Falling Down,” *CCSW, Proceedings* (1930), 236-8; and H.M. Cassidy, “Some Essentials in Canadian Social Work,” *CCSW, Proceedings* (1938), 8-19.

government, and social leaders to discuss topics as diverse as the “weekly rest day, the Canadian Indian, the church and industrial life, the labour problem, child welfare, the challenge to the church, the problem of the city, the problem of the country, social service as life work, commercialized vice and the white slave traffic, immigration, political purity, temperance, prison reform, [and] humanising religion.”³⁰ From 1918 onwards throughout the interwar period, these and other issues were further examined and debated in the SSCC’s newly-founded journal, *Social Welfare*. Additionally, *Social Welfare* further distanced the SSCC from the “moral reformism” of its roots, a process which began with the organisation’s change of name 1913. Although the inaugural issue did make the obligatory promises to “fearlessly and consistently advocate ‘the suppression of drink, gambling, sexual and other vices,’” among other things, what is really significant is how it envisioned carrying on this fight. It proclaimed, for instance, that while its journal could not “promise infallibility,” it did promise familiarity “with Canadian conditions,” editing “with care and courage,” “reliable and accurate” articles, and “strong and sane” leadership. Moreover, it continued, “[i]n addition to the editorial staff as announced, we shall have the assistance, as contributors, of a corps of experts in various spheres.”³¹ What it sought to facilitate, in other words, was not simply religious ministry to the poor, nor even the moral examples provided by COS-style friendly

³⁰ Gripton, et al., *A Study of the State-of-the-Art*, 23-4, 31-3; Rutherford, “Tomorrow’s Metropolis,” 435-55; Allen, *The Social Passion*, 18-19; and Cook, *The Regenerators*, 267, n2.

³¹ Wills, *A Marriage of Convenience*, 18-19; and “‘Social Welfare’ – Introduction,” *SW*, Oct 1918, 1.

visitors, but rather the gathering of scientific data and the conduct of informed debates.³²

The founding of the CASW represented a further effort to enhance the status of the social work profession. It emerged as a result of discussions arising among the Canadian members of the American Association of Social Workers (AASW), formed in 1921. Initially, many Canadian social workers belonged to the AASW. By the time that the latter organization held its "National Conference on Social Work" in Toronto in 1924, however, there was growing interest amongst the AASW's Canadian members in establishing a distinct counterpart that would be more directly interested in "Canadian concerns." A short period of discussion and organization ensued, resulting in the founding of the CASW in 1926.

Beyond its specific concern with Canada, the CASW sought to continue the science-building work of its American forerunner. Its constitution, for instance, stated the objectives of the CASW to be:

to bring together professional social workers for such co-operative effort as may enable them more efficiently to carry out their ideals of service to the community. To this end the association may seek to promote professional standards; encourage proper and adequate preparation and training; cultivate an informed public opinion which will recognize the professional and technical nature of social work ... maintain a professional employment service; conduct research; and carry on such other activities as it may deem appropriate.

To accomplish these goals, it established an official organ – at first as a small section within *Social Welfare* and later as an independent journal, *The Social Worker* (1932). It also organized periodic "Canadian" conferences on social work, the first of which took place in

³² A long-standing historiographical debate between Allen and Cook provides contrasting interpretations of this process of secularisation. Whereas Allen contends that the social gospel's concern with the secular world helped to ensure that Christianity remained relevant to modern society, Cook argues that it had the opposite effect. For our purposes, however, what matters is the impetus towards professionalisation and the concomitant substitution of religious with scientific authority.

Montreal in 1928, and undertook various other initiatives aimed at creating a “common consciousness” on the part of social workers and promoting the “professional” character of the discipline among social workers and the wider public.³³

But professionalization required more than just an institutional basis. It also required consideration of who should be trained as social workers, what should be the extent of such training, and how should social workers conduct themselves. A discussion panel at the 1928 Canadian Conference on Social Work proposed that the profession needed to develop “two types of workers; those who are not obviously fitted for leadership work and those who have such qualities which will carry them forward to executive positions.” The latter, it stated, required “mature judgement, good personality, and a scientific outlook on life; one who loves people and is interested in the problems of others.” Though the panel did not elaborate on the qualities needed by the former, comments made at the same conference by Frank J. Bruno, an American professor of social work, provide some insight. Bruno observed that the supply of “natural born” social workers was “piteously inadequate” relative to the demand for such workers. This meant that the majority of social work would be done by “a large middle group” that was “teachable, possessing a moderate degree of intuitional fitness for social work, and a real aptitude for acquiring a technique.” Professional schools of social work, therefore, according to Bruno, were required to both transmit this technique and to “separate the fit from the unfit” prior to their entering field. With respect to the extent of such training,

³³ “National Conference on Social Work,” *LG*, July 1924, 583-584; “Official Announcement in Respect to the Organization of the Canadian Association of Social Workers,” *SW*, Oct 1926, 284-6; C.A. Dawson, “Social Work as a National Institution,” *CCSW, Proceedings* (1928), 6-9; and Lubove, *The Professional Altruist*, 124-136.

the panel advocated a Bachelor of Arts degree as “the ideal foundation.” In reality, though, this educational standard had to be set much lower at first, given the small number of trained personnel and schools of social work within Canada at that time.³⁴ Up to December 1927, for instance, the CCSW’s constitution admitted candidates as “Senior Members” of the Association so long as they had been “professionally engaged” in “the work of social education, organization, or adjustment,” for “a period of not less than thirty-six months.” “Junior” members required the same for “a period of not less than twenty-four months.” After January 1928, these qualifications were increased so that a candidate for senior membership had to have “successfully completed two years study in an approved School of Social Work, and have had four years professional experience in a social agency of recognised standing, and be not less than twenty-five years of age,” while candidate for junior membership needed “at least two years study in an approved School of Social Work.”³⁵ As for the question of personal conduct, editorials, articles, and reports published in social work journals frequently took up the question of the “professional ethics” of social work. Much of this literature involved exhortations to be “objective” and “scientific” in one’s practice, while also maintaining “sympathy” with those seeking assistance; and to “respect the rules of

³⁴ “Recruiting and Training of Social Workers,” CCSW, *Proceedings* (1928), 142-3; and Frank J. Bruno, “Why Have Schools of Social Work?” *SW*, November 1930, 26. Also, see the discussion of leadership qualities and training requirements in Gretta McRae, “The Responsibility of the Executive of the Agency Towards Promoting Professional Training for its Staff,” *SW*, Mar 1931, 130; Leonard W. Mayo, “Training Personnel for Leadership,” *SW*, Nov 1930, 81-4; and Topping, “The Selection, Nurture, and Training,” *SW*, Feb 1932, 96-7; Mar 1932, 116; Sept 1932, 159; and “Social Work: A Vocation,” *TSW*, Oct-Nov 1938, 3-8.

³⁵ “Official Announcement,” *SW*, Oct 1926, 284-6.

one's agency" as well as the "rights" of one's clients."³⁶ Hence, social work, like other professions, developed a common set of qualities, standards, and behaviours prescribed for those within the field as well as for those who wished to gain entry – all of which, in turn, contributed to delimiting the scope and reinforcing the value of the profession itself.

Additionally, professionalization equally required the monopolization of a marketable, specialized field of knowledge or technique. For social work, the "nuclear skill" around which the profession evolved was that of "social case work." The roots of case work stretched back to the friendly visiting of the late nineteenth century. In going to the homes of those requesting social assistance, friendly visitors sought to establish a personal relationship between themselves and their "clients," to investigate and create records for each "case," and to prescribe advice aimed at resolving the "problems" they had uncovered. These investigations tended to classify the poor according to a rather crude set of moral descriptors, such as "clean, dirty, respectable, drunkard, industrious, pauper, etc.," along with an equally crude set of prescriptions for improvement, such as "temperance, thrift, and hard work."³⁷

By the early twentieth century, as trained and paid "social investigators" became increasingly important, so too did a more scientific approach to the diagnosis and solution of the problems of the poor. The work of Mary Richmond (1861-1928), a pioneer in the field

³⁶ See, for example, T.R. Robinson, "The Professional Ethics of Social Work," *SW*, January 1926, 78-77; Lea, "Report of a Special Committee ... Part I: What is a Social Worker?" 3-7; and "Summary Reports of Standing Committees Presented to the Biennial Meeting [of the CASW]," June 24th, 1938," *TSW*, Aug-Sept 1938, 9-10.

³⁷ Lubove, *The Professional Altruist*, 8-21 and 119-20; and Pitsula, "The Emergence of Social Work," 36-8. Also, on the concept of "nuclear skill," see Harvey L. Smith, "Contingencies of Professional Differentiation," *American Journal of Sociology* 63, 4 (1958), 414.

of social work in the United States, epitomised this new approach. In two widely-employed texts, *Social Diagnosis* (1917) and *What is Social Casework?* (1922), Richmond defined the unique skill of the social worker as the collection and interpretation of “social evidence,” “consisting of any and all facts as to personal or family history which, taken together, indicate the nature of a given client’s difficulties and the means to their solution.” Importantly, though, such evidence did not stop at the “moral conditions” of the client, but rather encompassed their entire personality, abilities, history, and social milieu, including “client, family circle, relatives, medical record, school, employer, printed documents, neighbours, and social agencies.” In doing so, as one social worker of the era put it, casework did “not stop at the surface trouble but insist[ed] on knowing what is deeper and what ‘individual’ phases each problem has.” Together with this in-depth, “differential investigation” of each case of poverty, the treatment defined by scientific casework was individualised as well. During the 1910s and 1920s, such treatments often focussed upon the client’s “individual capacities” and “social conditions,” later joined, during the 1930s and 1940s, by a growing emphasis on the client’s “psychological and emotional needs.” Examples included assisting clients in seeking medical treatment, reestablishing family bonds, finding a new line of work, or through therapeutic discussion. Ideally, moreover, the process of treatment sought to enlist the client’s assistance not only in figuring out their problems but also in locating the solutions. In all instances, however, its purpose was the scientific diagnosis of each individual case, and to effect the greatest possible the adjustment of each individual to his or her environment.³⁸

³⁸ Lubove, *The Professional Altruist*, 41-9 and 113-17; Ruth Hill, “New Objectives in Family Social Work,” *SW*, July 1920, 278-9. Also, see textbooks of the era, such as Mary Richmond, *Social Diagnosis* (New York: Russel Sage, 1917); Mary Richmond, *What is Social Casework?* (New York:

In bringing scientific analysis down to this level of the relationship between the individual and their social environment, social workers participated in the ongoing reshaping of the concepts of the maladjusted of society and the strategies for regulating these individuals. When the Ontario Commission on Unemployment tabled its report in 1916, it acknowledged that “personal causes of unemployment” had often “received a disproportionate amount of attention,” and that changes in the business cycle, labour markets, and international trade all factored into the problem as well. Still, as Struthers notes, in a “jumbling together of nineteenth- and twentieth-century ideas” typical of the era, the report also called for the expansion of “‘industrial centres’ and ‘industrial farms’ modelled on the lines of penitentiaries, to extract labour from vagrants and unskilled seasonal labourers” and prevent them “‘from drifting, with gradually weakening resistance, into the ranks of the unemployable.’”³⁹ By the onset of the Great Depression, the reasons behind unemployment were revealed to be even more complex. In 1930, for example, a paper by G. Frank Beer, formerly of the Ontario Unemployment Commission, listed no less than thirteen personal and social causes of unemployment, ranging from “incapability” on the part of workers and government policy to “seasonal,” “cyclical,” “technological,” and “catastrophic” factors. At the same time, both the Ontario Commission on Unemployment’s report and Beer’s paper

Russel Sage, 1922); and Virginia P. Robinson, *A Changing Psychology in Social Case Work* (Chapel Hill: University of North Carolina Press, 1934); as well as articles on social casework, such as Ruth Hill, “The Spirit of Casework as a Philosophy for Life,” *SW*, June-July 1926, 181-4; Rev. Joseph Haley, “The Art of Interviewing,” *CCSW, Proceedings* (1928), 43-6; G.B. Clarke, “Newer Trends in Helping,” *SW*, May 1931, 165-7; and B.M. Finlayson, “Principles upon which Casework is Built,” *CCSW, Proceedings* (1937), 111-15.

³⁹ Ontario Commission on Unemployment, *Report*, 11-12 and 75; and Struthers, *No Fault of Their Own*, 15.

observed that these “different troubles” called for “different remedies.”⁴⁰ It was a perception that would only be reinforced by the events of the next decade. In addition, however, this “multiplication” of the causes and solutions of unemployment was brought about, in part, through a complex set of linkages between the social work profession, its objects of knowledge, and public policy, linkages that can be demonstrated through more closely examining three particular categories of “unemployable” and “unemployed” individuals: the mentally deficient, the delinquent, and the “normal, able-bodied” unemployed.

“Mental Deficiency” was one of a number of great concerns for social workers and health professionals during the early twentieth century. According to Colin K. Russel, Lecturer in Neurology at McGill University in 1920, “[t]he term ‘Mental Defective’” was applicable “to an individual who, by reason of mental or physical defect, is unable to benefit normally by instruction or the lessons of experience.” This group could be then sub-divided into several smaller categories: “Some remain as ‘idiots,’ helpless, mental defectives; others develop to the extent of a child of three to seven years, and this group are termed ‘imbeciles’ A far larger group – the so-called “feeble-minded” or “morons” – are those whose mental development has not passed that of a normal child of twelve years.”⁴¹ These conditions were thought to be the result of a “brain defect,” with “heredity” as “the chief predisposing factor.” As such, at least in the near term, mental deficiency was believed to be “incurable”⁴²

⁴⁰ Ontario Commission on Unemployment, *Report*, 9-15; and G. Frank Beer, “The Problem of Unemployment Insurance,” CCSW, *Proceedings* (1930), 16-25.

⁴¹ Colin K. Russel, “The Feeble-minded in Canada,” *SW*, Apr 1920, 175-7.

⁴² *Ibid.*; C.M. Hincks, “Feeble-mindedness in Canada a [sic] Serious National Problem,” *SW*, Nov 1918, 29-30; and W.H. Hattie, “Research and Mental Deficiency,” *SW*, May 1923, 157-8.

In a 1918 article in *Social Welfare*, Hincks, then Canada's leading authority on the subject, explained that mental deficiency constituted a problem because it was among the root causes of a wide range of social and economic ills; indeed, as result of their alleged "backwardness" – or one might say, in spite of it – mental defectives appeared to be capable of causing a great deal of "damage" to society. In the school system, Hincks asserted, mental defectives were a cause of "educational inefficiency:" first, because they required an inordinate amount of attention from teachers and other school authorities; and secondly, because they had a tendency to corrupt the "morals" of normal children. In a survey of one public school, for example, he discovered that "50 children were involved and a number confessed that the telling of obscene stories, the passing of objectionable notes, and an improper relation frequently occurred between the sexes." And, "[t]he ringleaders in these evil practices were a feeble-minded boy and girl." More seriously, in broader society, Hincks estimated that approximately forty percent of the cases appearing in juvenile courts and twenty-five percent of the repeat offenders in adult court were mentally deficient.⁴³ The problem took on an even larger dimension when one considered that several experts guessed that there could be anywhere from 40,000 to 170,000 "mentally deficient" individuals in Canada, many of whom supposedly lacked "moral self-control" and possessed "sexual propensities" that were "unusually strong."⁴⁴ "If left to their own devices, therefore, Hincks warned, this "army of dependents and irresponsibles" had the potential "to upset in no small

⁴³ Hincks, "Feeble-mindedness in Canada," *SW*, Nov 1918, 29-28.

⁴⁴ *Ibid.*; "The Feeble-minded in Canada," *SW*, Apr 1920, 175-7; and Rev. J.G. Shearer, "The Problem of the Mentally Defective," *SW*, Dec 1922, 48-9.

measure the social order of the country.”⁴⁵

In order to prevent the spread and the reduce “damage” caused by mental deficiency, many health and social welfare authorities argued that a better program of detection, prevention, and control was needed. This encompassed several elements. One part involved the creation of more mental clinics, where “qualified” experts could identify mental defectives. Another part consisted of the segregation and the possible sterilization of mental defectives to prevent the “rapid multiplication of the unfit.” And a third part comprised the expansion of research facilities, institutions, and educational programs for the possible “treatment” of mental deficiency.⁴⁶ By the middle of the 1920s, Hincks and could report progress had been made in several of these areas. A psychiatrist had been hired to work in the Toronto public school system in 1917 and in the Toronto Juvenile Court in 1920. Furthermore, in the period from 1918 to 1923, governments in Canada had spent “six million dollars on capital account to make better provision for the insane. School boards increased the number of special classes for subnormal pupils from a couple of dozen to one hundred and sixty-one. Universities gave mental hygiene a more prominent place in medical schools and in other departments. [And] [s]lightly more farm colony training school provision was made for the feeble-minded.” In such areas, Hincks calculated that every dollar spent on “scientific care and treatment” saved “ten dollars” in later costs associated with “crime, prostitution, pauperism,

⁴⁵ Hincks, “Feeble-mindedness in Canada,” *SW*, Nov 1918, 29-28.

⁴⁶ C.M. Hincks, “The Need of Mental Clinics for the Diagnosis of Feeble-mindedness,” *SW*, Dec 1918, 57-8; E.J. Pratt, “Combatting Feeble-mindedness,” *SW*, Jan 1919, 91; “The Problem of the Mentally Defective,” *SW*, Dec 1922, 48-9; “Research and Mental Deficiency,” *SW*, May 1923, 157-8; and R.J. Wilson, “The Care of the Mentally Defective in Ontario,” *SW*, May 1925, 152-3.

and many other social evils.”⁴⁷

Over the course of the 1910s and 1920s, this upsurge of attention to the problem of mental deficiency contributed to reducing the emphasis on heredity factors and to opening up new possibilities for “effective treatment.” “It was discovered,” Hincks wrote in 1923, “that there were good and bad defectives.” The good type, which required supervision but not institutional care, encompassed the great majority of mental defectives; while the bad type, which could not “be handled with success in the general community,” seemed to account for only about ten percent of the total feebleminded population.⁴⁸ The two sides of this divide were represented in a “temperament and habit” chart [Figure 5.1] constructed by A. Josephine Dauphinee of the Vancouver Psychological Clinic. As it demonstrates, in defining the line between the “good and bad” cases of feeblemindedness, “the final test” came to be understood not simply in terms of the subject’s mental ability but also in terms his “social reactions.” What mattered, in other words, was whether or not he could go “on his quiet way ... doing his duty as he sees it, and troubling no one.”⁴⁹

The emergence of these new distinctions among the feebleminded population coincided with the delineation of different avenues for treating different “types” of mental

⁴⁷ Hincks, “Suggested Treatment of the Feebleminded in Ontario,” *SW*, Nov 1922, 35-7; “Progress in Mental Hygiene,” *SW*, Nov 1925, 28-9; and “Feeblemindedness in Canada, III: Governments and the Feeble-Minded,” *SW*, Feb 1919, 103-4. Also, see Angus McLaren, *Our Own Master Race: Eugenics in Canada, 1885-1945* (Toronto: McClelland and Stewart, 1990).

⁴⁸ C.M. Hincks, “Facilities Toronto Needs to Grapple Successfully With Its Feeble Minded Problem,” *SW*, June 1923, 177-8; C.M. Hincks, “Recent Additions to Our Knowledge of Feeblemindedness,” *SW*, February 1925, 91-4; and “The Care of the Mentally Defective,” *SW*, May 1925, 152-4.

⁴⁹ Hincks, “Recent Additions,” *SW*, February 1925, 91-4; and A. Josephine Dauphinee, “Social Reactions of the Feebleminded,” *SW*, February 1922, 102-3.

deficiency. If “trained in good habits from childhood,” it was hoped that many mental defectives might be able to live “normal” lives within the community. In these cases, treatment might include special education classes, vocational guidance, and “supervision” within the home and industry by occasional visits from specially-trained social and health workers.⁵⁰ Beyond any scientific and moral considerations, though, there were also strong political and economic reasons put forth for at least attempting to “treat” as many cases of feeble-mindedness as possible on this basis. In the first place, the costs of institutionalising large numbers of mental defectives were proving to be prohibitive. Throughout the late nineteenth and early twentieth centuries, asylums and penitentiaries already constituted two of the largest areas of provincial spending on “public welfare.” Moreover, as Hincks pointed out, “the average citizen” remained unconvinced that “he should be taxed to support permanently an individual who is capable of 30 or 50 or 70 per cent of normal economic efficiency, on the mere theory that he is more likely than a normal individual to become a social problem.” In the second place, as Dauphinee noted, these so-called “feeble-minded” individuals formed “part of a large group of sub-normals” who were “needed to do the world’s unskilled labour.” This group, she continued, was “as necessary to our well-being as any of the forces we use so carelessly, scarcely realizing they are there.”⁵¹

In cases where institutionalizing the mental defective did prove to be necessary, every effort was still made to ensure that each “inmate” became as productive as possible. By the

⁵⁰ Dauphinee, “Social Reactions,” *SW*, February 1922, 102-3; Hincks, “Suggested Treatment,” *SW*, Nov 1922, 35-7; and Hincks, “Facilities Toronto Needs,” *SW*, June 1923, 177-9.

⁵¹ Hincks, “Recent Additions,” *SW*, Feb 1925, 91-4; and “Social Reactions,” *SW*, Feb 1922, 102-3.

1920s, all provinces had established some form of facilities for the institutional care of the mentally defective and insane. In many of these institutions, inmates were provided with some limited training and put to work at various types of labour. In June 1923, for example, J.P. Downey, Superintendent of the Ontario Psychiatric Hospital, reported that 720 of 1,129 inmates at his institution were either engaged in various classes or worked on the premises in the "Tailor Shop," "Sewing Room," "Laundry," "Piggery," or some other area. As Downey explained, "[w]hile there must be a zealously maintained limitation to the intellectual education of the moron or imbecile, there is no danger of retrogression through manual training. It can be prosecuted to the highest degree that the capabilities of the patient will permit." In the process, these activities were said to assist in paying for the upkeep of the institution, maintain inmate morale, and prepare inmates for possible reintegration into the community.⁵²

Juvenile delinquents were another major target of "social reform." As defined in the "Juvenile Delinquents' Act" (JDA) of Canada (1908), a juvenile delinquent was

any child [under the age of sixteen years] who violates any provision of the Criminal Code ... or of any Dominion or Provincial Statute, or of any By-law or ordinance of any municipality, for which violation, punishment by fine or imprisonment may be awarded; or, who is liable by reason of any other act to be committed to an Industrial School or juvenile reformatory under the provisions of any Dominion or Provincial Statute.

Although, in practice, certain allowances were often made based on the age of those before the courts, prior to the JDA there was no separate legal system for young offenders – young

⁵² J.P. Downey, "How Ontario Cares for Its Feebleminded," *SW*, June 1923, 179-181. For additional examples, see "Industrial Training of Mental Defectives," *LG*, Oct 1923, 1056; and W.J. McAlister, "Some Phases of the Work for the Feeble Minded in Alberta," *SW*, Mar 1925, 109-111.

offenders could be tried, convicted, and punished on the same basis as adults, as was sometimes the case. What the JDA did was to create this separate legal system.⁵³

By the early twentieth century, many social workers and justice officials had come to regard juvenile delinquents as meriting special consideration under the law. To begin with, young people were relatively less able to resist temptation; less knowledgeable about the “differences between right and wrong;” and, hence, less responsible for their actions than adults. Secondly, like crime more generally, juvenile delinquency was the result of a variety of social, economic, and personal factors: mental deficiency, intemperance, poverty, distress, and so on. But in many instances of juvenile delinquency, the “immorality,” “neglect,” or “absence” of one or more of the child’s parents often occupied a prominent position among these causes; again, thereby reducing the young offender’s relative responsibility for their crimes. Thirdly, as children, juvenile delinquents represented part of the future human capital of the nation, and therefore a special effort at reform was warranted in order to preserve and increase the value of this precious resource.⁵⁴

If parents proved to be unwilling or unable to discipline and control their children, then the JDA empowered the Juvenile Court to do so, placing particular emphasis on the

⁵³ P.J. Branch, “Juvenile Delinquency – Its Causes,” *SW*, March 1919, 126-7. On the concept of juvenile delinquency and the JDA, also see Susan E. Houston, “The ‘Invention of a Tradition:’ Juvenile Delinquency in the Nineteenth Century,” Royal Society of Canada, *Transactions* 2 (1991), 95-108; and Joan Sangster, *Girl Trouble: Female Delinquency in English Canada* (Toronto: Between the Lines, 2002).

⁵⁴ See, for instance, Branch, “Juvenile Delinquency,” *SW*, March 1919, 126-7; Ethel MacLachlan, “Some Specific Problems in Delinquency and Neglect,” *SW*, Nov 1919, 48-51; Ethel MacLachlan, “The Delinquent Girl,” *SW*, Dec 1921, 54-7; “Citizens of Tomorrow,” *SW*, June 1923, 187-9; “Child Protection in Nova Scotia,” *Child Welfare* (hereinafter, *CW*), May 1927, 36-9; and F.T. Sharpe, “The Challenge of the Delinquent,” *CCSW, Proceedings* (1932), 51-8.

desirability of reforming the juvenile delinquent as opposed to inflicting punishment as a retribution for his or her crimes. As the act explained, while “expediency” demanded “that youthful offenders should be classed or dealt with as ordinary criminals ... the welfare of the community demand[ed] that they should on the contrary be guarded against association with crime and criminals, and should be subjected to wise care, treatment, and control.” Furthermore, it went on to elaborate that “the care and custody and discipline of a juvenile delinquent shall approximate that which should be given by its parents, and that as far as practicable every juvenile delinquent shall be treated not as a criminal, but as a misguided child, and one needing aid, encouragement, and assistance.” Here again, treatment was individualized to suit each case. In fulfilling its functions, the court had several options based upon a combination of the perceived character of the delinquent, the nature of the crime, and the best possibility for reform from which to select. Of the 6305 convictions for juvenile delinquency that proceeded to final disposition in Canada during 1927, for example, 41 percent were released on probation under the supervision of the court, 30 percent were fined or ordered to make restitution, 13 percent were released with a formal reprimand, 11 percent were sent to a training school, 5 percent were remanded for an indefinite detention, 3 percent were released on probation under the supervision of their parents, and 2 percent were subjected to corporal punishment.⁵⁵

As in the case of mental deficiency, psychiatrists, social workers, probation officers, numerous other scientific experts and state functionaries were involved in determining the

⁵⁵ “Citizens of Tomorrow,” *SW*, June 1923, 187-9. Statistics are based on calculations by the author from Leacy, Buckley, and Urquhart, *Historical Statistics of Canada*, Table Z283-291.

nature each “case” of delinquency and the appropriate form of adjustment warranted. In this interactions between these authorities and their targets for reform, an increasingly detailed catalogue of delinquency took shape. In the late 1910s and the early 1920s, Ethel MacLachlan, a judge of the Juvenile Court in Regina, Saskatchewan, identified as many as eight “specific problems in delinquency and neglect” and four different types of “delinquent girls.” “The Immoral Girl,” MacLachlan explained, was “one who has lost respect for herself and for all those connected to her. Low standards of family life, and the absence of wholesome influences; absence of healthful recreation, may be the causes.” Such a girl was apparently “hard to deal with.” Nevertheless, she felt that “Women Probation Officers, provided they are of the right type, have the power to sometimes remake ... [her], providing she herself is willing to live a new life.” Other “girl delinquents” included “The Incurable,” “The Runaway,” and those with “Hereditary Tendencies.”⁵⁶

Prevention, however, was thought to be an even better therapy for juvenile delinquency. If “surplus energy” combined with a lack of supervision was part of the problem – as much social research had indicated – then perhaps the provision of structured and supervised outlets for youth activities might be part of the solution. Providing structured recreation through “fresh air” camps, the Boy Scouts, and the YMCA, as one panel at the 1932 Canadian Conference on Social Work put it, was, therefore, one of ways for society to go about “reinforcing normality” among the nation’s children. In presenting his paper to this panel, Russel Paterson, the Quebec Provincial Secretary of the Boy Scouts Association,

⁵⁶ MacLachlan, “Some Specific Problems,” *SW*, Nov 1919, 48-51; and MacLachlan, “The Delinquent Girl,” *SW*, Dec 1921, 54-6.

proclaimed that the purpose of the training given to the youths in his organization, for example, was “the development, as far as modern conditions permit, of boys who are accomplished backwoodsmen and hikers.” “The boy whose lungs are filled with clean air, whose muscles are hardened for the trail, and particularly whose thoughts and aspirations live in the woods and fields,” he explained, was “well fortified against influences that tend to pull him down morally.”⁵⁷

Mothers’ allowances represented another strategy much along these same lines; although, in this case, the desired “supervision and structure” was to be provided by the mother rather than through some other public or private organization. Pensions for the widowed wives of soldiers became a prominent social program at the conclusion of the First World War, thereby “highlight[ing] similar categories of need among the civilian population.” At the same time, the war also contributed both to bringing female suffrage to political reality and to further strengthening the resolve to conserve and improve the human resources of the nation. Over the course of the interwar years, all of these factors helped in nudging the provinces to enact some form of mother’s allowance legislation, each of which maintained its own standards for eligibility and the amount of payment. Under these programs, mothers who had been widowed, or in some cases deserted, could collect a small pension from the state in return for providing non-institutional care for their children. As “employees of the

⁵⁷ W.G. Smith, “Social Work and Progress,” *CCSW, Proceedings* (1932), 7-17; F.T. Sharpe, “Youth in Revolt: A Study of Youthful Offenders in Canadian Penitentiaries,” *CW*, Nov 1929, 40-52; “The Fresh Air Cure for Delinquency,” *SW*, July 1925, 192-3. And, see Taylor Statten, “Reinforcing Normality Through Organized Forces;” Russel Paterson, “Reinforcing Normality Through Boy Scout Training;” M.J. McLeod, “Reinforcing Normality Through Settlements;” William R. Cook, “Reinforcing Normality Through YMCA & YWCA,” all in *CCSW, Proceedings* (1928), 87-94.

state,” however, the mothers who applied to receive these allowances came under close scrutiny themselves, for each of the programs contained strict eligibility criteria with respect to “the mother’s nationality, her character, and the amount of personal property she owned.”⁵⁸

As unemployment became a more prominent consideration among policymakers as well, so too did the nature of the unemployed individual. The economic instability in the years following the end of the First World War forcefully brought these questions to the fore. With the costs of social assistance continuing to trend upwards, it soon became clear that the poorhouse, the work test, the principle of “less eligibility,” and other measures dating back from the Elizabethan poor-law tradition were, in-and-of themselves, insufficient safeguards against the growth of poverty and unemployment. More importantly, such measures made no effort to get at the “real causes” of these social problems; thus, even if they helped to discourage some individuals from seeking relief, they could never really resolve the larger “relief problem.” What appeared to be needed, therefore, in the common mantra of the age, was a “more ‘business-like’ and scientific approach;” in this case, based upon better information on those who were unemployed, those who were unemployable, and those “who [sought to] take advantage of the generosity of the community.” As H.C. Hudson, the Superintendent of the Ontario Offices of the ESC, observed in 1922, “the first step towards the mobilisation of the community to meet the unemployment problem is the provision of accurate means for ascertaining its [true] extent.” Here again was an area in which social caseworkers claimed to have the potential to make a difference, this time by bringing scientific

⁵⁸ Guest, *The Emergence of Social Security*, 48-63. Also, see Struthers, *The Limits of Affluence*, 19-49.

analysis to bear upon the level of the unemployed individual.⁵⁹

The demand for a more refined classification of those seeking unemployment relief became particularly acute during the early 1930s. By then, all levels of government were becoming more-and-more vehement about finding ways of controlling spiralling relief costs. Moreover, at least some policymakers, like Prime Minister R.B. Bennett, suspected that large numbers of those currently in receipt of relief were not “bona fide” unemployed workers, but rather seasonal workers, transients, and farmers who were “normally” unemployed for part of the year; or unemployable workers who were elderly, ill, or disabled.⁶⁰ Efforts to make these sorts of more precise distinctions among the poor dated back to rudimentary “casework” of the late nineteenth century COS friendly visitors, and the social work professionals of the early twentieth century, the practices of whom indicated that, for example, not all vagrants could be treated as a homogenous group. Particularly for the latter, there were several different types of vagrants with different needs and different possibilities for reformation, discrepancies that could only be discovered and made to useful through a deliberate analysis by properly-trained social workers.⁶¹ Thus far, however, the profession insisted that the government had yet to train and hire nearly enough professional social

⁵⁹ H.C. Hudson, “Mobilizing to Reduce Unemployment,” *SW*, Aug 1922, 243; A. Ethel Parker, “Family Casework Goes Through the Deep Waters of Unemployment,” *SW*, Sept 1930, 265-7; Hannah Matheson, “Unemployment and Casework,” *CCSW, Proceedings* (1930), 84-90; and James Struthers, “A Profession in Crisis: Charlotte Whitton and Canadian Social Work in the 1930s,” in Moscovitch and Albert, *The Benevolent State*, 114-122.

⁶⁰ Struthers, *No Fault of Their Own*, 115-7.

⁶¹ See, for example, the different classifications of the poor and the vagrant outlined in Lubove, *The Professional Altruist*, 12-49; the Ontario Commission on Unemployment, *Report*, 101-12; and David Campbell Johnston, “The Homeless Man,” *SW*, October 1925, 9-13.

workers to do this job adequately. In a confidential report to the federal government on the unemployment situation in western Canada in 1932, Charlotte Whitton, then well on her way to becoming one Canada's "best known" social work professionals, added yet another reason for concern. She noted that the current system of financing relief actually encouraged municipalities to classify their existing stock of unemployable indigents and unemployed workers, so as to gain access to the "temporary" federal subsidies then being extended to assist cities with the unemployment problem. Obviously, something drastic had to change.⁶²

The Conservative and Liberal governments of the 1930s, however, each adopted some largely conventional approaches to the problem. In 1933, the Bennett government capped federal transfers in the hope that "the ledger" would force the other levels of government to distribute relief more carefully. And although more proactive measures, such as federal unemployment insurance and maximum hours-of-work legislation, were presented in Bennett's "New Deal" legislation of 1935, these would prove to be far too little, too late to save his government from the wrath of voters after five years of Depression and federal inertia. When the Bennett government fell in 1935, the new King government commissioned yet another investigation to "find ways and means of providing remunerative employment, thus reducing the numbers at present on relief, and lessening the burden of taxation."⁶³

⁶² LAC, R.B. Bennett Papers, vols. 779-80, "Report re Unemployment and Relief in Western Canada, Summer 1932;" Struthers, "A Profession in Crisis," 114-22; Struthers, *No Fault of Their Own*, 143-4 and 153-7. On the training and hiring of social workers, also see "Family Casework Goes Through the Deep Waters of Unemployment," *SW*, Sept 1930, 265-7; Whitton, "London Bridge is Falling Down," *CCSW, Proceedings* (1930); and Cassidy, "Some Essentials of Canadian Social Welfare," *CCSW, Proceedings* (1938), 8-19.

⁶³ Struthers, *No Fault of Their Own*, 103-74; and *Statutes of Canada*, the "Employment and Social Insurance Act," 25-6 George V, cap. 8, and the "National Employment Commission Act," 1

From 1936-1938, this investigation, the National Employment Commission (NEC), undertook what was, up to that point, the most comprehensive survey of the national unemployment problem ever attempted in Canada. Its report revealed some startling conclusions, most particularly that

[i]n March, 1937, there were slightly under 260,000 employable men and women receiving relief in the whole Dominion. This ... included heads of families and their employable dependents over 16 years of age, and individual persons. There were 58,261 unemployable persons and those of doubtful employability in receipt of relief. [And] [t]he rest [of the approximately 1.3 million individuals] ... were non-worker type dependents ... [most of whom probably] belong[ed] to employable families.

Commenting on these figures in his 1939 study of unemployment and social assistance conducted for the Rowell-Sirois Commission, University of Toronto political economist A.E. Gaurer pointed out that “[t]wo things strike one” about the NEC’s findings. “First, even excluding drought relief, the bulk of those on “unemployment relief,” including dependents, are employable ... Second, the absolute number of persons available for employment is not as large as first glance might suggest.” Hence, Graurer inferred, “[o]ne hundred thousand jobs for heads of families would cause a transformation of the unemployment relief picture[,] because of the number of dependents who would also be taken off relief.”⁶⁴ But if the apparent employability of many of the unemployed may have provided some relief to policymakers, such figures also would seem to confirm that no amount of emphasis on the

Edward VIII, cap.7.

⁶⁴ A.E. Grauer, *Public Assistance and Social Insurance: A Study Prepared for the Royal Commission on Dominion-Provincial Relations* (Ottawa, 1939), Vol. 2, 9-11. These findings mirrored the conclusions reached by a similar study conducted by the British Ministry of Labour in 1925, see “‘Employability’ and Unemployment,” *LG*, Sept 1925, 861-2.

individual causes of poverty and unemployment would ever be sufficient.

5.2 Gauging Canada: The measurement of the national income

By the time of the interwar period, a broad and expanding set of institutions and experts were thus gathering and analysing ever more data on individual Canadians and their activities. These developments formed part of the development of an increasingly incisive perception of different types of individuals and different elements of the population throughout Canada and other advanced-industrial societies. In Canada, for instance, it was coming to be known how many children on Montreal playgrounds had “defective teeth;” how many juvenile delinquents resided in Toronto; how much family essentials cost in Winnipeg vis-a-vis Vancouver; and how much each industry contributed to the national income.⁶⁵

As the state’s field of activity expanded from the seventeenth century onwards, so too did its demands for additional information on its territory and population. New forms of taxation and regulation called for new forms of knowledge of agriculture, transportation, public health, and other areas of economic and social life. Inventories of data also announced the progress and the potential of the nation, thereby contributing to legitimating the state and its policies. G.H. Godfrey’s article on “Fifty Years of Canadian Progress, 1867-1917,” appearing in the 1918 edition of the *Canada Yearbook*, was typical of this genre. Written by E.H. Godfrey, a statistician with the recently-established Dominion Bureau of Statistics, the article concluded with a summary table itemising the total increase area, population, livestock,

⁶⁵ See, for example, “Recreation and Health in a Canadian City,” *Child and Family Welfare*, May 1931, 72-9; “Spawning Delinquency,” *SW*, July 1930, 228-230; and DBS, *CY* (various dates).

railway track, motor vehicles, and other measures of material welfare over the last half-century [See Table 2.1]. In considering this record of “progress,” Godfrey declared that “[t]he closing years of the period under review found the Dominion bearing no unworthy share in the greatest war in history and for the greatest of all causes ... If the progress of the past fifty years has been so splendid, is there not abundant reason for anticipating still greater triumphs in the next fifty years?”⁶⁶ Many Canadians and their governments certainly hoped this would be so, and also came to regard *statistics* – literally, translated from the original German, *Staatwissenschaft*, a “science of the state”⁶⁷ – as part of how it could be achieved.

The “aim” of statistics, as historian Alain Desrosières points out, “is to make *a priori* separate things hold together, thus lending reality and consistency to larger, more complex objects. Purged of the unlimited abundance of tangible manifestations of individual cases, these objects can then find a place in other constructs, be they cognitive or political.”⁶⁸ With the development of statistics, “population” took shape as an independent, tangible, and knowable phenomenon. In other words, statistics brought coherence and meaning to other jumbled and incomprehensible phenomenon. Statistics, as Foucault put it, gradually revealed that population had “its own regularities, its own rate of deaths and diseases, its cycles of scarcity, etc.,” while also showing that its domain involved “a range of intrinsic aggregate effects ... such as epidemics, endemic levels of mortality, ascending spirals of labour and

⁶⁶ E.H. Godfrey, “Fifty Years of Canadian Progress, 1867-1917,” *CY* (1918), 23-72.

⁶⁷ Alain Desrosières, *The Politics of Large Numbers: A History of Statistical Reasoning*, translated by Camille Nash (Cambridge, Mass.: Harvard University Press, 1998), 179.

⁶⁸ *Ibid.*, 236.

wealth.” And, once linked with other changes – the development of scientific disciplines, the expansion of the state apparatus, the search for new forms of legitimation – the purpose of government, or what one might call the “general interest” of the state, began to shift from that of preserving the “power of the sovereign” to that of preserving “the welfare of the population, increase of its wealth, longevity, health, etc.” As we have seen, by the late nineteenth and early twentieth centuries, the project that was then evolving among government officials, businessmen, social scientists, labour leaders, and others, was the scientific analysis and management of society. Statistics, therefore, intersected with this project because it came to be the central medium through which the population could be constituted in its varied dimensions, tendencies, and responses to state policies.⁶⁹

The interconnections among the state’s administrative apparatus, the science of statistics, and the population as an object of knowledge can be well illustrated through the careers of Archibald Blue and R.H. Coats, two of the “builders of Canada’s statistical system.” Blue’s work with the public service began in 1881, when the then forty-one-year-old Toronto *World* journalist was appointed by the Ontario government to investigate the state of agricultural statistics in the province. His report, issued in early 1882, “recommended the collection and dissemination of agricultural statistics on an annual or a more frequent basis.” It argued that through better statistics “just data would be supplied to guide the

⁶⁹ See Foucault’s discussion of these issues in “Governmentality,” in *The Foucault Effect*, 87-104; *Discipline and Punish*, 135-94; and *The History of Sexuality*, vol. 1, 135-45. My thinking here also has been very usefully informed by the work of Bruce Curtis in *The Politics of Population: State Formation, Statistics, and the Census of Canada, 1840-1875* (Toronto: University of Toronto Press, 2001), particularly 2-45 and 306-16, and “Foucault on Governmentality and Population: The Impossible Discovery,” *Canadian Journal of Sociology* 27, 4 (Fall 2002), 505-33 [available: www.arts.ualberta.ca/cjiscopy/articles/foucault.html, 9 Dec 2003].

exertions of the philanthropist, the judgement of the legislator, and the speculation of the reasoner.” Over the next three decades, Blue would assist in developing the administrative system through which statistics could make such contributions to provincial and national development, first during his service as secretary of the Ontario Bureau of Industries (1881-1891) and director of the Ontario Bureau of Mines (1891-1900), and then as the first head of the newly-established federal Census and Statistics Office (1905-1914).⁷⁰

Blue’s work in Ontario was indicative of the ongoing expansion of the statistical capacity of the state throughout the dominion. In addition to the developments Ontario and other provinces, by the end of the nineteenth century a growing array of national statistics also were being collected through the departments of Finance (1867), Agriculture (1868), Trade and Commerce (1892), Labour (1900), and the decennial census.⁷¹ In August 1900, Blue was appointed special commissioner in charge of the 1901 federal census. Given his prior experience and expertise, he was retained at a salary of \$4,000 per year – a handsome sum, given that it exceeded even that of some deputy ministers at the time. True to his billing, though, his office delivered an impressive product. In the account of one historian of Canadian statistics, David A. Worton, the 1901 census was “perhaps the most remarkable statistical undertaking before or since that time, in that its content ballooned from nine

⁷⁰ Archibald Blue, “Agricultural Statistics: Their Value, History, Scope and System,” printed in Appendix G to the *Annual Report of the Commissioner of Agriculture and Arts for the Province of Ontario for the Year 1881*, Province of Ontario, Sessional Paper no. 3, 1882; and M.C. Urquhart, “Three Builders of Canada’s Statistical System,” *CHR* 68, 3 (1987), 419-20.

⁷¹ See Ernest H. Godfrey, “History and Development of Statistics in Canada,” in John Koren (ed.), *The History of Statistics: Their Development and Progress in Many Countries* (New York: Macmillan, 1918), 179-98; and Coats, “Beginnings in Canadian Statistics,” 109-30.

schedules and 216 questions in 1891 to eleven schedules and 561 questions.”⁷²

When the federal government moved to set up a central “Census and Statistics Office” within the department of agriculture, it once again turned to Blue in order to oversee the new organization. Under the terms of the Census and Statistics Act of 1905, the new office was created to develop a core of experienced staff for the taking of the decennial census and to conduct and publish statistical surveys during the intercensal periods. Significantly, it extended the power to compel responses beyond the census to all statistical inquiries. The number of staff dedicated to statistics was also increased from fewer than ten to just over twenty. The act, in other words, epitomized the extent to which the compilation and dissemination of statistics had become an ongoing, everyday concern of the dominion government. By the time of its enactment, the department of agriculture already had been issuing its annual *Statistical Yearbook of Canada* in one form or another for almost two decades, the circulation of which by then was reaching some 10,000 subscribers in “governments, public libraries, and chambers of commerce” throughout the world. To this, periodic “statistical bulletins” on diverse economic and social statistics now would be added.⁷³

But the “modern” period of Canadian statistics really began around the dozen years between 1912 and 1924. In 1912 the census and statistics office was transferred to the department of trade and commerce, and a departmental commission was convened for the

⁷² Be that as it may, at a cost of \$ 1.2 million it was also more than twice as expensive as the 1891 census; see David A. Worton, *The Dominion Bureau of Statistics: A History of Canada's Central Statistical Office and its Antecedents, 1841-1972* (Montreal and Kingston: McGill-Queen's University Press, 1998), 20-2.

⁷³ Worton, 38-40 and 351, n8; and *Statutes of Canada*, “Census and Statistics Act,” 4-5 Edward, cap. 5.

purposes of further updating and reforming the national system of statistics. Its report asserted that the main problems with the existing system related to the duplication of effort, and the lack of overall supervision and coordination of the statistics collected by all the different branches of both the federal and provincial levels of government. It also noted the need for more and better statistics on production, wages, prices, and consumption. Accordingly, its central recommendation was “the Organization of a Central Statistical Office for the co-ordination, unification, extension, and general improvement of statistics,” the end of which would be the creation of a “comprehensive system” and “central thinking office” for national statistics. Events intervened to delay the implementation of this program, however. Blue died in office in July 1914 at the age of seventy-four. The First World War began only a few months later.⁷⁴

Blue’s successor was Robert H. Coats. A graduate of the University of Toronto with training in the classics, Coats joined the Department of Labour as editor of the *Labour Gazette* in 1902, at the age of twenty-seven, following a brief career as a journalist with the *Toronto Globe* and the *Toronto World*. His work on with the Department of Labour (1902-1915), the Commission on Official Statistics (1912), and the Board of Inquiry to the Cost of Living (1913-1915), earned him the respect of colleagues and policymakers, and played no small part in helping him to win the appointment as the chief “Dominion Statistician” in June 1915, a position he would hold until his retirement in 1942.⁷⁵

⁷⁴ Department of Trade and Commerce, *Report of Departmental Commission on the Official Statistics of Canada* (Ottawa: C.H. Parmelee, 1913).

⁷⁵ Coats represented the Department of Labour on both the Commission on Official Statistics and the Board of Inquiry on the Cost of Living. Other members of the Commission included E.H.

In August 1916 Coats reiterated the recommendations of the 1912 Commission on Official Statistics in a memorandum to George Foster, the Minister of Trade and Commerce, on "A National Statistical System for Canada – Centralization, Reorganization, and Enlargement of Canadian Statistics." Once again, Coats emphasized the economies-of-scale and effort that would be gained by centralizing all of the dominion's statistical work in one place. He also underscored the importance of a central government agency for garnering "the extended and related view ... of economic and social phenomena," which could not be obtained if "statistics are produced by diverse methods in a series of 'watertight compartments.'" As explained in the *Canada Yearbook* of 1923, "if one system of classifying commodities is employed by the Trade Statistician, another by the Production Statistician, and another by the Prices Statistician, no general study of conditions surrounding a group of particular commodities can be made." Centralization, in other words, was said to make sense both from an economic and from a scientific perspective.⁷⁶

For Coats and many other social scientists of his day, the purpose of statistics was to

Godfrey of the Census and Statistics Office; John R.K. Bristol of the Department of Customs; Adam Shortt of the Civil Service Commission; and W.A. Warne, C.H. Payne, and Richard Grigg of the Department of Trade and Commerce. Additional members of the Board of Inquiry included John McDougald, Commissioner of Customs; C.C. James, Agricultural Commissioner; and J.U. Vincent, Deputy Minister of Inland Revenue. The following discussion of Coats's career and the evolution of the Dominion Bureau of Statistics during the interwar period is indebted to Herbert Marshall, "Robert Hamilton Coats, 1874-1960," *CJEPS* 26, 3 (1960), 482-3; and, especially, Urquhart, "Three Builders of Canada's Statistical System," 425-30; and Worton, *The Dominion Bureau of Statistics*, *passim*.

⁷⁶ At the international level, a similar process was underway as well. With the founding of organizations, such as the International Statistical Institute (1885) and the International Institute of Agriculture (1908), and the convening of meetings, such as the Conference of Dominion Statisticians (1920) and the International Convention Relating to Economic Statistics (1928), a common transnational set of statistical norms began to emerge at around the same time; see Worton, *The Dominion Bureau of Statistics*, 60-2 and 159-77. Also, see DBS, *CY* (1922-23), 963.

provide “the objective, empirical facts” upon which “scientific” social and economic research could be constructed. When, for example, Godfrey wrote his article on “Fifty Years of Canadian Progress” for the *Canadian Statistical Yearbook*, he defined the parameters of his project by “[l]eaving to the historian to describe the political events by which the national destiny has been controlled and directed and to the economist to appraise the significance and interdependence of social phenomena ... and allow[ing] the official figures that are available to tell their own story.” As Coats explained it in a presentation to the Canadian Conference on Social Work in 1930, statistics were “the inductive side of social research ... They are the facts which literally determine our existence because they test the validity of the principles by which we govern our existence.” This, hence, accounts for why the call for improved statistics was so commonly expressed in so many government publications, academic conferences, and journal articles throughout the early twentieth century: statistics held out the great hope that “real phenomena” could be represented and accessed through the queries, classifications, and numbers produced within a properly-run statistical gathering agency. Better statistics could thus result in the development of better public policies.⁷⁷

Although the demands of the war effort substantially expanded the collection and analysis of economic and social statistics, the uncertainties of time also delayed the formal establishment of the new Dominion Bureau of Statistics. With the need to begin planning for

⁷⁷ Godfrey, “Fifty Years of Canadian Progress,” *CY* (1918), 24; and R.H. Coats, “The Field of Social Statistics,” *CCSW, Proceedings* (1930), 157-162. Also, see Ontario Commission on Unemployment, *Report* (1916), 11-15; “Use of Statistics in the Prevention of Unemployment,” *LG*, Sept 1924, 749; Gilbert Jackson, “Cycles of Unemployment in Canada,” *CCJ*, Oct 1926, 21-4; E.C. Hughes, “Statistics and Research,” *CCSW, Proceedings* (1930), 162-8; and “The Dominion Bureau of Statistics,” *CY* (various years, 1919-1939).

demobilization and postwar reconstruction beginning to loom ever larger, however, the federal government finally moved forward with the reorganisation of statistics in May 1918. In accordance with the Statistics Act, the responsibilities of the new Bureau was to be “to collect, abstract, compile and publish statistical information relative to the commercial, industrial, social, and economic activities and conditions of the people, [and] to collaborate with all other departments ... in the compilation and publication of statistical records of administration.” More specifically, its mandate was to embrace the decennial census of the population and statistics on agriculture, industry, trade and commerce, transportation, and justice, in addition to “general statistics” on “(a) Population; (b) Births, deaths and marriages; (c) Immigration and Emigration; (f) Public and Private Finance; and (g) any other matters presented to the Minister or by the Governor in Council.” This “centralisation, reorganisation, and enlargement of Canadian statistics” under the Statistics Act thus went a long way towards establishing the kind of unified, expanded, and scientific system of national statistics which had been outlined in the 1912 Commission on Official Statistics and the 1916 Coats memorandum.⁷⁸

The fact that the Statistics Act did not establish the Bureau as a more independent organization by granting the Dominion statistician the rank of Deputy Minister, but rather retained it as a subsection of the Department of Trade and Commerce directly responsible to the minister, remained a disappointment to Coats. This was to bedevil the processes of centralizing and harmonizing a system of national statistics over the next several decades. As

⁷⁸ *Statutes of Canada*, “An Act Respecting the Dominion Bureau of Statistics,” 8-9 George, cap. 43.

Worton points out, “the proposed central agency would in significant measure consist of statistical units – fully fledged branches in the administrative sense – from various program units.” And, in the interests of efficiency and statistical harmonization, “[m]ost departments expressed themselves as willing to see their imprimatur replaced by that of the central office, but not by that of the Department of Trade and Commerce.” Nevertheless, this would remain the administrative status of the Bureau until January 1965.⁷⁹

Coats, meanwhile, would continue to quietly but persistently push forward with the Bureau’s plans. In support of the Dominion Department of Health (1919), the Bureau began collecting nationwide “vital statistics” (on births, deaths, and public health) in 1920 with the co-operation of all provinces excluding Quebec, which, as a result of difficulties relating to its system of registration, did not join until 1926. The first *Annual Report on the Vital Statistics of Canada* appeared in 1923. Other important projects initiated during the interwar period included the first estimates of national income published in the *Canada Yearbook* (1922-3), the annual *Survey of Production* (1923), and the *Monthly Review of Canadian Business Statistics* (1926). The Bureau also supplied valuable statistical support to several government inquiries, most notably the Royal Commission on Banking and Currency (1933), the Royal Commission on Price Spreads (1934-35), and the Royal Commission on Dominion-Provincial Relations (1937-40). In these cases, and with some success, Coats would “render all possible assistance to the commission’s staffs and those preparing the hearings,” while also lobbying “for their support in having the Bureau recognized as a national research capability in the social sciences.” Each of these inquiries, in fact, commented in their culminating

⁷⁹ Worton, *The Dominion Bureau of Statistics*, 115-119, 129, 200 and 273.

reports on both the valuable services of the Bureau and the thin existing structure of statistics supporting the investigation of their particular problem.⁸⁰

In order to carry out this extensive program of work, the Bureau's resources continued to expand – yet another testament to the increasing importance which the government attached to its operations. The Bureau's permanent staff more than doubled from 123 in 1918-19 to 253 in 1923-24, and then once again to 600 in 1939. The interwar years also witnessed the addition of new statistical talent in the hiring of former university professors, such as S.A. Cudmore and Herbert Marshall, and “bright young men,” such as Nathan Keyfitz, C.D. Blyth, A.L. Neal, J.B. Rutherford, and C.F. Wilson. Capacity was also expanding in another sense. Beginning with the census of 1891, electrical tabulating equipment started to become a more significant part of the statistical gathering process. By 1923 the Bureau had an investment of over \$125,000 in machinery, thereby considerably expanding its ability to efficiently process a larger volume of information.⁸¹

Equally important to the development and legitimacy of national statistics was the emergence of a “sophisticated user community.”⁸² To a certain extent, this involved the amplification of the state policymaking apparatus to which “official” national statistics were rather directly linked. Yet, it was also coupled with the spread of numerous, relatively novel

⁸⁰ *Ibid.*, 87-9, 106-7, 111-3, and 141-54. Also see, for example, the Royal Commission on Price Spreads, *Report*; and the Royal Commission on Dominion-Provincial Relations, *Report*.

⁸¹ Worton, *The Dominion Bureau of Statistics*, 20, 83-4, 133-4, 225, and 370, n119; and *CY* (1922-3), 963.

⁸² See Worton, *The Dominion Bureau of Statistics*, 129-77; Desrosières, *The Politics of Large Numbers*, 147-209; and Ellen S. O'Brien, “Contested Accounts: The Evolution of the Meaning and Measurement of National Income” (PhD diss., Notre Dame University, 1998), 47-8. The phrase “sophisticated user community” appears in Worton, 129.

academic disciplines such as political economy, commerce, and social work. This was because, rather than evolving as an independent discipline of its own, statistics came to be incorporated as a major tool of analysis within other disciplines; no doubt, a result of its comparatively late appearance, its lack of a recognised field of objects which it could claim as its own, and its ongoing competition with other disciplines.⁸³ That said, however, over the next several decades the advancement of statistics as a mode of analysis would certainly have some significant implications for both academia and public policy.

In the academic community, economists would become among the largest segments of those who employed statistical methods in their analytical work. For much of the late nineteenth and early twentieth century, however, economics was more of an “area of debate” rather than a well-established science. Although, by then, it had begun to penetrate the university system, one did not necessarily require academic credentials in order to be taken seriously in the larger discourse on economics both as a set of theoretical propositions constituting a discipline and as a field of operations for public policy. Throughout the period, a variety of non-professionals with other sources of intellectual, political, and religious authority could and did participate in shaping this larger spectrum of discursive activity. Major C.H. Douglas, a British military engineer by trade, made several representations to Canadian government inquires during the 1920s and 1930s, and was even cited, if only to be

⁸³ Degree programs in statistics do not seem to have begun to appear widely until after the Second World War. Even to this day, these programs remain small in comparison to other major disciplines in the social sciences and humanities. To take one typical example, at Concordia in 2002 the number of graduating students in Bachelor of Arts programs was 174 in Psychology, 140 in Economics, and 101 in Sociology – all disciplines which are heavy users of statistics. Yet, in the same year, there were only six graduating students in the “Mathematics and Statistics” and “Statistics” programs combined. See the totals available at: www.concordia.ca/employers/gradstats, 16 July 2004.

dismissed, within the work of John Maynard Keynes. In another example, the religious radio programs of William Aberhart and Father Charles Caughlin, in which the hosts would make pronouncements on everything from theology to politics to economics, continued to attract large audiences throughout Canada and the United States. After becoming leader of the new Social Credit party in 1935, Aberhart even had the opportunity to attempt to put some of his program in place during his tenure as the Premier of Alberta (1935-1943).⁸⁴

It was during these years that economics was in the process of becoming an established scientific discipline. In Canada, the first professors of what was then often known as “political economy” – a discipline which encompassed much what we would now categorise as economics, political science, and sociology – were Adam Shortt, at Queen’s University, and W.T. Ashley, at the University of Toronto, both of whom were appointed in 1888. Similar appointments at other institutions followed shortly thereafter, including that of Stephen Leacock at McGill (1900), A.L. McCrimmon at McMaster (1904), E. Bouchette at Montreal (1907), and A.B. Clark at Manitoba (1909), followed shortly thereafter. In fact, over the course of the interwar period political economy would become one of the largest disciplines of all the social sciences, with close to 500 students enrolled in the honours

⁸⁴ See, for example, the Douglas testimony in the *Bank Act Revision Proceedings* (Montreal: CBA, 1933), 551-62; and John Maynard Keynes, *The General Theory of Employment, Interest, and Money* (New York: Harcourt Brace Jovanovich, 1964 [originally published by Macmillan, 1936]), 32 and 370-1. On William Aberhart and Father Caughlin, see David R. Elliott and Iris Miller, *Bible Bill: A Biography of William Aberhart* (Edmonton: Reidmore Books, 1987); and Brian Watson, “Father Charles Caughlin: A Canadian in the Service of the American Right,” unpublished paper presented at the Underhill Graduate Student Colloquium, Ottawa, Ontario, 4 March 2004. With respect to the Douglas and the Social Credit theories, see Brecher, *Monetary and Fiscal Thought and Policy in Canada*, 28-9, 82, 94-7, 212-13 and 254, n40.

program at Toronto alone in one typical year of the late 1920s.⁸⁵

Like scholars in other areas, it was at this time that political economists began organising professional associations to facilitate communications, establish standards, and promote their discipline. In justifying the formation the Canadian Political Science Association (CPSA) in 1913, Shortt, its first president, emphasized the organization's intellectually elite and scientific character. He proclaimed that "one does not attempt to do fine work through the instrumentality of the mob. It is through a select, active minority that the most effective and progressive ideas as to political and social welfare must be introduced, as through the surgeon's needle, into the proper tissues of the body politic." The CPSA, therefore, sought to provide "a forum or meeting ground," which would "bring together for mutual information and assistance ... thoughtful and public-spirited citizens." It was to be a space "where discussion may be free and unsuspect, where the presentation and criticism of ideas can take place without constant glances at political parties and policies, particular men and private interests." Noble as such ideals might have been, it seems the CPSA initially "foundered" upon stresses generated by the outbreak of the First World War and the personal animosities among a handful of its founders. It would not be revived again until 1929.⁸⁶

⁸⁵ As Ian Drummond points out, in the period from 1920-1932 an average of 20.5 percent of all undergraduate students at the University of Toronto were studying within the Department of Political Economy, "in one guise or another." See K. W. Taylor, "Economic Scholarship in Canada," *CJEPS* 26, 1 (1960), 6-18; and Ian Drummond, *Political Economy at the University of Toronto: A History of the Department* (Toronto: University of Toronto Faculty of Arts and Science, 1983), 5-6.

⁸⁶ "Regrettably," Drummond relates that James Mavor, a professor of the University of Toronto, "launched a personal attack on Stephen Leacock, one-half of McGill's two-man economics department," at the CPSA's first meeting. Apparently, "[t]his attack made inter-university cooperation difficult for many years" to come. See Adam Shortt, "Aims of the Political Science Association," *Canadian Political Science Association (hereinafter CPSA), Proceedings* (1913), 9-19; Taylor, "Economic Scholarship in Canada, 13; and Drummond, *Political Economy*, 74.

Most importantly, however, the interwar period witnessed the elaboration and formalisation of the theoretical knowledge base of economics. As economic historian K. W. Taylor explains, “[i]n the one hundred years prior to 1920 the volume of more or less serious literature” in the field of economics totalled “less than forty books,” only “about one-third” of which “were what one might call professional in character.” This included “a scattering of articles and papers in such publications as the *Journal of the Canadian Bankers Association*, the *Proceedings of the Royal Society of Canada*, and the *Queen’s Quarterly*.” Beginning in 1910 and continuing to 1928, this early literature was supplemented by the appearance of a series of “about sixty bulletins” produced by the Political Science and History Departments at Queen’s University. Approximately twenty-five of these works covered topics in Canadian economics, such as the price system, agriculture, international trade, public finance, business cycles, and so on. The first issue of the CPSA *Proceedings* appeared in 1913 as well. With the temporary demise of the CPSA, though, this publication was interrupted until being resumed again from 1930 to 1934. But the most dramatic expansions of scholarly output in economics were still to come. In the 1920s, “the volume of Canadian economic publications approximately equalled that of the previous hundred years. Some forty books were published, there was a great increase in the number of articles and papers in learned journals, and there were the first two volumes of *Contributions to Canadian Economics* [1928-1934].” It was in this decade that the Montreal-based French-language economics journal, *Actualité économique* (1925-present) also began publication. In the subsequent decade, “about 120 books were published, the volume of articles and papers multiplied, and in 1935 the *Canadian Journal of Economics and Political Science* [1935-

1967] replaced the annual volumes of both the *Proceedings of the Canadian Political Science Association* and Toronto's *Contributions to Canadian Economics*.⁸⁷

As the theoretical base of economics unfolded, two main approaches materialized: one that was historical and mechanistic and another that was statistical and mathematical. The former, discussed in the previous chapter, took physics as its model from the natural sciences, emphasising the interactions among institutions and economic forces. For these economists, the absence of reliable statistics and the imperfect knowledge associated with mathematically-based probability theory seemed to make these disciplines "poor allies" in the quest for scientific legitimacy.⁸⁸ Perhaps too, many shared the assessment of University of Toronto economist Harold Innis. In the 1935 edition of the *Canadian Journal of Economics and Political Science*, he wrote that although the price system "presented material admirably adapted" to the economist with a "penchant for mathematics," those who gave in to such temptations would loose much through the "failure to attempt a study of factors underlying the market." For Innis, "price phenomena and statistics" represented but "only part of the 'sediment of experience' and throw light on its character similar to that of the study of architecture, literature, or other evidences of cultural activity." Put differently, for the historical economist, the "fundamental" analysis of economic variables remained more

⁸⁷ Taylor, "Economic Scholarship in Canada, 9-13. Also, see Neill, *A History of Canadian Economic Thought*, 109-60.

⁸⁸ Leacock, "What is Left of Adam Smith," 41-51; Desrosières, *The Politics of Large Numbers*, 163-6, 185-8, and 281-5; and O'Brien, "Contested Accounts," 31-2.

important than did the “technical” analysis of statistical norms.⁸⁹

The latter approach, to which Innis referred, came together even more recently than historical economics. It was made possible by simultaneous convergence of the extension of scientifically-based statistics, the abandonment of determinism in physics, and the formalisation of probability theory and inferential mathematics.⁹⁰ The result was the creation of a new sub-branch of economics known as “econometrics,” initially laid out in its modern form by H.L. Moore. A brilliant but reclusive man, Moore earned a doctorate in political economy at John Hopkins University in 1896 and spent most of his career as a professor at Columbia University (1902-1929). According to Moore, the goals of his scholarship included the “refutation of socialism” and the development of a “mathematical economic science” or what he called “*pure economics*.” In the *Laws of Wages: An Essay in Statistical Economics* (1911), he looked at the relationships between wages and productivity, personal ability, strikes, and industrial concentration, attempting to demonstrate that, other things being equal, a correlation could be established between wages and productivity. In his next book, *Economic Cycles: Their Law and Causes* (1914), he studied the linkages between movements in the business cycle and “exogenous” non-systemic factors, such as climate and crop yields, thereby seeking to show that the “problem” of the business cycle was the not the result of the economic system but that of nature itself. The statistical dimensions of this work also made important contributions to the theory of the demand curve, graphically illustrating the

⁸⁹ Innis, “The Role of Intelligence; Some Further Notes,” 283-4. Along the same lines, also see Leacock, “What is Left of Adam Smith,” 43; and Urwick, “The Role of Intelligence in the Social Process,” 70-3.

⁹⁰ Desrosières, *The Politics of Large Numbers*, 163-6, 185-8, and 279-85.

relationship between prices and quantities demanded. Moore's final work, *Synthetic Economics* (1929), restated his earlier explorations and sought to tie the various strands of analysis together in a comprehensive model by which the functioning of the economy could be expressed through the interactions of statistics and systems of equations.⁹¹

The inaugural issue of *Econometrica*, the official organ of the Econometric Society, captures some of the excitement of the adherents to this new area of research, stating in 1933 that a "source of potential energy, much larger than originally anticipated ... seems to exist, just waiting to be released." Its role was to facilitate this "release of energy" by "promot[ing] studies that aim at the unification of the theoretical-quantitative and the empirical-quantitative approach to economic problems and that are penetrated by constructive and rigorous thinking similar to that which has come to dominate the natural sciences." Therefore, taking mathematics as its model from the natural sciences, what this new approach offered was the prospect of linking the precision and the predictive capacities of mathematical formulations with the "real" phenomena underlying the numerical representations of statistics.⁹²

In Canadian economics the historical approach was the larger of these two branches, embracing works such as Adam Shortt's heavily-empirical articles on the Canadian banking system, Harold Innis's histories of the Canadian Pacific Railway and the fur trade, and W.A.

⁹¹ R.J. Epstien, *A History of Econometrics* (North-Holland: Elsevier Science Publishers, 1987), 13-19; and George J. Stigler, "Henry L. Moore and Statistical Economics," *Econometrica* 30, 1 (1962), 1-21.

⁹² *Econometrica* 1, 1 (1933), 1-4.

Mackintosh's study of the historical background to Dominion-Provincial relations.⁹³ Its preponderance partly stemmed from the relative underdevelopment of statistics in Canada, further reinforced by the current interests of the existing faculty of the nation's university-based economists. Statistical economics lagged quite far behind. There were only four Canadian members in the Econometric Society, an international organization of "econometricians" based in the United States, during the entire period from 1933 to 1939.⁹⁴ Nevertheless, the judgement of Worton and others that Canadian economists had "not developed quantitative methods of research" is probably overstated.⁹⁵ It overlooks some important quantitative scholarship, such as A.B. Balcom's work on business cycles, G.E. Jackson and Humphrey Michell's "Industry and Trade" articles appearing in the *Canadian Forum* from 1920 to 1927, and C.A. Curtis et al.'s "statistical contributions to Canadian economics." It also does not take into account that Coats survey of Canadian university economics programs in the mid-1930s found that five-of-twelve Honours programs did have

⁹³ Adam Shortt, *History of Canadian Currency and Banking* (Toronto: Canadian Banker's Association, 1986 [originally published in the *JCBA*, various dates]); Harold Innis, *A History of the Canadian Pacific Railway* (London: P.S. King, 1923) and *The Fur Trade in Canada: An Introduction to Canadian Economic History* (New Haven: Yale University Press, 1930); and W.A. Mackintosh, *The Economic Background of Dominion-Provincial Relations* (Ottawa: J.O. Patenaude, 1939).

⁹⁴ These were R.H. Coats, Dominion Bureau of Statistics; A.J. Cook, University of Alberta; Arthur Suryevor, International Bond and Share Company; and A. Bathgate, Teulon, Manitoba. See the "List of Members of the Econometric Society," *Econometrica* (1933-1939).

⁹⁵ See Worton, *The Dominion Bureau of Statistics*, 130 and 156-7; and Coats, "Statistics Comes of Age," 284-6. Worton also cites LAC, RG31, vol. 1418, f-"Miscellaneous," D.C. MacGregor, "Position of Statistics in the Universities," "External Forces Governing the Development of the Bureau," "Limitations of the Work of the DBS from the Standpoint of Economic Research" [restricted]. Also, see Neill, *A History of Canadian Economic Thought*, 109-48; Taylor, "Economic Scholarship in Canada," 15; and Doug Owram, "Economic Thought in the 1930s: The Prelude to Keynesianism," *CHR* 66, 3 (1985), 344-77; as well as the bibliographies of Canadian economics published in the *CJEPS*, beginning in vol. 1, no. 1 (1935), 131-51, and continued through the 1930s.

statistics as a mandatory course – a total which Coats found unsatisfactory, but which does illustrate a beginning of sorts. Nor were the historical and the statistical approaches mutually exclusive, as one might note that many of the above works and others incorporated some elements of both.⁹⁶

Whether historical or statistical in orientation, many economics graduates and their professors found ready employment. Some were engaged in the public service, in the Bureau of Statistics, the Department of External Affairs, and the Bank of Canada, among other institutions. Others joined the private sector, working for the Royal Bank, the Sun-Life Insurance Company, the Canadian National Railway, the Eaton's department store, or firms in the many other branches of business activity. In all of these areas, the demand for the services of "political economists" remained strong as result of the positive perception of their professional training in the scientific approach to business and social problems, as well as in the general knowledge of commerce, public policy, and society. The growing business-government connections of university-based practitioners, particularly those at Queen's and Toronto, probably did not hurt either.⁹⁷

Strangely enough, this was precisely the time at which there was a great deal of hand wringing among economists about the role of "values" and "objectivity" in social science. The economic instability and social unrest of the interwar period had cast doubt on many

⁹⁶ A.B. Balcom, "The Rise in Prices," *University Magazine* 19 (1920), 16-23; G.E. Jackson and H. Michell, "Industry and Trade," *Canadian Forum* (1920-1927); and C.A. Curtis, et al. *Statistical Contributions to Canadian Economics*, 2 vols. (Toronto: MacMillan, 1931).

⁹⁷ On the employment of economists, see Harold Innis, "The Teaching of Economic History in Canada," *Contributions to Canadian Economics* 2 (1929), 55; Drummond, *Political Economy at the University of Toronto*, 69-71; Granatstein, *The Ottawa Men*, 44-6, 52-4, and 256-9.

existing ideals and institutions, and those of political economists were no exception.⁹⁸ But at that point political economists could still demur that the types of policies they advocated had been only partially implemented, or had been misunderstood, or had been “corrupted” by political considerations. Furthermore, one might even speculate that the concerns over values and objectivity expressed by economists actually reinforced rather than reduced the perceived scientific nature of the discipline, by demonstrating its intellectual pragmatism and maturity. To be sure, many social scientists were aware of at least some of the limitations of data with which they worked. After all, for example, by its own account, econometrics dealt with inferences and probabilities, while historical economics dealt with constantly-evolving circumstances, environments, and events. It was the scientific methods and the empirical spirit of the work that mattered, for it was that common language and ethic – perhaps more than anything else – which facilitated the coming together of the intellectual and institutional alliances that were developing among businessmen, state officials, and academics dedicated to “saving” the liberal-democratic capitalist system in one form or another.

Certainly, the two branches of Canadian economics did embrace a great “diversity of economic thought.” A common theme emerging throughout the discipline during the 1920s and 1930s, however, was the concern with the “problem” of economic stability. It was evident, for instance, in the teaching of political economy, where one begins to see the appearance of courses on “business cycles,” “economic problems,” and “the social control of

⁹⁸ See, for example, Stephen Leacock, “What is Left of Adam Smith,” *CJEPS* 1, 1 (1935), 41-51; E.J. Urwick, “The Role of Intelligence in the Social Process,” *CJEPS* 1, 1 (1935), 64-76; H.A. Innis, “The Role of Intelligence; Some Further Notes,” *CJEPS* 1, 2 (1935), 280-7; W.A. Mackintosh, “An Economist Looks Economics,” *CJEPS* 3, 3 (1937), 311-21. Also, see Neill, *A History of Canadian Economic Thought*, 134-5 and Owsram, *The Government Generation*, 160-73.

business enterprise.” It was also evident in the public policies advocated by political economists, as in the support that political economists, such as A.F.W. Plumptre and C.A. Curtis, expressed in favour of establishing the Bank of Canada as a “stabilising” economic mechanism. And, it was evident in the growing volume of speeches, articles, and books in which political economists reflected upon the theoretical dimensions of their discipline, and the nature of the problems to which their work was addressed.⁹⁹

O.D. Skelton, the former head of the department of political economy at Queen’s and then Secretary of State for External Affairs, took up the problem of stability in his Presidential Address to the CPSA in 1931. He laid out three criteria by which one might judge whether or not the existing economic system was “bankrupt:” productivity, distribution, and security. It was the last category, according to Skelton, that was the “‘Achilles’ Heel’ ... the phase of the economic system which is most under attack, and rightly so.” He explained that “[r]isk and instability” were “inherent our economic system ... We have chosen the path of intense specialisation ... in the expectation that our product or our small or our small part in the making of one product will yield us in exchange command over a larger total.” The problem was that “specialisation means interdependence, means the risk that the efforts of thousands of scattered producers will not match the demands of thousands of scattered customers; risk that competitors in our own fields will cut costs or improve service and snatch our market away; the risk that demand will switch to some other product.” In recent years, these risks

⁹⁹ QUA, CA (1929-1930), 126 and 128; MUA, CA (1929-1930), 168; UWOA, CA (1936-1937), 120; R.B. Bennett Papers, MG26, Vol. 167, Reel M1175, 112603-7; A.F.W. Plumptre, three-part article, *Financial Post*, 15 Oct 1932, 22 Oct 1932, and 12 Nov 1932; and C.A. Curtis, CPSA, *Proceedings* (1930), 100-22.

had been further intensified by the “enlarged range of competition,” the “failure of political organization,” the “increased speed and intensity of change,” and the “diversion of money and popular interest into speculation.” For Skelton, the remedies for this situation laid with individual workers, business, and government. It laid with the continuing “remarkable versatility” of the “average worker and employer,” in conjunction with better research and planning on the part of business and government.¹⁰⁰

But resolving the problem of stability, whether by the better planning of production by business, the strategic application of public works, the control of credit, or a considerable number of other solutions required some sense of what was happening in the “real” economy. It is here that official, scientific statistics and the discipline of economics intersected during the early twentieth century. Early in this period, the government had begun publishing a variety of “barometric” economic statistics – employment figures, bank debits to individual accounts, and commercial failures. Around the same time, a growing number of economists were also starting to theorise about the nature of what they termed as the “business cycle” – the ebbs and flows of economic activity, and the causes thereof.¹⁰¹ What remained absent in all of this, however, was a comprehensive description of the economy as a whole, as well as a clear sense of how its interacting parts “fit” together. Such were key questions if the problems of business, social, and economic stability were to be resolved. It was for these

¹⁰⁰ O.D. Skelton, “Is Our Economic System Bankrupt?” CPSA, *Proceedings* (1931), 67-87. Also, for example, see Leacock, “What is Left of Adam Smith;” and Gilbert Jackson, *An Economist’s Confession of Faith* (Toronto: MacMillan Co., 1935).

¹⁰¹ Worton, *The Dominion Bureau of Statistics*, 111-113; and Neill, *A History of Canadian Economic Thought*, 124, 139-42.

reasons that statisticians, economists, and policymakers began to think through the concepts that, eventually, would result in the formation of the system of national-economic accounts.¹⁰²

The concept of producing estimates for national income date back to the early efforts of William Petty in the seventeenth century. As a former tax administrator, Petty was interested in improving the efficiency and equity of England's current system of taxation, while also dispelling "the notion that England had been ruined by the Revolution and foreign wars." To do so, in 1665, he began by to using basic economic data, which had recently become available through the state's more active collection of statistics, in order to estimate total "income of people" from all sources as well as the "yearly increase in wealth." He defined the latter as "the sum of the 'Annual Value of the Labour of the People,' and the 'Annual Proceed of the Stock or Wealth of the Nation' [ie. rent, interest, and profits]." He then derived the former by taking the resulting figure and subtracting from the "Annual expense of the People,' or consumption outlays, both private and collective." Though later work would substantially refine the details of Petty's work, the essential concept would remain fairly stable. The nation, much like a household or business firm, was perceived to have income, expenses, and a resulting surplus or deficit. And, the financial accounts reflecting this situation was understood to provide insight as to the "production, distribution,

¹⁰² D.C. MacGregor, et al., *National Income: A Study Prepared for the Royal Commission on Dominion Provincial Relations* (Ottawa: J.O. Patenaude, 1939), 9; Paul Studenski, *The Income of Nations*, vol.2 (New York: New York University Press, 1958), 3; John Kendrick, "The Historical Development of National-Income Accounts," *History of Political Economy* 2 (1970), 284-5; and Enid Barnett, *The Keynesian Arithmetic: Development of the National Accounts, 1939-1945* (Kingston: Harbinger House Press, 1998), 18, 23-7.

and disposition” of the national wealth.¹⁰³

The first private estimates of national *wealth* in Canada were produced by Coats, and published in the *Monetary Times* in January 1919. Given its highly-tentative character, Coats “was careful to dissociate the bureau” from this work. But what he set out to accomplish in publicizing this work was to establish an aggregative tally of the nation’s resources, much like that which had been produced by Godfrey in 1918 [See Table 2.1], and to demonstrate the potential value of the “unified nation-wide statistical system.” Once the Bureau began to compile statistics from its recently-initiated Census of Industry and other sources, the first “official” estimates of national *income* followed shortly thereafter in 1923, published in the first annual *Survey of Production* and the *Canada Yearbook* [Figure 5.1]. Two years later, Canada and the Soviet Union would become only the second nations to collect and publicise such data on an official and continuous basis. These figures were obtained by “adding to the net value of production of the commodity producing industries an estimate of [the] production of the service industries.” The latter was extrapolated by taking the per capita volume of production in the commodity industries and, assuming that those in the service industries were just as “‘productive’ in the broad sense of the term than others, was multiplied by the number of workers within the service industries. After taking account of depreciation, the figure arrived for 1920 was \$4,500,000,000.¹⁰⁴

¹⁰³ Kendrick, “The Historical Development of National-Income Accounts,” 286; and Studenski, *The Income of Nations*, vol. 1, 26-30 and vol. 2, 3.

¹⁰⁴ Simon Goldberg, “The Development of National Accounts in Canada,” *CJEPS* 15, (1949), 34-5; Studenski, *The Income of Nations*, vol. 1, 150-1; and DBS, *CY* (1922-3), 807.

Figure 5.1: Estimated National Income of Canada for 1920, based upon the Survey of Production Method of Calculation

1.—Summary by Industries of the Value of Production in Canada during 1920 and 1921.

Division of Industry.	1920.		1921.	
	Gross.	Net.	Gross.	Net.
	\$	\$	\$	\$
Agriculture.....	2,039,289,494	1,519,842,776	1,485,109,796	1,002,422,570
Forestry.....	545,763,505	406,831,482	343,122,670	258,325,785
Fisheries.....	63,688,428	49,241,339	43,456,342	34,031,935
Trapping.....	20,998,300	20,998,300	9,527,029	9,527,029
Mining.....	227,859,665	213,041,895	171,923,342	162,925,580
Electric power.....	65,705,000	65,705,000	73,376,580	73,376,580
Total primary production.....	3,027,125,452	2,277,661,752	2,126,515,759	1,631,510,621
Construction.....	206,163,135	135,671,044	121,836,367	76,396,407
Custom and repair.....	102,266,442	63,962,896	89,106,737	57,956,112
Manufactures ¹	3,675,989,988	1,538,544,194	2,538,067,782	1,151,970,226
Total secondary production².....	3,984,424,565	1,738,181,134	2,747,012,896	1,286,322,745
Grand total.....	6,352,656,119	3,681,948,985	4,885,457,785	2,728,966,285

¹ The item "manufactures" includes dairy factories, saw mills, pulp mills, fish canning and curing, shipbuilding and certain mineral industries, which are also included in other headings above. This duplication amounting to a gross of \$354,603,809 and a net of \$354,093,531 for 1920 and a gross of \$388,040,870 and a net of \$188,927,081 for 1921 is eliminated from the grand total.

2.—Summary by Provinces of the Value of Production in Canada, 1920.

Province.	1920.		Percent-ages of Total Net Value.
	Gross Value.	Net Value.	
	\$	\$	
Prince Edward Island.....	33,648,064	24,399,552	0.7
Nova Scotia.....	285,079,452	185,292,183	5.0
New Brunswick.....	185,862,194	115,305,409	3.1
Quebec.....	1,637,681,148	962,419,765	26.2
Ontario.....	2,723,133,265	1,399,556,657	38.0
Manitoba.....	347,461,153	210,599,661	5.7
Saskatchewan.....	394,684,146	287,312,910	7.8
Alberta.....	376,420,786	264,571,430	7.2
British Columbia.....	375,568,288	229,138,933	6.2
Yukon.....	3,325,123	3,282,325	0.1
Grand Total.....	6,352,656,119	3,681,948,985	100.0

Source: Dominion Bureau of Statistics, *Canada Yearbook* (Ottawa, 1922-3), 216-20.

By the mid-1930s, more comprehensive estimates of national income began to appear. Although the “survey of production” method continued to be employed, “[t]hree checks ... now became possible.” As economist Simon Goldberg explains,

The first consisted of a direct estimate, based mainly on the Merchandise Census, of the net value of production of the service industries which was added to the net value of production of the commodity-producing industries. The second check was to estimate salaries and wages from 1931 Census of Population and to add to it an estimate of ‘property income.’ ... [And] [t]he third check consisted of an estimate of the ‘purpose for which [the national income] was expended, based on figures of retail sales, construction, insurance, education, and other data.

These were joined by estimates produced by the Bank of Nova Scotia, which “issued its own national income series” from 1935 to 1941. In the bank’s method, the “‘net value of production’ of the service industries was estimated directly for all years; and adjustments were made for duplications which were thought to be present in the Bureau’s estimates.” The Bureau’s basic methodology, however, was not challenged.¹⁰⁵

Notwithstanding these efforts to achieve accuracy, the Bureau was prepared to concede that “the precise statistical measurement of national income” was still “a matter of insurmountable difficulty, and the most indefatigable research into all the relevant statistics ... must always leave an appreciable margin for error.” It rationalized that “even for an individual,” there are significant methodological problems in defining “an accurate money figure as representing his *total income*,” including “cash income, an allowance for the rental value of his (owned) house and his durable belongings therein, together with an allowance for

¹⁰⁵ Goldberg, “The Development of National Accounts in Canada,” 35. See also, DBS, *The National Income of Canada* (Ottawa, 1934); and the Bank of Nova Scotia, *Monthly Review* (various dates, 1935 - 1941).

the money value of commodities produced and consumed within the family (such as eggs and garden produce) and of the services, ordinarily bought and sold, but rendered gratis within the family circle.” Moreover, when attempting the express such a figure for a nation rather than an individual household, these “difficulties” were “multiplied a million-fold,” particularly by the problem of attempting to do so “*without duplication.*”¹⁰⁶

Yet the difficulties in gauging the national income were far more than those related to the technical aspects of “measurement;” they were inextricably wedded to choices about what figures ought to be included in the “construction” of the national income. In the Bureau’s example of the individual household income, for instance, non-market production, such as cooking one’s own meal from food produced in the family garden, is included as part of the total income. But no estimates for such figures were ever included in the development of the national-economic accounts. In the first place, establishing such a figure for the entire nation on a scientific basis surely would have substantially added to the already considerable difficulties in arriving at a figure that would be “generally acceptable” to the academic, business, and policymaking communities. Secondly, from the perspective of economic analysis, the figures that mattered in terms of economic growth were those related to the monetary rather than the domestic economy, and it was these figures that really interested most economists, businessmen, and policymakers. As the Bureau pointed out in its measurement of national wealth – a different but related figure to that of national income – the “economic concept of national wealth is concrete and purely material, since economics is not able to take cognizance of the immense field of intangible wealth created by churches,

¹⁰⁶ DBS, *CY* (1936), 884-5.

schools, and other institutions, nor of such things as climate, location, health, etc., which promote individual and national welfare and are often referred to as wealth.”¹⁰⁷

The value judgements associated with the measurement of national income can be seen in the emergence of the so-called “government controversy,” centring upon the problem of how to evaluate the government’s contribution to national income. Could government, as “a branch of the economic system,” still be characterized as part of the yearly production of national wealth? This was to become central concern of those who were in the process of sorting out a generally agreeable measurement of national income during the 1920s and 1930s. Among the leading figures in this field was Simon Kuznets, a highly-regarded statistical economist from the University of Pennsylvania and a consultant with the National Bureau of Economic Research (NBER), a US-based private, non-profit, and purportedly “non-partisan think-tank” founded in 1920. He observed that part of the problems with the measurement of government activity for the purposes of national income was “it was not characterized by a profit motive, there are no price payments for services rendered; government taxes [are] based upon the ability to pay, not in terms of the value of services rendered to the taxpayer; and finally, the employment of capital and labor is not the same as in private industry.” Still, he recognised, “government activities contribute too much to the satisfaction of need and are too closely interwoven with the entire network of market relations for their role as economic and productive pursuits to be ignored.” Therefore, what Kuznets proposed was that, given that government receipts generally equalled that monies paid out,

¹⁰⁷ *Ibid.*, 877. Also, see the discussion of the issues relating to measurement versus construction in O’Brien, “Contested Accounts,” *passim*.

the amount of taxes collected should count as the measurement of the “government contribution” to national income. As a result, this thereby precluded the concept of government debt as lever for propelling the national economy.¹⁰⁸

When the Bureau began its more comprehensive measurements of national income during the 1930s, it adopted the Kuznets method for evaluating the government contribution to national income. In doing so, it was well in line with standard practices employed by the US-based NBER during the 1920s and 1930s. By the early 1930s and 1940s, however, statisticians in the US Department of Commerce had begun to argue that, for practical reasons, the estimate of national income should be based upon “all government expenditures,” not simply those covered by taxes collected or specifically designated as “productive” (ie. salaries and wages versus social service payments, or non-war versus war-related production). As economist Ellen O’Brien points out, as government workers, the Department of Commerce experts did have a vested interest of sorts in seeing valuing the work of government as highly as possible. Also, from a scientific perspective, by the late 1930s even Kuznets was prepared to concede that his earlier assumption of the “correspondence between taxes and government product” had become dated.¹⁰⁹

When a committee of economists and statisticians was convened by the Royal

¹⁰⁸ Department of Commerce, “The National Income, 1929-32,” *Survey of Current Business* 14 (1934), 17-19, and Simon Kuznets, *National Income and Its Composition, 1919-1938* (New York: NBER, 1941); as cited in O’Brien, “Contested Accounts,” 50. Also, see Barnett, *The Keynesian Arithmetic*, 11-18. On the history of the NBER, also see Soloman Fabricant, *Towards a Firmer Basis of Economic Policy: The Founding of the Bureau of Economic Research* (New York: NBER, 1984), available: www.nber.org/nberhistory/sfabricantrev.pdf.

¹⁰⁹ O’Brien, “Contested Accounts,” 50-5; and Barnett, *The Keynesian Arithmetic*, 11-12.

Commission on Dominion-Provincial Relations to undertake a study of national income during the late 1930s, it decided to adopt a variation of the methods employed by the US Department of Commerce. It noted that “[i]n recent years governments have become increasingly important as contributors to the national income and as agencies for the transfer of that income between individuals.” However, it continued to assume that a an important distinction remained between productive and non-productive government work, a line which it defined by including “the payments to individuals by government in [the form of] interest, salaries, and wages,” while deducting “government disbursements for social services, ie. direct relief, old age pensions, war pensions, mothers allowances, health services, etc.”¹¹⁰

Consequently, by the end of the 1930s, Canada had two rather different “officially-produced” estimates of the government contribution to national wealth. At that time, such a lack of agreement could be put down to a typical, indeed an even banal, competition among different bureaucratic structures. Following the outbreak of the Second World War, however, the estimate of the value government to the national income would become a key issue in determining “the economic burden of the war” and the existing scope of possibilities for new economic and social policies for reconstruction.¹¹¹

As with so much of the larger framework of the postwar welfare state, this was an issue that would be stabilized, if not finally resolved, within the crucible of war and reconstruction. By 1944 Canada would reject the Kuznets approach for calculating the national income simply tabulating the value of goods and services. In its place, by the end of

¹¹⁰ D.C. MacGregor et al., *National Income*, 12.

¹¹¹ Barnett, *The Keynesian Arithmetic*, 16-18.

the war, it would adopt the double-entry system of national accounts, one heavily influenced by English economists J.M. Keynes, Richard Stone, and James Meade, in an attempt to monitor the inputs and outputs of the economic system. For the first time, therefore, businessmen, academics, policymakers would finally be able to "see inside" the transactions of the national economy. [See Figure 5.2]

Figure 5.2: National Economic Accounts of Canada, 1947: National Product and Expenditure, Personal Income and Expenditure, and Government Revenue and Expenditure Tables.

TABLE I
NATIONAL PRODUCT AND EXPENDITURE
(Preliminary 1947 figures in millions of dollars)

<i>National income and gross national product</i>		<i>Gross national expenditure</i>	
Salaries and Wages	6,235	Personal Expenditure on Consumer Goods and Services	8,888
from business	5,362	purchases from business	8,516
from government	717	purchases of direct services	156
from persons	156	purchases from non-residents	216
Military Pay and Allowances	83	Government Expenditure on Goods and Services	1,481
Investment Income	2,309	purchases from business	585
total	3,110	purchases of direct services	717
less interest and dividends to non-residents	-335	salaries and wages	83
less transfer interest on public debt	-466	military pay and allowances	96
Net Income of Agriculture and Other Unincorporated Business	2,354	Gross Home Investment	2,884
National Income	10,981	housing	466
Indirect Taxes Less Subsidies	1,572	plant and equipment	1,576
Depreciation Allowances and Similar Business Costs	928	inventories	842
Residual error of estimate	-106	Exports of Goods and Services	3,616
Gross National Product at Market Prices	13,375	payments to Canadian business	3,586
		payments to persons	30
		Imports of Goods and Services	-3,599
		receipts from Canadian business	-3,328
		receipts from persons	- 216
		receipts from government	- 55
		Residual error of estimate	+ 105
		Gross National Expenditure at Market Prices	13,375

¹⁶A similar set of accounts, with a great deal of detailed information for the years 1929-46, has been published in the July, 1947 Supplement of the United States *Survey of Current Business*. The design of the tables included here is modelled after Appendix V "National Income and Expenditure of the United Kingdom, 1938 to 1946," Cmd. 7099 (London, H.M. Stationary Office, 1947) and Richard Stone, "National Income and Expenditure: A Review of the Official Estimates of Five Countries" (*Economic Journal*, Sept., 1947, pp. 292-6). For a similar set of Canadian tables covering the years 1938 to 1947 see *National Accounts—Income and Expenditure, 1938-1947* (Ottawa, Nov., 1948).

TABLE III
PERSONAL INCOME AND EXPENDITURE ACCOUNT
(Preliminary 1947 figures in millions of dollars)

Income		Expenditure	
8. Receipts by Canadian Residents		10. Payments to Residents	
(a) Salaries and wages		(a) Direct taxes (excluding succession duties) (14a)	725
(i) from business (4a)	5,362	(b) Succession duties (14b)	61
(ii) from government (17a(i))	717	(c) Purchases of direct services (8a(i))	156
(iii) from persons (10c)	156	(d) Purchases from business (1a)	8,516
(iv) less employer and employee contributions to social insurance and gov't pensions funds (14f)	- 166	11. Payments to Non-Residents	
(b) Military pay and allowances (17a(i)2)	83	(a) Tourist and travel expenditure	
(c) Net income of unincorporated business (4b)	2,354	(i) U.S.A. (20a(i))	152
(d) Interest, dividends and net rental income of persons (30a)	939	(ii) U.K. and other Empire (20a(ii))	12
(e) Transfer payments		(iii) Other countries (20a(iii))	3
(i) from government (excl. interest) (17b(i))	824	(b) Other Payments All countries (20b)	49
(ii) charitable contributions made by corporations (30b)	10	12. Personal Saving (33a)	605
9. Total	<u>10,279</u>	13. Total	<u>10,279</u>

TABLE IV
GOVERNMENT REVENUE AND EXPENDITURE ACCOUNT
(Preliminary 1947 figures in millions of dollars)

Revenue		Expenditure	
14. Revenue		17. Expenditure	
(a) Personal direct taxes (10a)	725	(a) Purchases of goods and services	
(b) Succession duties (10b)	61	(i) from business (1b)	585
(c) Corporation direct taxes (30f)	805	(ii) direct services	
(d) Indirect taxes less subsidies (5b)	1,572	(1) salaries and wages (8a(i))	717
(e) Withholding taxes (30e)	35	(2) military pay and allowances (8b)	83
(f) Employer-employee contributions (8a(iv))	166	(3) interest (27a)	96
(g) Investment income (30c)	339	(b) Transfer payments	
15. Government Surplus (-) or Deficit (+) on transactions related to national income and expenditure (35c)	- 932	(i) interest (27a(i))	466
16. Total	<u>2,771</u>	(ii) other (8c)	824
		18. Total	<u>2,771</u>

Source: Goldberg, "The Development of the National Accounts in Canada," *CJEPS* 15, 1 (1949), 40-4.

As Goldberg later pointed out in the *Canadian Journal of Economics and Political Science* in 1947, unlike the "survey of production" method, the input-output method of

tracking and calculating national income thus provided “an essential framework for studying the state of the economy and its functioning, and for making judgements as to the likely course of economic events.” More specifically, he continued, they were particularly “useful for analysing problems facing business and labour, for testing economic hypotheses, for administrative purposes and for teaching, [but they] are acknowledged above all as important tools in appraising and formulating fiscal and other economic public policy.”¹¹²

During the early twentieth century, two main lines of attack had thus developed in the unfolding search for scientific solutions to social and economic problems. Social workers, vocational-guidance counsellors, personnel managers were concerned with the “micro-dimensions” of the individual citizen, while statisticians, economists, sociologists were concerned with the “macro-dimensions” of the population. Both were represented at a round-table discussion of public assistance at the 1938 Canadian Conference of Social Workers. In fact, one paper presented at that venue by social worker Frieda Held expressed what, by then, was becoming a common understanding among many businessmen, social scientists, and policymakers that “the way back” from unemployment relief resided in, on the one hand, “[w]ork – re-training and re-employment – for all [those] able to work” and, on the other hand, “social security, including adequate relief for all [those] unable to work.” Yet a great deal of uncertainty still remained as to details of how these goals might be achieved. In Held’s view, it would be through more vigorous use of the national employment service by workers, employers, and government, better attention to vocational guidance, the

¹¹² Goldberg, “The Development of the National Accounts in Canada,” 41-7.

implementation of unemployment insurance, and an expansion of social research.¹¹³

Even as Held spoke, some elements of her proposed program were either already in place or at least moving towards possible fruition through the political process. But far away from the poorhouses, asylums, and factories of Canada, international events were taking shape that would soon interrupt this quiet record of “progress.” The painful memory of the Depression and the powerful pressures of expediency exerted by war would soon combine to finally crystalize many of the themes that had been implicit since the turn of the century into a new common consensus among Canadian business, labour, government, and academia as to the possibilities and purposes of socio-economic policy.

¹¹³ Frieda Held, “The ‘Way Back’ from Unemployment Relief,” CCSW, *Proceedings* (1938), 153-62.

6. THE SECOND NATIONAL POLICY: THE KEYNESIAN REVOLUTION COMES TO CANADA, 1939-1948

Canada's "Second National Policy" came together during the turbulent decade from the late 1930s to the late 1940s. Over the course of the interwar period, an extensive, if tentative, broadening had occurred in the practices of state governance, the scientific and political communities participating in the political process, and the subjects of policy analysis. These developments, in turn, had reshaped the political landscape, thereby allowing for a variety of new policy options to be formulated and propelled towards the centre of the nation's political agenda, including unemployment insurance, state-funded health care, housing policy reform, and collective bargaining, among others.

The timing and character of the new state form, however, were also shaped by the political environment generated in Canada during the Second World War. In the first place, the war demonstrated the potential effectiveness of scientific management and centralized planning for addressing large-scale economic and social problems. Between 1939 and 1945, Canada made enormous military, industrial, and financial contributions to the war effort. Out of a population of about 12 million people, some one million persons served in Canada's armed forces – over 40,000 of whom died in the process. Moreover, in a nation in which the annual federal budget never exceeded half-a-billion dollars in any prior year, over 20 billion dollars were expended upon military salaries and war-related production alone. Over the same period, at a time when Canadians faced higher tax rates, poured their savings into "Victory Bonds," and women continued to expand their participation in the labour market, broad-based economic growth and full employment were nonetheless achieved. Compared

with the apparent failures of public policy during the immediate aftermath of the First World War and the Great Depression, the contrast could scarcely have been starker.¹

Secondly, the war injected a new sense of urgency into the process of policy reform. According to state institutions, private media publications, and multiple political and social organizations, the war had been fought to preserve individual freedom and social stability, and considerable policy changes would be implemented following the end of the war in order to secure this future. Therefore, in the face of the wartime crisis, public expectations for the postwar world had been heightened to new levels. At the same time, the rising popularity of the social-democratic Co-operative Commonwealth Federation (CCF) party, the escalating ranks and militancy of the organized labour movement, and the growing circulation of "radical" proposals for postwar reconstruction underscored the potential fluidity of the political situation. Hence, in the absence of sensible and workable reforms, many political observers cautioned there could be no telling what direction public policy might take.²

Equally important was the third factor: the attainment of a broad-based consensus on a "legitimate" alternative to Canada's "First National Policy." This consensus came to be established within the particular framework of the debates over postwar reconstruction. As

¹ There is a substantial literature on Canada during the Second World War, but see in particular the DBS, *CY* (1939-1948), Leacy, Buckley, and Urquhart, *Historical Statistics of Canada*; C.P. Stacey, *Arms, Men, and Governments: The War Policies of Canada, 1939-1945* (Ottawa: The Queen's Printer, 1970); Robert Bothwell, Ian Drummond, and John English, *Canada 1900-1945* (Toronto: University of Toronto Press, 1987), 295-398; and Norrie and Owrap, *A History of the Canadian Economy*, 509-37. On public policy in Canada during the Great Depression, see chapter 2 and the works cited therein.

² See for instance, J.L. Granatstein, *Canada's War: The Politics of the Mackenzie King Government, 1939-1945* (Toronto: Oxford University Press, 1975), 249-93 and 382-418; Owrap, *The Government Generation*, 254-334; and Alvin Finkel, "Paradise Postponed: A Re-Examination of the Green Book Proposals of 1945," *JCHA* 4 (1993), 120-42.

these debates progressed, several themes began to coalesce among key interest groups in the state, the university system, the business community, and the organized-labour movement in Canada. In short, these themes encompassed: the scientific approach to social and economic problems; the protection of minimum wage standards and the extension of collective bargaining rights to certain workers; the priority for employment, housing, children, and health care in the area of social policy; and the preservation of the largest possible scope for private enterprise and individual freedom. As we have seen, these were themes that had been percolating throughout much of the 1920s and 1930s.

It was in this context that the rhetoric on postwar reconstruction intersected with the political and administrative expediencies of the day. In the final analysis, choices had to be made about what specific policies ought to be pursued at a specific juncture in time. Such choices, moreover, were made in a political process bounded by changing legal and institutional frameworks, competing bureaucratic entities and political coalitions, and dynamic shifts in public opinions and electoral fortunes. The result of these interactions formed the foundations of Canada's particular version of the "Keynesian" welfare state – a welfare state that emphasised state-guided macro-economic management to maintain consumer demand, the extension of collective bargaining rights to certain groups of workers, and limited state intervention to expand opportunities for the pursuit of health, wealth, and education.

6.1 The discourse around postwar reconstruction

During the early to mid-twentieth century, effective participation in a major conflict required states to mobilize large segments of their population and economy for the war effort.

These contingencies accelerated the adoption of scientific management and centralized planning by the state, reinforced by some combination of coercion and consent. In Canada and elsewhere, there were conflicts as well as convergences in the rhetoric and practices connected with these efforts. During the First World War, for instance, the issue of conscription highlighted the coercive power of the state and the continuing political and cultural divisions that threatened to tear Canada apart. At the same time, however, the voluntary war efforts of citizens in the military and on the homefront similarly underscored what might be accomplished by citizens working together either within or without the state. As these events unfolded, each contributed the opening up of new possibilities for reconfiguring state policy and Canadian society, as was demonstrated by the vigorous debates over French-English relations, labour and citizen rights and responsibilities, and political and social reform during the late 1910s and early 1920s.³

Not surprisingly, then, once the Second World War had commenced, the “higher purpose” of the wartime sacrifices became one of the overriding political themes within and amongst the combatant nations and their allies.⁴ For the so-called “Allied powers” of Canada,

³ On “total” war and society, see Gordon Wright, *The Ordeal of Total War, 1939-1945* (New York: Harper and Row, 1968); J.L. Granatstein and Robert D. Cuff (eds.), *War and Society in North America* (Toronto: Nelson, 1971); and Arthur Marwick (ed.), *Total War and Social Change* (London: Macmillan, 1988). And, on wartime regulation and production in Canada, see Stacey, *Arms, Men and Governments*, 113-25, 403-09, and 495-503; Taylor and Baskerville, *Concise History of Canadian Business*, 385-400; and Bliss, *Northern Enterprise*, 445-57.

⁴ Indeed, the interpretation of the war and its aftermath remains important historiographical themes. See, for instance, J.L. Granatstein and Desmond Morton, *A Nation Forged in Fire: Canadians in the Second World War 1939-1945* (Toronto: Lester and Orpen Denys, 1989); Greg Donaghy (ed.), *Uncertain Horizons: Canadians and Their World in 1945* (Ottawa: Canadian Committee for the History of the Second World War, 1997); McInnis, *Harnessing Labour Confrontation*; and Jeff Keshen, *Saints, Sinners, and Soldiers: Canada's Second World War* (Vancouver: UBC Press, 2004), among others.

the United States, and Great Britain, a collective belief in democracy, individual freedom, and a co-operative approach to constructing a stable and secure postwar international order were the principal values that, they said, distinguished themselves from the so-called “Axis powers” of Germany, Italy, and Japan. Among the most widely-circulated expressions of these values was the declaration of the “Atlantic Charter,” signed off the coast of Newfoundland in August 1941 by US President Franklin D. Roosevelt and British Prime Minister Winston Churchill. Its purpose was to lay out “certain common principles in the national policies of their respective countries on which they base their hopes for a better future for the world.” Briefly, it stated that the Allies:

... desire no territorial changes that do not accord with the freely expressed wishes of the people concerned ... respect the right of all peoples to choose the form of government under which they live ... desire to bring about the fullest collaboration between all nations in the economic field with the object of securing, for all, improved labor standards, economic advancement and social security ... [and] after the final destruction of the Nazi tyranny ... hope to see established a peace which will afford all nations the means of dwelling in safety within their own boundaries, and which will afford assurance that all men in all the lands may live out their lives in freedom from fear and want.

Taken together, these “common principles” referred to and built upon deeply-entrenched ideological traditions in the Western world.⁵

Although the Canadian Prime Minister, Mackenzie King, did not participate in its drafting, the general principles of the Charter were accepted by the Canadian government and echoed throughout King’s wartime speeches. On one such occasion, in a national broadcast on “Government Planning for War and Peace” given at London, Ontario, on 30 May 1945,

⁵ Theodore A. Wilson, *The First Summit: Roosevelt and Churchill at Placentia Bay, 1941*, Rev. ed. (Lawrence: University of Kansas Press, 1991); and Douglas Brinkley and David R. Facey-Crowther (eds.), *The Atlantic Charter* (New York: St. Martin’s Press, 1994).

King declared: "We have always professed to regard the present war as a struggle for freedom and that, in truth, is what it was." "But," he added, "the final defeat of the attempt by Germany and Japan to dominate and enslave the world will only be the end of one more battle in the age-long struggle for man's freedom." In the postwar world, freedom from the "fear of war" would have to be accompanied by freedom from "the fear of unemployment."⁶

During the same broadcast, King also pinpointed what many had begun to see as the essential trade-off involved in securing the latter freedom. "If Canada's war effort has been the magnificent success it has," he noted, "[i]t has been ... because every aspect of Canada's war effort has been carefully planned, organized, and directed." Following the end of the war, he explained, "[t]he achievement of full employment and social security will require no less careful planning and wise direction. In peacetime, the planning and direction of government must be exercised in such a way as to increase, and not decrease, the opportunities for individual freedom and initiative." Therefore, he stressed, "it is the aim of our policies of full employment and social security to reconcile the maximum of individual freedom with the greatest possible measure of mutual aid in the attainment of human welfare." The question, in other words, was how to accommodate the desire for stability with the desire for freedom.⁷ As might be expected, different groups of Canadians had very different answers. Yet perhaps

⁶ J.L. Granatstein, "The Man Who Wasn't There: Mackenzie King, Canada, and the Atlantic Charter," in Brinkley and Facey-Crowther, *The Atlantic Charter*, 115-28; and Mackenzie King, *Canada and the War: Victory, Reconstruction, and Peace* (Ottawa, 1945), 88-9.

⁷ This too represents another common theme in the primary and secondary literature. See, for example, King, *Canada and the War*, 88-9; Owsram, *The Government Generation*, 260-71; and Peter S. McInnis, "Planning Prosperity: Canadians Debate Postwar Reconstruction," in Donagy, *Uncertain Horizons*, 231-59.

what is most striking about the period between the mid- to late 1940s is not so much what separated these ideological perspectives but rather the extent to which a new, broad-based “conventional wisdom” on socio-economic policy was being established.

Canada’s participation in the war effort certainly enlarged the state’s potential capacity for “planning and wise direction.” During the wartime emergency, state regulation of prices, wages, labour conditions, and a host of other areas of economic and social life expanded to unprecedented proportions, as did the administrative apparatus of the federal bureaucracy. In 1919, there were about 41,800 employees in the national civil service, and over the next two decades this figure edged up to just over 46,100. Between 1939 and 1945, however, it more-than doubled to over 115,900. Included in this burgeoning contingent of personnel were numerous experts from the university, professional, business, and labour communities who were recruited into the growing plethora of government regulatory and advisory agencies.⁸ The multiplicity of these institutions often led into various “turf wars” over the direction of public policy. But while the internal struggles among governmental officials does represent one important dimension of the moulding of the welfare state, the larger conceptual and political frameworks within which these struggles occurred was at least as, if not more, important; therefore, our focus here will remain upon these last two areas of analysis: the philosophical and the practical.

In the early phases of the war, the primary focus of government deliberations and political discourse remained upon the pragmatics of the war effort itself. Postwar planning,

⁸ Leacy, Buckley, and Urquhart, *Historical Statistics of Canada*, Y211-259; Owsram, *The Government Generation*, 256-60 and 280-1; and Bliss, *Northern Enterprise*, 452-3.

such as it existed, was largely restricted to the problems of demobilizing and rehabilitating veterans. This changed once the tide of the war began to turn in the Allies' favour. Many Canadians were concerned about a possible repetition of the economic and social dislocations which had accompanied the end of the last world war or, worse yet, a return to the conditions of the Great Depression. The war, meanwhile, had also helped to spur a combination of hope and determination that events did not have to turn out that way. By early 1943, several government agencies had already been charged with finding ways for ensuring that they did not. And, over the course of the following two years, postwar reconstruction would become the subject of numerous government investigations and reports.⁹

In early December 1942, the British government released the first of such official investigations, *The Report on Social Insurance and Allied Services*. Its author was Sir William Beveridge (1879-1963), a high-level government advisor and a former director of the London School of Economics (LSE) from 1919 to 1937. As historian Martin Pugh put it, the Beveridge report, as it was known, represented a "consolidation of 'middle opinion'" on socio-economic policy among "professional, political, and academic circles." In broad terms, it advocated a full-scale campaign by the state against what Beveridge called the "five giants on the path of reconstruction:" "Want, Disease, Ignorance, Squalor and Idleness." By the early 1940s, Britain already possessed a more elaborate welfare state than many other developed nations, having established limited forms of old-age pension (1908), unemployment insurance (1911), and health insurance (1911) schemes nearly three decades ago. What the

⁹ With respect to bureaucratic turf wars and wartime government planning, see Granatstein, *Canada's War*, 254-7; Granatstien, *The Ottawa Men*, 160-4; Owram, *The Government Generation*, 275-92.

Beveridge report proposed was to integrate and expand these measures to provide full employment, income security, health insurance, improved educational opportunities, and decent housing conditions for all British citizens.¹⁰

To many politicians and everyday citizens, the appeal of the Beveridge report lay in the perception that it offered a rational blueprint for moving towards actually fulfilling the “freedom from want” principles of the Atlantic Charter and other wartime declarations on the nature of the postwar world. Several months after its release, one survey by *Canadian Business* magazine among 100 Canadian members of parliament found 60 percent in favour, 25 percent undecided, only 16 percent opposed to “the Beveridge Plan.”¹¹ By mid-December 1942, Cyril James, the chairman of federal Advisory Committee on Reconstruction (ACR), and Ian Mackenzie, the Minister of Pensions and Health, were already making arrangements for the preparation of a similar report for Canada. Their choice for doing so was Leonard Marsh, the Research Director for the ACR since early 1941. As a one-time student of Beveridge, the holder of a doctorate in economics, and the former director of Social Sciences Research Programme at McGill University from 1930 to 1940, Marsh came to the task with impressive credentials. His *Report on Social Security for Canada* appeared in March 1943.¹²

¹⁰ William Beveridge, *Social Insurance and Allied Services in the United Kingdom* (London, 1942); Guest, *The Emergence*, 109-110; and Pugh, *State and Society*, 228-9.

¹¹ The breakdown by major party was Liberals: 38 in favour, 5 opposed, and 18 undecided; Conservative: 9 in favour, 3 opposed, and 5 undecided; and CCF: 5 in favour, 0 opposed; and 1 undecided. See “Would Ottawa Approve the Beveridge Plan?” *CB*, March 1943, 28-9.

¹² On the Beveridge report, the welfare state, and welfare reform, see Guest, *The Emergence of Social Security*, 109-110; Owsram, *The Government Generation*, 287-97, and Pugh, *State and Society*, 109-240. Also, on Marsh, see Leonard Marsh, *The Report on Social Security for Canada* (Toronto: University of Toronto Press, 1975 [originally published by Ottawa: The King’s Printer, 1943]); Granatstein, *Canada’s War*, 255-8; Guest, *The Emergence of Social Security*, 110-17; and

Like the Beveridge report, the Marsh report was a melding of concepts and strategies that had been evolving over the last several decades.¹³ Its approach was situated not within the moralistic philosophies of social welfare practitioners from the late nineteenth and early twentieth centuries, nor the anti-capitalist rhetoric of populist politicians and social-democratic intellectuals from the interwar period, but rather the scientific language of policy experts from the government institutions, professional organizations, and university departments that had been taking shape over these same periods. As such, it reflected as well as reinforced the latter's influence in the process of policy development.

For Marsh and Beveridge, the “five giants” on the path to reconstruction fed upon the social problems of modern industrial society – specifically, unemployment and the “universal risks” of sickness, invalidity, and old age – which had been identified and analysed through government investigations, university-based research, and social welfare practices over the last two generations. During the late nineteenth and early twentieth centuries, the effects of these problems had typically been met through a combination of self-reliance, private charity, and public social assistance. Over the same period, however, experience had also seemed to demonstrate the complete inadequacy of such measures, given the well-documented inefficiencies in the administration of social welfare benefits and the persistence of the underlying social problems. As a result, several government agencies and other social

Dennis W. Wilcox-Magill and Richard C. Helmes Hayes, “Leonard Charles Marsh: A Canadian Social Reformer,” *JCS* 21, 2 (1986), 49-59.

¹³ In his new introduction to the republication of *The Report on Social Security*, Marsh himself made this point in response to what he perceived as the “persistent misapprehension” that his report was a “hasty document,” see page xx.

institutions had sought to address the situation by developing what were regarded as more “scientific” and “businesslike” measures such as government-annuities accounts, corporate unemployment-insurance schemes, and publicly-administered old-age pensions. Acceptance of these initiatives was always strikingly varied; local conditions, entrenched ideologies, and political arrangements always coloured such experimentation, but the general drift was towards greater intervention and state management. The Marsh and Beveridge proposals were firmly situated in this latter tradition – in many respects, they represented its logical extension; in others, they represented significant innovations.

As the Marsh report explains, its recommendation for the expansion of social insurance was simply “the application on a much larger scale of the principle of pooling which has long been the basis of insurance in the more restricted sense,” such as “commercial insurance against fire” and other hazards. But, the report went on, unlike business or personal insurance, social insurance “brings in the resources of the state,” or “that part of the resources which may be garnered together through taxes or contributions.” Accordingly, it was not necessary to have “a precise actuarial adjustment of the premiums to risk in each individual case.” Rather, social insurance was “the gathering together of a fund for a contingency,” such as unemployment or sickness, “whose total dimensions are uncertain, but whose appearance in some form or magnitude is certain.” Nevertheless, as the report notes, “the more refinements that could be made, in light of experience, between revenues required and current disbursements, the more systematic and economical the social insurance fund” would become. And “[t]his, it emphasised, “was the real ‘actuarial’ continuity.”¹⁴

¹⁴ Marsh, *Report on Social Security*, 11.

On this basis, the Marsh report acknowledged that the “basic soundness of social insurance” rested upon the fact that it was “underwritten by the community as a whole.” Its overall dimensions, therefore, were bounded by the size of the national income and the productive capacities of the population. According to Marsh’s calculations, this meant that out of a projected national income of approximately \$6 billion, the Dominion government could maintain a budget of just over \$2.2 billion, about \$1.5 billion of which could be dedicated to social security. Outside of these limits, he explained it would be “no advantage to the cause of social insurance” if it was to be “used as an illogical weapon in the battle, either to attack existing wage scales, or as a lever with which to attempt to prise them up.” Instead, he asserted, “[t]he proper approach to intolerably low wages, and easily the most desirable in the long run, is to raise the efficiency of the worker himself.”¹⁵

Granted these constraints, the Marsh report departed from prior Canadian social welfare practice in three interrelated areas. The first was in its suggestion that workers should be assured a certain guaranteed “minimum” level of income security, which, based upon information from the League of Nations, the US Department of Agriculture’s Bureau of Home Economics, the Toronto Welfare Council, and other agencies, it established at \$ 1,134 per year for a family of five individuals (with 2 adults and 3 children). The second was in its proposal for a system of children’s allowances, consisting of an average monthly payment of \$7.50 per child, in order to compensate for any shortfalls between the adult breadwinner’s wages and the needs of his or her family. And the third was in its emphasis on social welfare policy as a “strategic factor in economic development,” and the thus the maintenance of the

¹⁵ *Ibid.*, 9-14, 56-71, and 263-70.

social minimum. In Marsh's view, then, the probabilities of postwar economic recession and continued economic instability should be met through "multiple" lines of attack: (1) a one billion dollar program of public works to create employment during the immediate postwar period, including "investments in "physical reconstruction and conversion from the war economy" and projects "which promote the fruitful use of leisure;" (2) A comprehensive system of social insurance that would "provide protection against the loss of income" and "aid in maintaining consumer purchasing power;" and (3) a supplementary system of social assistance to provide for retraining of the long-term unemployed and sustaining the "unemployables" who had no other means of support.¹⁶

Gone, in all of this, were the turn-of-the-century nostrums that such policies would destroy the worker's incentives for "work, thrift, and sobriety." In its place were the ideas that establishing a basic minimum standard of living would in fact benefit the economy by maintaining Canadian worker's employability and purchasing power. On the surface, here the connection between Keynesian economics and Canadian social policy is most evident. On a more fundamental level, though, what shaped what Marsh and Beveridge had to say, and what made it worth considering by those in other key policy communities, was not just "Keynesianism" per se but also their position as recognized experts operating within the norms of contemporary social science and public policy (of which Keynesianism was but one part of the larger whole). They were reformers, not revolutionaries. What is less obvious, then, yet even more imperative, was the connection between Keynesian economics, social policy theory, and the Marsh and Beveridge reports as a broad-based common enterprise to

¹⁶ Ibid, 14-18, 30-73, 76-86, and *passim*.

employ generally-accepted scientific and business principles to improve upon the existing capitalist system by ameliorating its biggest problems.

The extent to which the Marsh and Beveridge reports reflected the new “middle opinion” of mainstream political discourse is well illustrated by the changes then taking place within the Conservative Party of Canada. The Conservative party, of course, had been intimately associated with the policy paradigm of the First National Policy. State-assisted development of economic infrastructure, limited taxation and regulation (aside from the tariff), balanced budgets, and local responsibility for social welfare policy rounded out the essentials of its platform for much of the late nineteenth and early twentieth centuries. Economic progress, individual freedom, and personal responsibility were its watchwords.

At one time, these policies and values enjoyed a solid base of support. During the preceding sixty-year period, many of them found expression in the election platforms of both the major political parties. The Conservative party itself had formed federal governments from 1878-1896, 1911-1917, and 1930-1935. Over the late 1930s and early 1940s, however, the party’s electoral fortunes had begun to slide, as societal attitudes toward socio-economic policy began to change and party unity began to fragment as a result these and other issues, such as the British connection, French-English relations, and conscription. Consequently, in the two federal elections held during that period in 1935 and 1940, its share of the popular vote declined to about 30 percent of the votes cast while its number of seats in Parliament declined to thirty-nine, down from 49 percent of the popular vote and 137 seats in 1930. To make matters worse, in the federal by-election in the Toronto riding of York South in February 1942, Arthur Meighen, its recently re-elected leader, was defeated by Joe

Noseworthy, a “virtually unknown” schoolteacher from the upstart CCF party. Clearly, it would appear that something was going terribly wrong.¹⁷

Shortly after Meighen’s defeat, a small group of influential party members organized a “unofficial, unauthorised conference” to discuss the need for “a new and progressive program” for the Conservative Party. The conference took place in September 1942 at Trinity College, a private boy’s school in Port Hope, Ontario. It brought together 159 delegates from all regions of the country, many of whom were veterans of the First World War and well-educated professionals. In the end, it achieved approval on a policy program incorporating many of the most recent trends in socio-economic thought. Referring to the goals of the Atlantic Charter, the conference’s report, for example, called for unemployment insurance, adequate social assistance, improved old-age pensions, and health insurance. Though the Port Hope report was not an “official platform” for the party, it signalled the beginnings of the party’s attempts to confront the currents of political change. By the end of the party’s official convention in December 1942, it had adopted virtually all of the provisions from the Port Hope conference; changed its name to the “Progressive Conservative Party;” and elected the moderate former premier of Manitoba, John Bracken, as its leader.¹⁸

A similar process was underway within the Liberal party as well. In a series of

¹⁷ On party ideologies, platforms, and electoral fortunes see, William Christian and Colin Campbell, *Political Parties and Ideologies in Canada* (Toronto: McGraw-Hill Ryerson, 1990); D. Owen Carrigan, *Canadian Party Platforms 1867-1968* (Urbana: University of Illinois Press, 1968); and Leacy, Buckley, and Urquhart, *Historical Statistics of Canada*, Y75-198 and Y199-210.

¹⁸ On Arthur Meighen, the Port Hope Conference, and the Conservative party convention of 1942, see J.L. Granatstein, “The York South By-Election of February 9, 1942: A Turning Point in Canadian Politics,” *CHR* 48, 2 (1967), 142-58; and J.L. Granatstein, *The Politics of Survival: The Conservative Party, 1939-1945* (Toronto: University of Toronto Press, 1967), 82-150.

meetings in late 1943, the National Liberal Federation (NFL), the organizing wing of the Liberal party, a new party platform was hammered out with the help of “bright young leaders,” such as Brooke Claxton, the parliamentary secretary to Mackenzie King and the future Minister of Pensions and National Health, and Jack Pickersgill, an assistant secretary in Mackenzie King’s Prime Minister’s Office and a future civil service mandarin in the government of Louis St. Laurent. Under Claxton’s leadership, the NFL put forth a new set of proposals encompassing increased government spending to create full employment, a national housing program, unemployment insurance, improved old-age pensions and health care, and “fuller participation” for organized labour in both business and government. By this time the Liberal party was already rapidly moving in this direction, and the NFL proposals were, not surprisingly, quickly absorbed into its official policy positions.¹⁹

For its part, the CCF continued to embrace the program that had been originally laid out by its party’s “brain trust,” including none other than Leonard Marsh, in *Social Planning for Canada* (1935), and that, in many respects, had been echoed in the Marsh Report. But there were two key differences that greatly enhanced the political possibilities of the CCF’s program by period of the early to mid-1940s. The first was that the political mainstream had, by then, migrated even closer to the CCF’s positions, as was epitomized by the very commissioning of the Marsh Report by a Liberal government in early 1943. And the second was that the CCF party itself was simultaneously moving away from its more radical and loosely-managed “political movement” roots towards a more moderate and tightly-managed

¹⁹ Granatstein, *The Ottawa Men*, 213-25; Granatstein, *Canada’s War*, 262-88; and Reginald Whitaker, *The Government Party: Organizing and Financing the Liberal Party of Canada 1930-58* (Toronto: University of Toronto Press, 1977), 143-52.

“brokerage party” organization. Much like the Conservative and the Liberal parties, the CCF too had its own cadre of “bright young leaders,” such as Tommy Douglas, a Baptist preacher and future Premier of Saskatchewan, and David Lewis, the secretary of the national CCF party and future leader of its successor, the New Democratic Party (NDP), who sensed both the opportunities presented by the impatient political climate of the war and the pragmatic changes that were necessary to seize upon them. Indeed, during the early to mid-1940s, some even began to muse of a “generational shift” in which the “men of 1914-1918” – those who had been born early enough to have been participants in the First World War, and had grown up in the world of economic instability, urban-industrial society, scientific management, and state expansion – were “taking over” Canada’s political parties and other social institutions.²⁰

In the meantime, the Conservative party was attempting to further bolster its fortunes by commissioning to its own expert, Charlotte Whitton, to write a critique of the Marsh report and to outline an alternative set of policy proposals. During the last two decades, Whitton had established herself as one of the leading authorities on social welfare policy in Canada. After graduating with a Master’s degree in history from Queen’s University, she began her career in the field of social welfare as the assistant to the secretary of the Social Service Council of Canada. From the early 1920s to the early 1940s, she served as the part-time assistant secretary to the Minister of Trade and Commerce (1920-1922), honorary secretary of the Canadian Council on Child Welfare (1920-1922), executive secretary of the

²⁰ On the CCF, see Walter D. Young, *The Anatomy of a Party: The National CCF, 1932-1961* (Toronto: University of Toronto Press, 1969); and David Lewis and Frank Scott, *Make this Your Canada: A Review of CCF History and Policy* (Toronto: Central Canada Publishing, 1943). Also, see Armour Mackay, “The Men of 1914-1918 Begin to Take Over,” *SN*, 2 Jan 1943, 10, as cited in Granatstein, *The Politics of Survival*, 131, and Owsram, *The Government Generation*, 268.

Canadian Council on Child and Family Welfare (1922-1926), federal government consultant on relief policies (1932-1935), and executive director of the Canadian Welfare Council (1926-1941). In 1939, her achievements in these areas were recognised by the awarding of an honorary doctorate in Civil Law from King's College in Halifax. Her response to the Marsh report, *The Dawn of Ampler Life*, was published in December 1943.²¹

In its critique of the Marsh report and its proposed alternatives, Whitton's book reveals much about the "limits of the sayable" in the unfolding discourse revolving around the postwar reconstruction of Canadian society. With respect to the general objectives of postwar social policy, there were actually several areas in which Marsh and Whitton agreed. Like Marsh, Whitton held that workers should be ensured a decent minimum standard of living, that the expansion of public services was delimited by the size of the nation's income and productivity of its labour force, and that income security called for "economic" as well as "welfare" planning. Both of them also understood these objectives to be interrelated: economic planning was to provide for employment within a stable and growing economy, while welfare planning was to provide for a healthy, educated, and productive labour force.²²

Where Marsh and Whitton diverged was in the methods by which these goals might be best achieved. In these areas, Whitton's reasoning was characterized by a blending of new

²¹ On Whitton, see "Charlotte Whitton," *CW*, Jan 1942; Charlotte Whitton, *The Dawn of Ampler Life* (Toronto: MacMillan, 1943); Guest, *The Emergence of Social Security*, 117-21; O'ram, *The Government Generation*, 313-4 and 328-31; Struthers, "A Profession in Crisis," in *The Benevolent State*, 111-25; and P.T. Rooke and R.L. Schnell, *No Bleeding Heart: A Feminist on the Right* (Vancouver: UBC Press, 1987).

²² See, for instance, the arguments developed throughout Marsh, *Social Security for Canada*; and Whitton, *The Dawn of Ampler Life*.

and old ideas. Her objections to Marsh's emphasis on social insurance furnish one example. On the one hand, she argued that it was not clear that a sufficient system of unemployment, health, and disability insurance, covering the majority of Canadian workers, could be established on an "actuarially sound" basis, and that in any case much more time and study would be needed to build up such a system. On the other hand, harkening back to notions of the great potential of the Canadian nation and the virtues of individual self-reliance, Whitton wondered as to "whether in a young, vigorous, rich Canada, the most dynamic ideal that can be set before her people, is the attempted mathematical calculation of a social minimum in terms of weekly dollars and cents, and then the organization of the national life and production to assure that." In her view, Canadians were "not thinking so much of dollars and cents per head being required within each home." What they wanted was a society that offered them "'the chance to make good' by development of land or fishing, or some personal enterprise, or by good training, education and employment." But perhaps the most outstanding aspects of Whitton's arguments in these areas were her attack on social insurance on actuarial and moralistic grounds, not to mention her admission of its longer-term desirability, and her general avoidance of explicit references to the "pauperising" effects of cash-based social assistance. Given her conservative ideological perspective, each of these positions speaks to the relative acceptability of social insurance and the relative rejection of moralistic condemnations of the poor by this point in time.²³

On the positive side, Whitton's preference was for the development of an improved and expanded system of "social utilities" – services that would be made "available to all the

²³ Whitton, *The Dawn of Ampler Life*, 15-19 and 37-46.

population because requisite to living standards, and which it is not practical nor economical for the individual to attempt to provide for himself, [such as] ... schools, hospitals, sanatoria, institutions for special care, children's services, etc." – combined with means-tested social assistance. She was specifically opposed to the payment of universal children's allowances as an element of social welfare policy. A better system of social utilities, she contended, afforded a far more just and efficient means of providing for the needs of all children and families compared to the payment of a small, monthly cash grant per child. It would ensure that all Canadians had access to whatever public services they needed, regardless of employment status, family situation, or geographic location. It would also build the upon the existing "widely diversified provincial and municipal frameworks," and thereby allow for assistance to be tailored to local conditions and the needs of each case. Therefore, though Whitton's calls for greater efficiency were consistent with the modern ideals of scientific management, her conception of efficiency remained linked with what were then becoming increasingly-outdated perspectives on local responsibility for social-welfare policy and the role of social casework in determining the precise forms of assistance appropriate to each client.²⁴

The rearguard traditionalism of Whitton's views becomes most apparent when situated against the backdrop of the "middle opinion" that was then forming amongst the wider professional, academic, business, and labour communities within Canada. Such changes were, for instance, readily apparent in Whitton's own community of social workers. By the late 1930s and early 1940s, social work was finally beginning to make some significant inroads in gaining recognition as a legitimate profession. Although low salaries remained a

²⁴ *Ibid.*, 19-39, 42-6, and 48-51.

problem at the beginning of the war, the escalation in the perceived demand for social workers during and immediately after the war illustrated the growing value attached to the profession and, not incidentally, contributed to addressing this issue.²⁵ According to one estimate, by 1943 approximately 25 percent of the 699 workers listed in the Canadian Association of Social Work (CASW) membership were engaged in some form of war-related work. At the same time, social workers were being employed in a widening variety of capacities, not only in traditional venues such as public welfare departments, but also in new areas such as personnel departments, life insurance companies, and trade unions. Whereas in 1928 the CASW membership listed 128 institutional affiliations, by 1943 this number had grown to 720 – a more than five-fold increase in only fifteen years. To meet these mounting demands, the number of university-based schools of social work would more than double from three to seven between 1939 and 1945, with the establishment of four new schools at Montreal, Halifax, Manitoba, and Laval.²⁶

As social work evolved in new directions, so too did the views of its practitioners. While an earlier generation of charity organizers and social work professionals frequently

²⁵ One study by the Montreal branch of the CASW in May 1941 found that, despite their higher educational qualifications social workers made \$200-300 per year less than nurses and teachers, while another study by the BC mainland branch in May 1942 found social workers there made about \$60 per year less than the average unskilled labourer. By 1946, however, yet another salary study published in the *Social Worker* concluded that many social workers were making between \$1,500-2,000 per year, or roughly equivalent to that made by teachers and nurses. See, "Salary Standards Study," *TSW*, Jan 1942, 7-8; "Progress Report of the Committee on Salaries," *TSW*, Nov 1942; Norman C. Knight, "Toward Social Security for the Social Worker," *TSW*, Feb 1943, 15-17; and "Report of a Study on Salaries," *TSW*, April 1946, 1-26.

²⁶ "Recruiting for Social Work," *TSW*, Sept 1942, 13-14; "Social Workers – Another Wartime Scarcity," *TSW*, Nov 1943, 3-4; and "Agency Affiliations of CASW members in 1928 and 1943," *TSW*, Sept 1943, 20-21.

concerned themselves with the “pauperising” effects of the dole, and its appropriateness to the Canadian context, by the mid- to late 1930s many social workers had begun see social insurance as a valuable and practicable addition to pure casework and social assistance. The CASW, for instance, officially endorsed the federal government’s proposed Unemployment Insurance Act of 1940. On the whole, the CASW commended the act for incorporating its recommendations for a national system, assessing lower-wage employees at lower rates of contributions, including no “means test” as to benefits, providing for an appeals procedure, hiring staff based on competence rather than patronage, and other provisions. However, it also expressed a number of reservations. In the first place, it wanted to see a larger adjustment of benefits for workers with dependents, who were only afforded an additional 15 percent payment if married with one or more children. As it pointed out, under the existing Act, there would be therefore “no difference in the amounts paid to a worker with one dependent and to a worker with six.” Secondly, it shared Whitton’s concerns about the number of workers who would be excluded from coverage as a result of financial and administrative considerations, noting that many of these groups, such as “agricultural workers, domestics, fishing and lumbering workers,” ranked “among the most ill-paid and economically insecure of all Canada’s workers.” Nevertheless, it concluded, “their exclusion ... does not necessarily condemn the Act; it may be that the type of insurance set forth in the Act is not the answer to their particular problem, but their problem must not be ignored.” “Unemployment insurance,” in the CASW’s perspective, was to be only “part of a comprehensive plan to provide security” encompassing “such other social measures as “training and re-training projects, planned public works of a socially useful character, and a

co-ordinated administration of public relief.”²⁷

Health insurance was another part of such a plan. In its brief to the Advisory Committee on Health Insurance in 1943, the CASW “strongly approved of the principle of health insurance.” In doing so, though, it campaigned for several changes to the government’s proposed health insurance bill. Like Whitton, it argued that grants to the provinces ought to be made on the basis of need instead of per capita, “so that the poorer provinces” would be able to “provide the same range and quality of health services for their citizens as the wealthy ones,” and that single persons should pay more, not less, than those who were married. It further criticized the bill on the basis that the administration of the government’s plan was left largely to “the members of the medical profession.” Instead, the CASW argued that the powers of the National Council on Health Insurance, which was to be an advisory body to the Minister of Pensions and National Health, should be broadened to include “dentists, pharmacists, nurses, social workers, farmers, trade-unionists, and citizens, and particularly, insured persons who are the consumers of health services,” and that “all major matters of policy” should be referred to its consideration.²⁸

The CASW also approved of the principle of children’s or, as they were also known,

²⁷ For example, refer to Chapter 5, section 2. Also, see Frank G. Pedley, “Unemployment Insurance: Its Significance for Social Workers,” *TSW*, May 1935, 1-3; and “Canada’s Unemployment Insurance Act,” *TSW*, Mar 1941, 4-12.

²⁸ “Brief of the Canadian Association of Social Workers on the Draft Health Insurance Bill,” *TSW*, Jan 1944, 3-9. Also, see J.J. Heagerty, *Report of the Advisory Committee on Health Insurance* (Ottawa: King’s Printer, 1943); Malcolm G. Taylor, “The Role of the Medical Profession in the Formulation and Execution of Public Policy,” *CJEPS* 26, 1 (Feb 1960), 108-27; and C. David Naylor, *Private Practice, Public Payment: Canadian Medicine and the Politics of Health Insurance 1911-1966* (Montreal and Kingston: Queen’s University Press, 1986), 95-134.

mothers' or family allowances. By the early 1940s, this too was now understood to be part of a larger strategy to provide comprehensive social security. Here, the experience of the Dependent's Allowance, which was paid to the families of soldiers during the Second World War, provided a powerful example that the great majority of the recipients of allowances would be neither careless with the additional income nor pauperised by its effects. As the Montreal branch of the CASW explained, "the provision of servicemen's Dependents Allowances," had "demonstrated that the vast majority of people are able to manage more effectively with higher incomes ... No one will deny the need for education in preventative health, nutrition, etc., but educators can teach much more effectively if families are not too pressed or two much below the subsistence level."²⁹

In and of themselves, the policy proposals of the CASW are revealing on a number of different levels. To begin with, the CASW's recommendations on unemployment and health insurance represented marked departures from sound insurance principles as well as challenges to the authority of economists and medical professionals. In the process, they illustrate the ways in which multiple political, social, and economic discourses intersected in the formulation of public policy, as well as the extent to which the state's approach ultimately rested upon scientific and business principles as a way of mediating among all of these competing perspectives. They also hinted at the possibilities for redefining state policy through counterbalancing its reliance on expert knowledge and business methods via appeals to "equity," "representation," and other forms of political and economic legitimacy.

²⁹ "Family Allowances," *TSW*, Nov 1944, 1-6; Guest, *The Emergence of Social Security*, 128-30 and 264, n53; and Emily Arrowsmith, "The Dependent's Allowance Board of Canada, 1939-1945" (PhD thesis, Carleton University, forthcoming 2005).

On another level, the transition in social workers' support for cash-based social insurance systems as opposed to means-tested, non-monetary social assistance reflected the continuing maturing of the profession. As its authority rested less upon the casework technique and more upon its history of achievements, its established membership, and its network of social relations, social workers were then able to promote a wider range of policy options. Moreover, by the late 1930s and early 1940s, this range of policy options was constructed less often in reference to the older, moralistic classification of poverty and its causes and more often in reference to the modern, scientific categories that had emerged partly through the actual practice of casework during the early to mid-twentieth century.

More generally, the changes in the policy preferences among social workers were a reflection of a larger trend in the social sciences. Among social workers, political economists, and industrial relations experts, for instance, there was a mounting tendency towards stressing the macro-management of economic systems rather than the micro-management of individuals – a tendency that was being propelled by a combination of the experiences of the Great Depression, the changing conceptions of scientific management, and the wartime rhetoric on individual freedom and postwar consumer society. As Marsh explained, one of the central problems with means-tested social assistance, was “its lack of certainty, in the sense of objective determination in advance and of continuance over time, which characterises ... [it] in the eyes of the recipient. There a number of reasons, many of them hinging on the test of continuous destitution, which may remove the ‘right’ to the week’s allowance. Social assistance in this sense does not give security ... it might almost be said to sustain insecurity.” By the early 1940s, much the same might have been said of the limitations in focussing solely

upon the creation and distribution of certain types of individual workers, citizens, and consumers. To phrase it another way, if the individual in modern society was to be “free” to effectively regulate their own affairs, free from fear and want, and free to consume, then it appeared as though this freedom would have to flow not only from coercion, fortune, and charity, but also from a more stable economy and a more firmly-established system of social rights and obligations.³⁰

The Beveridge, Marsh, and Whitton reports arrived at a time when the discussions on reconstruction and postwar Canada were gathering momentum. Between 1942 and 1945, scores of studies on reconstruction appeared in Canadian newspapers, pamphlets, magazines, journals, and books, many of which reflected the same shift in the broad attitudes towards the way the state and the citizen might orchestrate their relationship. These studies embraced a diverse terrain of approaches and organizations, including technical analyses by organized interests, such as the Canadian Life Officer Association’s (CLOA) “Public Health Aspects of [the] Proposed Health Insurance Scheme for Canada,” in the *Canadian Journal of Public Health* (Apr 1943) or the Canadian Chamber of Commerce’s (CCC) *Kitchener-Waterloo Survey: A Fact-Finding Survey for Postwar Planning* (1944); and projections, surveys, and recommendations by interested experts, such as J.A. McNally’s “The Place of Forest Management in Postwar Rehabilitation Plans,” *La Forêt québécoise* (1943) or Clarence Fraser and H.G. Kettle’s “Management Approach to Post-War Manpower Planning,” *QRC* (Sum 1944). They also embraced popular discussions pieces by public and private

³⁰ On macro- and micro-analysis in the social sciences, see Owram, *The Government Generation*, 292-317; Barley and Knuda, “Design and Devotion,” 373-80; and MacInnis, *Harnessing Labour Confrontation*, 129-35, 137-8, and 191. Also, see Marsh, *The Report on Social Security*, 60.

institutions, such as the Canadian Broadcasting Corporation's (CBC) "*Of Things to Come*" ... *Inquiry on the Postwar World* (1943) or the Young Men's Christian Association's (YMCA) *Young Canada Confers* (1943). What Marsh had enunciated, thus now became the material for a veritable chorus of professional and popular opinion.³¹

As public interest in postwar reconstruction continued to escalate, the academic community soon joined this chorus in growing numbers between 1942 and 1945. At the University of Toronto, a series of public lectures on reconstruction were presented on topics such as the "general economic setting," "democratic institutions," "soil and water," "construction projects," "housing and town planning." Many academics from Toronto and elsewhere likewise joined the Canadian Institute on Public Affairs (CIPA) public forums examining the "war," the "foundations of the New World," and "Rebuilding Canada." Even students became involved, as at the University of Manitoba where the Commerce Club published a booklet of undergraduate papers on "price control," "employment," "public works," and other familiar themes. For university professors and students, these debates provided a way of gaining notoriety, promoting their discipline, and supplying a public service; for those who organized, attended, and consulted the publications of such events, academic participation provided a guarantee of scientific legitimacy and, by extension, a means of garnering insight into the essential nature of the problems of reconstruction. In these respects, as University of Toronto President H.J. Cody explained in the Toronto lecture series, "the preparation of public opinion for the study and discussion of reconstruction" had

³¹ Also, see Owsram, *The Government Generation*, 291-7; MacInnis, "Planning Prosperity," in Donaghy, *Uncertain Horizons*, 231-59 and *Harnessing Labour Confrontation*, 61-85; as well as the "Bibliography of Current Publications in Canadian Economics" in the *CJEPS* from 1942 to 1945.

thus become “one of the essential war functions” of the university.³²

Accordingly, the broader research community helped shape the parameters of “the ideals and objectives towards which the economic resources of the country” could and should be “directed” during postwar reconstruction.³³ This was a subtle and diffuse process. It was not that all academics shared the same policy preferences. Some expressed concern about the expansion and concentration of state power at the federal level of government, while others either embraced these changes or maintained that they had not gone far enough.³⁴ Nor was it that the trajectory of public policy was divined and directed solely by small group of high-level civil servants and like-minded colleagues scattered among a handful of business organisations and academic institutions. Notwithstanding their powerful positions in society, even they too operated within and through the intellectual and institutional frameworks within which they were situated. Alternatively, it was that, in its interactions with other communities, academic discourse tended to further reinforce the structuring of the debate over reconstruction in terms of the scientific socio-economic concepts that had taken shape over the last half-century. To be taken seriously, in other words, one not only needed particular credentials and experience but one also increasingly needed to accept, or in the very least demonstrate the inadequacy, of the central tenants of the new policy consensus that was

³² C.A. Ashley (ed), *Reconstruction in Canada: Lectures Given at the University of Toronto* (Toronto: University of Toronto Press, 1943), esp. 131-2; A.R.M. Lower and J.F. Parkinson (eds.), *War and Reconstruction: Some Canadian Issues* (Toronto: Ryerson Press [and the CIPA], 1942); and Phyllis Hutchins Moore (ed.), *War and Peace: The Period of Transition* (Winnipeg: University of Manitoba, Commerce Club, 1944).

³³ W.C. Lougheed, in the unpaginated foreword to Moore, *War and Peace*.

³⁴ See, for instance, Owsram, *The Government Generation*, 254-75.

rapidly solidifying during of the early to mid-1940s.

To either side of this chorus of “middle opinion,” business organizations pulled for smaller while labour unions pulled for bigger government. For the business community, the problem of postwar reconstruction represented a major challenge to private enterprise. The nature of that challenge, as many businessmen saw it, was summarized in an anonymous article published in the Autumn 1943 edition of the University of Western Ontario’s *Quarterly Review of Commerce*. It noted the “widespread desire not to return to the pre-war world,” as well as the “flood of books and pamphlets appearing” on “what might be called ‘My Plan for the Post-War World.’” Moreover, it pointed out that “[m]uch of what is being said is foolish and hysterical ... [as well as] dangerous because it is coming from people without either political or business experience who do not appreciate the magnitude of the problems involved.” Therefore, “[u]nless businessmen speak up they will find their job, that of supplying our food, shelter and clothing, being taken over by professors and politicians.” In this context, it argued, business needed to do a better job of “selling” itself to the public, while also helping to guide and direct the new “kind of economic system” that was being devised.³⁵

Consequently, during the latter years of the war business organizations, such as the Canadian Chamber of Commerce (CCC) and the Canadian Manufacturer’s Association (CMA), began to more actively promote the virtues of the private enterprise in articles, books, and public lectures. The drift of this campaign presupposed that “free enterprise” was

³⁵ “The Challenge to Business,” *QRC* (Aut 1943), 44-51. Along the same lines, also see J.L. Lay, “Canadian Industry in the Postwar World,” *QRC* (Win 1943), 105-113; Wesley Cutter, “A Case for Postwar Planning,” *QRC* (Sum 1944), 170-82; D.W. Barclay, “Uncharted Sea of Postwar Business,” *CB*, Sept 1942, 110-3; “Planning for Tomorrow,” *CB*, Mar 1943, 19; “The Welfare State,” *CB*, Apr 1943, 19; and “Postwar Planning Conference,” *IC*, July 1944, 231-8.

more efficient and than “bureaucratic planning,” and thus could better provide for a high level of employment and income after the conclusion of the war. Given the recent history of free enterprise during the Great Depression vis-a-vis that of bureaucratic planning during the war, this alone, however, would have been a difficult postwar vision to sell. There was also, therefore an attempt to link free enterprise with the supposedly Canadian values of individual freedom and democracy, while linking bureaucratic planning with regimentation and totalitarianism. As the CMA explained in its brief to the Senate Committee on Postwar Reconstruction and Re-establishment, “the best chance for providing the maximum volume of production and employment” following the end of the war depended upon “the extent to which individual initiative, effort, and thrift are maintained and encouraged,” as these were the values upon which Canada had been “built up.” By contrast, it argued, there was “no evidence that a country” could “adopt complete state planning without Government regimentation of the whole economic system, and of the individual lives of its citizens,” nor that “a totalitarian state” could “operate its industries as efficiently for the production of the necessities, conveniences, and luxuries of life as can a democratic state.” In referring back to the ideals of individual freedom and material progress associated with the heyday of the First National Policy, these free-enterprise campaigns reached out to those who were becoming concerned about the growth of government and wartime economic controls.³⁶

Beyond an ideological preference for smaller government, business organizations were

³⁶ “Some Post-War Problems of Canada’s Manufacturing Industries,” *IC*, May 1943, 65-8. Also, see C.M. Short, “Free Enterprise in the Post-War World?” *CB*, Jan 1943, 40-3 and 130; CCC, “A Program for Reconstruction” (Ottawa, 1943); “Post-War Reconstruction,” *IC*, June 1944, 155; and MacInnis, “Planning Prosperity,” in Donagy, *Uncertain Horizons*, 240-7, and *Harnessing Labour Confrontation*, 69-78.

also more optimistic about Canada's postwar economic prospects than either government planners or labour unions. According to the Bank of Nova Scotia's *Monthly Review* of June 1945, although the labour force had grown from 3.7 to 5.0 million people during the war, "a considerable number will undoubtedly drop out of the labour force when the war emergency has passed." This number included the students who wished to return to school, women who wished to "take up home-making," and those who wished to retire. Making allowances for a slight increase in the "abnormally low" rate of unemployment, it therefore predicated that it would only take 4.5 to 4.6 million jobs – not 5 million – to provide full employment in 1946. Fulfilling this increase of about 800,000 to 900,000 thousand jobs would be "industries which, like mining and agriculture, lost workers during the war or which, like the textile or logging industries, suffered from chronic shortage of labour." There was also likely to be "expansion in many established industries to meet large deferred demands for goods and services whose production had been halted or curtailed during the war," as well as the creation of "new industries" and "extensive construction" to meet the "urgent postponed social needs for housing, schools, hospitals, roads, etc."³⁷

On the one hand, this optimism only made sense in light of the business community's advocacy for a reduction in the size and scope of the wartime state. To be sure, if there was a sense that people had to choose between collective security and individual freedom in the planning for reconstruction, then there appeared to be a good chance that they might rather

³⁷ "The Problem of Reconversion," *Monthly Review of the Bank of Nova Scotia*, June 1945. Also, see W.R. Yendall, "Postwar Manufacturing in the Dominion," *QRC*, Win 1943, 82-7; CCC, "A Program for Reconstruction;" and CMA, "The War and After" (Toronto, 1944).

choose the safety of the former over the “adventure” of the latter.³⁸ On the other hand, though, such optimism also grew out of the inherent risk-taking element of private enterprise, and the business community’s concomitant inherent faith in the economic prospects of the nation. But even more important than its basis was its effects: coming from those who were supposedly well positioned to judge such things, these predictions for a relatively smooth conversion to a postwar economy helped call into question the inevitability, if not the possibility, of the need for the continuation of large-scale government intervention.

That is not to say that business organizations staunchly opposed all forms of social security. In its policy declarations of the early 1940s, the CCC “affirm[ed] its belief in the broad principles of the Atlantic Charter as a basis for the discussion of a postwar economy,” and “emphasis[ed] the necessity” for the development of “a positive Canadian policy based on the democratic principles of free-enterprise, full employment and a fair standard of living for all.” Part of this program was to involve the timely use of fiscal and monetary policies to offset swings in the business cycle, as well as a “[l]ong-term Government plans ... to raise the human standards of Canadian citizens including the provision of security against the still unavoidable mischances of life.” With respect to the latter, it favoured a cautious, long-term approach to developing social insurance for unemployment, old-age, and health care, noting that “the scale on which we can provide for social welfare will be conditioned, in the time to come, by the size of our national income.” It also went out of its way to deny that there was “any desire to restore pre-war conditions,” and to state that “orderly planning must replace

³⁸ “The Challenge to Business,” *QRC* (Aut 1943), 48-9; J.L. Lay, “Canadian Industry in the Post-War World,” *QRC* (Win 1943), 105-6; Guest, *The Emergence of Social Security*, 116; and Granatstein, *The Politics of Survival*, 129; and MacInnis, *Harnessing Labour Confrontation*, 78.

relief.” Indeed, by this time, even the CMA had largely given up on its long fight against unemployment insurance, and was prepared to endorse “a method of providing and paying for a minimum of sickness benefits.” If such proposals fell short of the ambitious program outlined in the Marsh Report, they still represented substantial movement in that direction.³⁹

There were two main factors underlying these changes in business attitudes. The first was the preconditioning of the business community by the evolution of scientific management in business, government, and other social institutions, which, eventually, led into the development and general acceptance of applying these techniques on the scale of society at large. The second was the political exigencies of wartime Canada. Given the instability of the pre-war era and the wartime promises of “freedom from fear and want,” demands for a return to pre-war policies and conditions made little sense. As one anonymous editorialist of the *Quarterly Review of Commerce* put it in 1943, society was in the midst of a revolution in which “economic good” was being redefined from “wealth” to “welfare,” and there was “no hope of stopping it or turning it back. Indeed, it would not be desirable to do so. There is no room for the person who believes that everything was perfect [before the war] and that there is no room for improvement. A few businessmen have spoken out and done more harm than good. They have simply been labelled reactionary, or worse, and forgotten.”⁴⁰

³⁹ LAC, MG28-III62, vol. 17, “Policy Declarations,” 70; LAC, MG28-III62, vol. 17, “Periodicals,” “Business At Work on Reconstruction,” *The Record*, Aug 1943; “A Post-War Program,” *CB*, July 1943, 19; “A Practical Program for Postwar Reconstruction,” *CB*, July 1943, 28-31 and 122; CMA, “The War and After,” 9-13; “President’s Annual Review,” *IC*, July 1944, 105-6.

⁴⁰ “The Challenge to Business,” *QRC*, Aut 1943, 45; “A Practical Program for Postwar Reconstruction,” *CB*, July 1943, 28-31 and 122; and Bliss, *Northern Enterprise*, 454-5.

In the area of industrial relations, however, the issue of labour-management "rights" remained controversial. From the CMA's perspective, "no legislation on the issue of collective bargaining was necessary, since the right of workers to form themselves into trade unions and to bargain collectively has been recognized by everyone for many years." In the CCC's, though, there was a need for better "codification" of labour laws across Canada, and a better "machinery for the settling of disputes" between workers and their employers. Despite these differences, both agreed that if there was to be such legislation then, as the CMA put it:

employers were entitled to know who the people were with whom they were required to bargain, and to that end, trade unions should be required by law:

1. To register
2. To file copies of their Constitution and By-Laws
3. To file a list of their officers
4. To file an annual statement of income and expenditures.

Both groups also urged that "if employers were to be required to enter into bargains with trade unions, the trade unions should be made responsible in law as employers, for any breach of a contract into which a trade union had entered, and should be answerable in damages as a trade union would be." And, both opposed the imposition of any so-called "union security" measures, such as the closed shop and the compulsory collection of union dues by employers, as infringements on the individual freedom of workers and management to decide such matters for themselves. Hence, if the CMA and the CCC were prepared to accede the right of workers to bargain collectively, there was still a great deal of uncertainty as to how this right should or could be made to be effective.⁴¹

⁴¹ LAC, MG28-I230, vol. 15, "Executive Council Minutes," 27 Nov 1942, 6 and 29 Nov 1944, 18-20; LAC, MG28-III62, vol. 17, "Policy Declarations," 1943, 71 and "Periodicals," "Labour

Be that as it may, the reality of the organized labour movement was not one that was about to go away. By the end of the 1930s, the organized-labour movement had largely recovered from the membership losses suffered during the early part of the Depression, having grown to a total of 358,976 members – just under the height of 373,047 members achieved in 1920. Nonetheless, inter-union conflict remained a problem. In 1939, Canada's largest union, the Trades and Labour Congress (TLC), expelled 20,000 members affiliated with the newly-established Congress of Industrial Organisations (CIO) on the grounds that they were promoting "dual unionism." In 1940, these "outcasts" joined with the nation's the second-largest labour organization, the All-Canadian Congress of Labour (ACCL), which was then re-christened as the Canadian Congress of Labour (CCL). In the meantime, the ACCL had been experiencing its own difficulties resulting from the withdrawal of the affiliates of the Canadian Federation of Labour (CFL) in 1936 and the One Big Union (OBU) in 1940. But whatever short-term problems that these developments caused, the outcome of all of this reshuffling was to settle many of the outstanding jurisdictional disputes, and to thereby set the nation's largest labour organizations upon a more stable institutional footing.⁴²

At the same time, the war helped to revitalize the labour movement. The successful prosecution of the war depended to a large degree upon the efforts of the nation's labour force, including those who served in the armed forces as well as those who supplied the

Relations in Canada," *TR*, May 1943; and Fudge and Tucker, *Labour Before the Law*, 267.

⁴² Although internal problems between moderates and communist union leaders persisted, these had less impact on the stability of union organisations and membership. See DL, *Labour Organization in Canada* (1939), 8; Jamieson, *Industrial Relations in Canada*, 21-30; Abella, *The Canadian Labour Movement*, 18-21; Heron, *The Canadian Labour Movement*, 62-74; Morton, *Working People*, 165-9; and Fudge and Tucker, *Labour Before the Law*, 298.

wartime demands for equipment, munitions, and raw materials. Consistent with the expressed ideals of individual freedom and democracy, for the most part, the Canadian state's strategy in dealing with labour during the war leaned more heavily on co-operation rather than coercion. Although there were flare-ups of conflict – as in the case of the gold-miner's strike at Kirkland lake, which was broken with the support of the state in 1942 – such a strategy tended to promote the development of a more labour-friendly legal regime and to circumscribe the most overt forms of state repression. In conjunction with the increased concentration of labourers in large-scale war industries, which made union organization relatively easier, these circumstances contributed to the near doubling of the size of the organised-labour movement to over 711,000 by the end of 1945.⁴³

The state's need for labour support also presented a rare opportunity for the organized labour movement to promote its own policy agenda; however, to be effective in doing so, it could not be seen to be unduly obstructing the war effort. During the war, many Canadians – including those within the labour movement – clearly accepted the notion that their individual needs should be subordinated to the those of the state. This meant that just as the state's promotion of freedom, democracy, and cooperation contained its sphere of legitimate action, organized labour's support for the war effort similarly constrained its use of illegal strikes or anti-government riots to gain a "sectional advantage." Nonetheless, as in the state's recourse to coercion to enforce its policies in certain situations, organized labour could and did exert pressure upon the state and the business community through recourse strike action

⁴³ Abella, *The Canadian Labour Movement*, 18; Laurel Sefton MacDowell, 'Remember Kirkland Lake: The Gold-Miner's Strike of 1941-1942' (Toronto: University of Toronto Press, 1983); Morton, *Working People*, 171-4; Fudge and Tucker, *Labour Before the Law*, 135 and 228-301.

once legal measures for addressing its concerns appeared to be exhausted. At the height of these protests in 1943, over 1,000,000 working days were lost to strikes – more than at any previous period in Canadian history.⁴⁴

At that time, the perceived “responsibility” of the organized labour movement was in the process of being bolstered by its growing adoption of the methods and language of scientific management. In 1943 the CCL even formed its own research department and hired Eugene Forsey, a Rhodes scholar with a PhD in political economy, to head the new department. Despite the “modest resources” under Forsey’s direction, the research department gathered information on wage and pension agreements, established a reference library, and began publishing a Research Bulletin to disseminate data on economic and labour conditions. Similar efforts were also underway in the United Steel Workers of America, the United Packing House Workers of America, the United Rubber Workers, and other unions operating within Canada. As Forsey explained in a February 1945 article in the *Canadian Unionist*, the official organ of the CCL, “When employers and economists call for wage cuts to prevent or check depression, labour will have to do more than say no. It will have to know the answer to the employer’s arguments. It will have to be able to develop a concrete, positive, feasible, alternative strategy.”⁴⁵

Labour unions also reinforced their legitimacy by forging further links with other policy

⁴⁴ Fudge and Tucker, *Labour Before the Law*, 228-301.

⁴⁵ Eugene Forsey, “Report of the Research Department,” *Canadian Unionist* (hereinafter, *CU*), Oct 1944; Eugene Forsey, “The Postwar Problems of Canadian Labour,” *CU*, Feb 1945; and MacInnis, *Harnessing Labour Confrontation*, 78-80 and 217-8, n112-8. Also, see Eugene Forsey, *A Life on the Fringe: The Memoirs of Eugene Forsey* (Toronto: University of Toronto Press, 1990).

communities. Several union representatives joined wartime advisory bodies, such as Tom Moore, the TLC president, who served on the ACR, and J.L. Cohen, a labour lawyer, who served on the National Wartime Labour Board. Union members were also becoming more involved in academic industrial relations institutes, such as the University of Toronto's Industrial Relations Department and Dalhousie University's Maritime Labour Institute. They also served on and donated funds to the boards of local charitable organizations, such as the Vancouver Community Chest and the Vancouver Welfare Council. And, on the political front, the CCL threw its support behind the CCF, while the TLC persisted in its unofficial support of the governing Liberal party. Whatever their motivation, which was not necessarily Machiavellian, the effect of these efforts was to contribute to heightening the profile and improving the image of the organized labour movement – an important consideration at a time when the validity of “labour rights” was still highly uncertain.⁴⁶

On the issue of labour rights, union recognition and union security remained among the most pressing concerns of the organized labour movement during the 1940s. The TLC and the CCL both called for compulsory collective bargaining, the closed shop, and the automatic “dues checkoff.” If such policies were to appear to be feasible however, it was necessary for organized labour to be perceived as responsible in its demands. As previously outlined in Chapter Four, this meant that demands for improved wages and working conditions were to be kept within the boundaries of what the market might be “reasonably”

⁴⁶ Owram, *The Government Generation*, 281; Fudge and Tucker, *Labour Before the Law*, 264 to 268; Hazel Wigdor, “Social Work and Trade Unions,” *TSW*, Nov 1943, 18-21; Majorie Bradford, “Public Relations of the CASW – With Labour, Government Departments, and Churches,” *TSW*, Aug 1944, 12; and Heron, *The Canadian Labour Movement*, 73.

expected to bear, while sympathetic strikes were to be eschewed as the breaking of existing legal arrangements between employers and labour unions. By creating a systematic and stable basis for union organization and labour-management negotiations, the development of this new industrial-relations regime could thus be portrayed as a workable means for fulfilling the “improved labor standards” and “freedom from fear and want” provisions of the Atlantic Charter. Among the Canadian public, the political viability of such a position was suggested by two public opinion polls conducted in 1943 and 1944, which indicated, respectively, that 53 percent of the population supported the enactment of collective bargaining and that 65 percent of the population would prefer unions, rather than big business, to exercise greater control over the state ⁴⁷

At the same time, the TLC and CCL both speculated as to the ongoing legitimacy of the free-enterprise system. In a 1943 booklet, entitled *Victory, Then What?*, the TLC declared that despite the “confusion” that might accompany the process of demobilization, Canadians should continue to “energetically” press their “demands for the development of a political, social and economic structure that will materially aid in making effective all of the wartime promises of governments.” It also left little doubt as to the nature of what it thought this new “political, social, and economic structure” ought to look like. As it explained, “[f]ree enterprise has proved its helplessness without the support of governments, and cannot guarantee all that has been promised, and under these circumstances it should be sacrificed

⁴⁷ “Memorandum Presented by the National War Labour Board by the Executive Council of the Trades and Labor Congress of Canada,” *CCJ*, May 1943, 6-14; LAC, MG28-I103, vol. 422, “Memoranda to Government,” 1942-1945; A.R. Mosher, “The Aims and Aspirations of Labour,” *CU*, Mar 1944, 234-8; and Fudge and Tucker, *Labour Before the Law*, 228-301, esp. 264.

to a new controlled system ... that will secure for future generations economic and social security.” The CCL’s corresponding 1943 booklet, *Reconstruction: The First Steps*, similarly declared that

Canadian Capitalists have made it clear that, under capitalism ... new investment will only be forthcoming on two conditions:

- (1) the abolition of the excess profits tax and reduction of corporation taxes and income taxes on large personal incomes;
- (2) maintenance of ‘business confidence’ by cessation of all political activity, and even all discussion, looking towards fundamental economic change.

Furthermore, the pamphlet noted, “a large a growing proportion of Canadians” were “determined not only to talk about” fundamental change “but to work for it” as well. “In other words,” it concluded, “we shall not be able to offer capitalists sufficient inducement to make the new investment required. Therefore, to ensure full employment, the nation will have to assume full control of finance and investment.”⁴⁸

Over the last two years of the war, however, these “radical” positions began to give way to a more pragmatic set of demands, as labour organizations identified the limits of postwar “respectability” and “reform.” During this period, both the TLC and ACCL continued to promote their long-standing demands for unemployment insurance, improved old-age pensions, health insurance, and state-assisted housing development. Both also decided to endorse family allowances, which were previously opposed on the grounds that they would tend to depress wages, as a source of “extra resources” for their membership. Therefore, the TLC and CCL programs 1945-1946 were beginning to look much like that of the Beveridge and Marsh reports of 1942-1943. Labour too was thus coming to tentatively

⁴⁸ “*Victory, Then What?*” (Ottawa: TLC, 1943), 6-9 “*Reconstruction: The First Steps*” (Ottawa: CLC, 1943), 5.

embrace the new “middle opinion.”⁴⁹

As the end of the war approached, the federal government’s “White Paper on Employment and Income,” released in April 1945, probably best encapsulated the emerging postwar policy consensus. The White Paper’s primary author was W.A. Mackintosh, who had been the head of the Department of Political Economy at Queen’s University and a former president of the Canadian Political Science Association before coming to Ottawa in late 1940 to work as a high-level government advisor. Its purpose was “to provide [Canadians] a single coherent statement, in the simple language of the laymen, of what had been done and what could be expected [of the state] in respect of postwar reconstruction.” And, its main theme was that the “maintenance of a high and stable level of employment and income” was to be the “primary object of policy.”⁵⁰

In its approach to reconstruction, the White Paper blended micro- and macro-management methods, while also striking a balance between interventionist and free-market socio-economic policy strategies. It began from the assumption that “[r]emuneration of employment and income in any economy are provided by the expenditures made.” These expenditures were then sub-divided into: “(a) exports,” “(b) private investment,” “(c)

⁴⁹ “*Victory, Then What?*” 6-9; “Report of the Standing Committee on Post-War Rehabilitation and Reconstruction of the Trades and Labour Congress of Canada,” *CCJ*, Dec 1944, 11-13; LAC, MG28-I03, vol. 422, “Memoranda to Government,” 1942-1945; Forsey, “Reconstruction: The First Steps;” Guest, *The Emergence of Social Security*, 116 and 130; and Fudge and Tucker, *Labour Before the Law*, 298.

⁵⁰ On the white paper, see W.A. Mackintosh, “The White Paper on Employment and Income in its 1945 Setting,” in S.F. Kaliski, *Canadian Economic Policy Since the War* (Ottawa: Carleton University, Department of Economics, 1965), 9-23; Granatstein, *The Ottawa Men*, 166-8; Owsram, *The Government Generation*, 316-7; and Campbell, *Grand Illusions*, 3 and 38-68.

consumption,” and “(d) public investment.” As such, postwar policy was to focus upon:

- collaborating with the British Commonwealth and the United States to reduce barriers to international trade;
- fostering a favourable environment for private investment by reducing wartime levels of taxation and ensuring the availability of sufficient credit at reasonable rates of interest;
- stabilising the continuity of domestic consumption through income security measures such as unemployment insurance, family allowances, and agriculture and fisheries price-support programs; and
- undertaking “soundly planned” public works projects for the development and conservation of Canada’s natural resources or where “needed to stabilise employment” after the war.

At the same time, however, the White Paper acknowledged certain limits to government policy. It observed, for example, that “employment and income will be subject to fluctuations in the sphere of international trade, which cannot be wholly and instantaneously offset, and that seasonal fluctuations, resulting from climates and buying habits are not to be overcome without much patient and resourceful work.” It further pointed out that its overall program could not be “achieved by legislation alone,” nor as a mere “object of government policy.” To be successful, rather, its program would have to be “a national endeavour” including ongoing “research and technical education,” as well as co-operation from business and labour in lowering prices, raising wages, and improving productivity.⁵¹

By the end of the war, therefore, one can begin to identify the general outlines of what might be called a new policy paradigm. In the immediate postwar period, social science and government planning were to be employed to bring about the economic and social security promised under the Atlantic Charter, while still leaving as much scope as possible for the

⁵¹ *Employment and Income, With Special Reference to the Initial Period of Reconstruction*, (Ottawa: Ministry of Reconstruction, 1945), passim.

exercise of individual freedom and private enterprise. In the area of industrial relations, labour-management negotiations were to be governed by a more systematic, if still undefined, set of rules and regulations, encompassing some reasonable set of provisions for union security and the protection of management rights. And, in the area of socio-economic policy, a consensus of sorts had been reached on the priorities for full employment, decent housing conditions, expanded access to health care, and great attention to child poverty, all of which had to be developed within the boundaries of what the national income could be expected to bear. But if the parameters of the debate had been largely defined, the specific strategy which would emerge to achieve these goals in the near term remained unclear.

6.2 The postwar welfare state takes shape

Ideas for public policies are not neatly and directly translated from concept to legislation to policy. At each stage of the policymaking process, their progress is mediated and transformed by institutional frameworks, entrenched interests, political and social action, and many other factors. So it was with the evolution of the modern Canadian welfare state. As the concepts and strategies developed among university professors, government departments, and business and social welfare professionals during the late nineteenth and early twentieth centuries entered the policymaking process, each was confronted by rather different sets of political discourses and institutional practices. In this context, as many scholars have recently argued, administrative momentum, legal frameworks, regional identities, electoral politics, and other factors all exerted a powerful influence on the specific form of welfare state that eventually took shape.

The extension of veterans' benefits were the most obvious starting point for the federal government's program for postwar reconstruction. By the mid-twentieth century, Canada and other advanced-industrial societies routinely provided for at least some form of medical care, pensions, and other benefits for those who served in the armed forces during a time of war. Canadian war pensions dated as far back as the Fenian Raids (1866). Before that, distant antecedents also can be found in the land grants issued to British soldiers in the aftermath of North American conflicts ranging from the Seven Years War (1756-1763) to the War of 1812 (1812-1814). These and other such measures originally evolved as rewards for service to the state and, later, as legitimate claims for compensation by the state in return for providing such services. In these respects, they had become part of what the state needed to do in order to be seen to be dealing fairly with returned veterans, and, in an interrelated way, as part of the machinery necessary for mobilising the population on a sufficient scale to meet the challenges of total war.

The veterans' policy of the Second World War was shaped as well by a determination to avoid what was seen as the problems associated with the First World War. As outlined in the 1943 *Canada Yearbook*, among the "principal" causes of these problems "was the fact that Canada, with a population of less than 8,000,000 at that time, had to fit back into civilian life approximately 423,000 men within less than a year." Moreover, it continued:

Of these 423,000, almost half were immigrants who were really making a second beginning in their adopted country. Sixty percent of those returned were over twenty-five years of age, relatively unskilled, and accustomed to work in a pre-war economy with swiftly developing opportunity, tending by choice to short-time employment rather than long service, seniority and slow gains. Thirty-two percent of those serving overseas wished to take up agriculture. All wished to return to civilian life as quickly as possible ...

[thereby] compell[ing] the acceleration of the demobilization program, [and] making absorption in civilian life more difficult.

The payment of war service gratuities was identified as a “further source” of later problems. Although these one-time cash payments were thought to have been “generous enough to avoid difficulty in the early months,” it was later believed that they “were not as effective in establishing permanent rehabilitation as other measures that might have been adopted.”⁵²

The development of a more elaborate program of veterans’ benefits also made economic and political sense during the 1940s in ways that it had not done so twenty years earlier. At the end of the First World War, the state provided very little social assistance to any of its citizens. By these standards, even the small pensions and other minor benefits granted to the veterans of the First World War were generous by comparison. By the early 1940s, however, the threshold of expectations had been raised by the development of mother’s allowances, old-age pensions, unemployment insurance, and the promises of a better postwar world. In addition, as historian Peter Neary points out, much like the case of unemployment insurance, the payment of veteran’s benefits “dovetailed nicely” with the federal government’s understanding that it “would have to act to keep up purchasing power at the end of the war if another [demobilisation] catastrophe was to be avoided.”⁵³

Furthermore, during the interwar period, veterans had become a much larger, more organized, and more potent political force. In 1919 disgruntled veterans had been among the

⁵² DBS, *CY* (1943), 755-7.

⁵³ Peter Neary, “Introduction,” in Peter Neary and J.L. Granatstein (eds.), *The Veterans Charter and Post-World War II Canada* (Montreal and Kingston: McGill-Queen’s University Press, 1998), 11.

major supporters of the Winnipeg General Strike. Thereafter, many veterans had also began banding together in growing numbers within political and social organisations, such as the Great War Veterans Association and the Canadian Legion, and continued to lobby the state for better treatment and a better society. These efforts served to keep the “lingering anger” of veterans, over what many of them saw as a “betrayal” of the ideals they had fought for, high in the public consciousness. And, it would appear as though such efforts did have some effect in shaping Canadian attitudes towards veterans’ affairs during the Second World War. One poll conducted by the Canadian Institute of Public Opinion in July 1942, for example, indicated that 66 percent of Canadians believed veterans of the Second World War “should be treated more generously than the veterans of the last war.” Moreover, by that time, the existing veterans’ organizations provided a ready foundation for future political action by the nearly one-million military voters of the Second World War – many of whom, according to the Department of National Defence, journalists, and other observers, seemed to be relatively distrustful of Prime Minister King and his Liberal government.⁵⁴

For all of these reasons, the rehabilitation and reestablishment of veterans was to become an important part of the federal government’s program for reconstruction. During the Second World, the planning for demobilisation and veterans affairs was much more comprehensive and longer-term in orientation than that of the First World War. It began as

⁵⁴ This compared to 21 percent of whom “expressed optimism” and the remainder of whom “declined to speculate.” See Jeffery Keshen, “Getting it Right the Second Time Around: The Reintegration of Veterans of World War Two,” in Neary and Granatstein, *The Veteran’s Charter*, 64–7. On the evolution of veteran’s policy more generally, also see Desmond Morton and Glen Wright, *Winning the Second Battle: Canadian Veterans and the Return to Civilian Life, 1915–1930* (Toronto: University of Toronto Press, 1987); and Shaun R.G. Brown, “Re-establishment and Rehabilitation: Canadian Veteran Policy – 1933–1946” (PhD thesis, University of Western Ontario, 1995).

early as December 1939, with the establishment of a special Cabinet Committee on Demobilisation and Re-establishment. Over the next six years, the work of this committee was further supplemented by that of a House of Commons Committee on Reconstruction and Reestablishment (March 1942), a Senate Committee on Economic Reestablishment and Social Security (March 1943), and numerous other advisory committees. In 1944, a separate Department of Veterans Affairs (DVA) was also added in order to “deal exclusively with matters of interest to veterans,” including “pensions, treatment (medical and dental), training and education,” and other veterans-related programs.⁵⁵

By the end of the war, many elements of what would become known as the “Veterans’ Charter” were in place. Under this “compendium of legislation,” a returned veteran was entitled to several major benefits. As per Part I of the War Service Gratuity Act (WSGA)(1944), they would receive a “gratuity of \$7.50 for each 30 days qualifying service and an additional 25 cents for each day of qualifying service outside the Western Hemisphere.” Also, as per Part II of the Act, they were granted an equal amount as a “re-establishment credit,” which could be paid in cash or used to assist in purchasing a home, starting a business, or getting further educational or vocational training. Additional payments were also made in the form a \$100 voucher for the purpose of purchasing new clothing, and a \$100 bonus for winners of gallantry medals. Altogether, these payouts averaged between \$700 - \$1,200 per veteran, depending on their service record and their options selected – a substantial amount, as historian Jeffery Keshen points out, “at a time when the average industrial wage was well under \$40 per week.” Further provisions were made for free

⁵⁵ DBS, *CY* (1943), 737-47; and DBS, *CY* (1945), 847-8 and 862-4.

medical and dental services, old-age and disability pensions, and low-cost life-insurance policies as well.⁵⁶

As former DVA bureaucrat Don Ives explains, the Veterans' Charter legislation thus "embodied two allied but distinct principles: 'the compensation principle' and 'the principle of recognition of service.'" According to these principles, all veterans would receive some compensation for their service, but the total amount of that compensation would be scaled according to a standardised template that rated, in a very general way, the value of each soldier's contribution to the war effort. Here, again, one can see how the discourses of scientific management and individual psychology impinged upon the development of socio-economic policy. Compensation based upon a standardised concept of "contribution" was said to be objective and fair, and was assumed to promote future contributions based both upon this fairness and its inherent linking of effort, risk, and reward. Importantly too, they served to emphasise that the benefits accorded to veterans had been "earned," as opposed to granted solely on the basis of charity or as an inherent "right" – neither of which would have been entirely desirable either by veterans or by the state.⁵⁷

The Veterans' Charter had other profound economic and political effects as well. As Ian Mackenzie, the Minister of National Health and Welfare, boasted to the Vancouver Board of Trade in February 1945, the initial grants provided under WSGA alone "would amount to

⁵⁶ A summary of much of this legislation can be found in the DBS, *CY* (1945), 862-84, as well as the reproduction of the DVA pamphlet "Back to Civil Life" (3rd ed., 1946) in Neary and Granatstein, *The Veterans Charter*, 246-90. Also, see Keshen, "Getting it Right the Second Time Around," and Don Ives, "The Veterans Charter: The Compensation Principle and the Principle of Recognition for Service," in Neary and Granatstein, *The Veterans Charter*, 66-72 and 85-94.

⁵⁷ Ives, "The Veterans Charter," in Neary and Granatstein, *The Veterans Charter*, 85-94.

\$752 million,” while “other veteran’s benefits including education, clothing, land-settlement grants, and the like would amount to an additional \$449 million.”⁵⁸ By providing this massive injection of cash into the economy, the Veterans Charter thereby helped to bolster the economy and smooth the demobilisation process. Additionally, by providing for the education and retraining of thousands of veterans, it promoted the expansion of the post-secondary education system, together with the “scientific” world-view embedded within that system, while further developing the skills of the nation’s labour force.⁵⁹

While the Veterans’ Charter addressed the demobilisation of returned soldiers, the Unemployment Insurance Act (UIA)(1940) was intended to address that of the civilian population. Much like the Veterans’ Charter, its possibility and structure were shaped by the intersection of numerous socio-economic policy discourses that had been evolving over the last two generations. From the perspective of scientific-management theory, the UIA adopted “sound” actuarial and insurance principles developed within in the business community, and then applied to what had been identified as a large-scale social problem. From the perspective of industrial-relations theory, it made sense as a means for fulfilling the individual worker’s psychological need for economic security. And, from the perspective of economic theory, the UIA was justified as a means of maintaining consumer purchasing power during occasional, but inevitable downturns in the business cycle.

⁵⁸ Granatstein, *Canada’s War*, 278.

⁵⁹ By February 1947, there were 35,000 veterans enrolled in university programs, and by 1951 an additional 80,000 veterans had completed some form vocational training at an existing “vocational school” or one of the “newly-established” technical institutes in Canada. See Keshen, “Getting it Right the Second Time Around,” and Peter Neary, “Canadian Universities and Canadian Veterans of World War II,” in Neary and Granatstein, *The Veterans Charter*, 72-4 and 110-48

With such a broad and firm conceptual basis, it is no wonder that by the 1940s unemployment insurance had been part of the national political agenda for some time. As we have seen, it was by then a long-standing recommendation of government investigations, organized labour, and, from the early 1930s onwards, even the CCC. Throughout this pre-war period, however, the development of a system of unemployment insurance had been continually hampered by constitutional difficulties, concerns about the program's the potential cost and actuarial viability, and a cautious approach by Canadian political authorities to what was then a large-scale policy program. As the 1940s began, though, many of these obstacles had been largely removed. At the constitutional level, the defeat of the Union Nationale at the hands of the Liberals in Quebec during the fall of 1939 removed one of the major sources of provincial opposition. Shortly thereafter, other provincial administrations in Ontario, New Brunswick, and Alberta were manoeuvred into supporting the UIA as part of their patriotic duty to support the war effort and the preparation for demobilisation. Economically, the costs of the war dwarfed the predicted costs of the UIA, and thereby reduced many of the financial worries that had surrounded the program during the interwar period. Furthermore, the reduced rate of unemployment during the war furnished what seemed as the perfect opportunity to allow the fund to accumulate the necessary reserves for the expected postwar recession. Taken together, these factors greatly mitigated the perceived political and economic risks associated with unemployment insurance, and thereby cleared the way for the implementation of the UIA in 1940.⁶⁰

⁶⁰ Struthers, *No Fault of Their Own*, 175-91 and 196-207; Guest, *The Emergence of Social Security*, 106-7; and Owram, *The Government Generation*, 276.

Upon its enactment, the UIA became another culminating example of the changing relationship between the Canadian state and civil society during the crucial wartime period. Its scale was unprecedented, creating some “3000 new civil service jobs” and “1600 offices” in “cities and towns across the country.” By 1941, its fund, covering some 75 percent of all Canadian workers, “would have an income of \$58.5 million, made up of \$23.4 million each in contributions from employers and workers and \$9.7 million from the federal government.” And, between 1942 and 1946 alone, it would pay out over \$70 million in benefits. Given this size and scope, the UIA thus joined the state with millions of Canadian workers and thousands of employers as fellow “stakeholders” in a common, large-scale financial arrangement. In the process, moreover, as a “social insurance” mechanism, the UIA implied, and thus further established, the necessity of the connection between an individual worker’s contribution and their subsequent “right” to a specific social welfare benefit.⁶¹

Compared to the policies of the interwar period, the Veterans’ Charter and the UIA represented significant steps forward in the provision of social welfare programs for Canadian citizens. In the context of the early to mid-1940s, however, neither came close to fulfilling the terms of the Atlantic Charter, nor to meeting what many experts believed would be necessary to reduce the likelihood of postwar economic and social turmoil. At this time, moreover, the Liberal government found itself under mounting political pressure. One source of such pressures came in the form of election results, beginning with the Ontario provincial election of 4 August 1943, in which the Liberal government of Harry Nixon was soundly

⁶¹ Leacy, Buckley, and Urquhart, *Historical Statistics of Canada*, E166-171; Struthers, *No Fault of Their Own*, 202-4; Guest, *The Emergence of Social Security*, 107-8

defeated by the Conservative Party led by George Drew. Five days later, four former-Liberal seats were swept away in federal by-elections in the ridings of Cartier (Quebec), which went to the Labour-Progressive Party; Stanstead (Quebec), which went to the Bloc Populaire Canadien; and Selkirk (Manitoba) and Humboldt (Saskatchewan), which both went to the CCF. Then came the breakthrough victory of the CCF in the Saskatchewan provincial election of June 1944, ousting yet another set of Liberals from power and creating the first provincial-level social democratic government in North America. Indeed, from August 1943 to June 1944, it appeared as though the Liberal party was in a political free-fall. Another source of pressures came in the form of public opinion polls, many of which seemed to reinforce the perception of a strong desire for change among the Canadian electorate. In one such exercise in September 1943, for example, the CCF was placed ahead of all other parties at the federal level, with 29 percent of the popular vote, while the Liberals and Conservatives were tied in second place, with 28 percent of the popular vote a piece. Still another poll taken one-month later found that 71 percent of voters in Canada favoured "reform," compared to 57 percent of those in the United States and 32 percent in Great Britain.⁶²

In these circumstances, housing emerged as another potential area of policy development. Though it was not regarded as being as high in priority as unemployment insurance, housing policy too had been part of the national political agenda for several

⁶² Granatstein, *Canada's War*, 264-6; Guest, *The Emergence of Social Security*, 125-6; and John English, "Canada's Road to 1945," *JCS* 16, 3-4 (Fall-Winter 1981), 100-9. See as well the larger set of public opinion polls reproduced in Neary and Granatstein, "Appendix I," in *The Veterans Charter*, 235-45. Also worth noting here is how the federal Liberal's experience with polling during the war helped it to market its reconstruction program more effectively in the 1945 federal election through the use of "targeted advertising." See Robinson, *The Measure of Democracy*, 94-157.

decades. Scientific studies of "housing problems" went back to those conducted by progressive social reformers, urban planners, and municipal organizations throughout the interwar period. In conjunction with other social research, these studies linked poor housing conditions and poor urban planning with a host of the usual social problems that were then typically identified with urban-industrial society, such as ill health, juvenile delinquency, and social inefficiency.

The first federal involvement in housing policy began in 1918, with a federal-provincial loan program provide low-cost loans to "municipalities, limited dividend housing companies, and owner-occupiers of lots." Its purpose was to create employment and supply homes for returning veterans. Under the terms of this program, loans were made available to those who might normally qualify for a mortgage with an annual interest rate of 5 percent and a twenty- to thirty-five year term; thus, while the interest rate and length of the mortgage were on easier terms than those in the private market, the expectations of "creditworthiness" were much the same. Partly for these reasons, the program only resulted in the creation of just over 6,000 new homes. Subsequent federal housing policies of the interwar period followed much the same pattern. In 1935, the Dominion Housing Act (DHA), authorised the issuing of federally-subsidised mortgages at a 5 percent interest rate with a twenty-year term. It also lowered the expected down-payment from 40 percent to only 20 percent of the total value of the mortgage. When DHA was rewritten as the National Housing Act in 1938, the expected down-payment was further lowered to 10 percent. Altogether, the DHA provided financing for the creation of about 1,600 homes per year between 1935 to 1938, while the

NHA provided for the creation of about 3,600 homes per year between 1938 and 1944.⁶³

Throughout the interwar period, therefore, federal housing policy was limited in scope and characterized by, as historian John Bacher put, a tendency for “keeping to the marketplace.” Such an approach grew out of the existing federal and provincial division of powers as well as contemporary understandings of the proper spheres of public and private enterprise. For the most part, housing policy was regarded as the responsibility of provincial and municipal authorities, while the private market was regarded as the natural mechanism for supplying society’s housing needs. Nevertheless, the early experimental federal and provincial forays in housing policy did provide a foundation for further public efforts by furnishing examples of what might be achieved through state intervention, the administrative expertise and experience for doing so, and by promoting the development of a community of interest among the government officials, real estate developers, private contractors, and other groups that benefited from these policies. And, in these processes, they contributed to transforming the possibilities for future housing-policy initiatives.⁶⁴

During the war, sharp divisions arose within the federal civil service over how and to what extent wartime housing and postwar government policy ought to be used to expand the

⁶³ Sean Purdy, “Building homes, Building Citizens: Housing Reform and Nation Formation in Canada, 1900-20,” *CHR* 79, 3 (1998), 502; John Miron, *Housing in Postwar Canada: Demographic Change, Household Formation, and Housing Demand* (Montreal and Kingston: McGill-Queen’s University Press, 1988), 242-3; and Jean-Claude Villiard, “The Canadian System of Housing Finance: Past, Present, and Future,” available: www.cmhc-schl.gc.ca, 19 Nov 2004).

⁶⁴ On the history of housing policy in Canada, see Purdy, “Building Homes, Building Citizens,” 492-523; Miron, *Housing in Postwar Canada*, 238-67; Albert Rose, *Canadian Housing Policies 1935-1980* (Toronto: Butterworths Press, 1980); and John Bacher, *Keeping to the Marketplace: The Evolution of Canadian Housing Policy* (Montreal and Kingston: McGill-Queen’s University Press, 1993).

existing stock of housing as a platform for socio-economic stability. Generally speaking, those within the Department of Finance and the Economic Advisory Committee (EAC) favoured greater reliance on market mechanisms, while those within the ACR favoured greater government intervention. Those opposed to the program expressed concerns about its costs, administrative challenges, and undue interference in the private market, while those in favour argued that these problems would be outweighed by the economic stimulus the program would create, as well as the health and welfare benefits it would provide to its clients. In early 1943, the ACR sought to promote its position by establishing a subcommittee on "housing and community planning" to reexamine the entire housing situation in Canada. Its chairman was C.A. Curtis, a professor of commerce at Queen's, and its membership was comprised of some of the top "expert advocates" of "social-housing innovations" in Canada, including George Mooney, the secretary of the Canadian Federation of Municipalities; S.H. Prince, the chairman of the Nova Scotia Housing Commission; Eric Arthur, an architect who authored a major 1934 housing survey in Toronto; and B.H. Higgins, a McGill professor of economics who had prior experience with American public-housing agencies.⁶⁵

The final report of the Curtis Committee was delivered in early 1944. Its approach combined the social reformer's concern with the living conditions of the poorest citizens of the nation, with the city planner's concern with the efficiency and aesthetic appeal of the urban environment, and the economist's concern with the regularity of the business cycle and the preservation of private enterprise. According to its findings, "89 percent of the lower third of urban families were paying more than the desirable proportion (estimated at one-fifth

⁶⁵ Bacher, *Keeping to the Marketplace*, 120-80.

of their budget) for rent.” Moreover, it “documented and deplored” the “ugliness and unsightliness” urban Canada, and its “unregulated shack-towns,” “despoiled waterfronts,” and health menaces such as “smoke, soot, dust, cinders, and noise.” In order to rectify this situation, the report called for a further adjustment of the NHA mortgage parameters to an interest rate of 4 percent, a minimum down-payment of 10 percent, and a term of thirty years. More controversially, it also recommended the subsidisation of “92,000 new public-housing units,” which were to be administered by municipal housing authorities across Canada, as well as the encouragement of more co-operative housing developments, which were to be fostered through making loans available at the same rate as those then being offered to “limited-dividend corporations and public-housing authorities.”⁶⁶

Later that year, following up on the report of the Curtis committee, the federal government rewrote the NHA as part of its larger reconstruction program. The 1944 version of the Act incorporated the Curtis committee’s recommendation for making the terms of government-sponsored mortgages easier still by reducing interest rate to 4.5 percent, cutting the minimum down-payment to 10 percent, and allowing for a thirty-year term. Following these changes, and in contrast to earlier federal policies, the 1944 NHA had a substantial impact on housing development in Canada, assisting in the creation of approximately 21,400 housing units per year between 1944 and 1954. Over the same period, the sale of rental homes constructed by Wartime Housing Limited, a federal crown corporation that had been created to build accommodations for war workers, added a further 37,000 low-cost housing

⁶⁶ Guest, *The Emergence of Social Security*, 127-8; and Bacher, *Keeping to the Marketplace*, 166-72. Also, see the ACR’s *Final Report of the Sub-committee on Housing and Community Planning* (Ottawa: The King’s Printer, 1944).

units to the market. Since the NHA largely ignored the issue of public housing, however, these sales represented the only substantial effort in this area by the federal government during the immediate postwar era. As in the interwar period, many federal officials continued to equate public housing with the perpetuation of slum conditions, municipal corruption, and socialism. Housing development, therefore, would continue to be almost entirely supplied through the private market. Beyond the difficulties this generated for those in need of low-cost housing, this meant that home ownership would remain as a reward for success in the capitalist labour market rather than a part of ensuring a decent minimum standard of living.⁶⁷

The real centrepiece in the Liberal government's reconstruction agenda for ensuring this "social minimum" was the establishment of a system of family allowances. As several scholars have noted, in some respects this seemed to be an odd choice. Prior to 1943, as James Struthers observes, "almost no significant societal discourse or public pressure for family allowances – except in Quebec – can be found." Throughout the early twentieth century, the issue was barely discussed in government investigations or in Parliament, and it continually ranked as a "low priority" on the list of most social reformers. Certainly, other policy proposals had broader political constituencies, such as health insurance, or offered fewer political risks, such as improved old-age pensions.⁶⁸

But what brought family allowances on to the political agenda during the early 1940s

⁶⁷ Bacher, *Keeping to the Marketplace*, 170-6; Villiard, "The Canadian System of Housing Finance: Past, Present, and Future;" and Miron, *Housing in Postwar Canada*, 242-3 and 253-4.

⁶⁸ James Struthers, "Family Allowances, Old Age Security, and the Construction of Entitlement in the Canadian Welfare State, 1943-1951," in Neary and Granatstein, *The Veterans Charter*, 181-2; and Oworm, *The Government Generation*, 310-1.

was, as Struthers put it, “the convergence of policy problems impinging on the wartime Liberal government.” On the positive side, family allowances had gained the support of many high-level economic advisers in the federal civil service as a way of providing for the needs of large families while still maintaining price and wage controls during the transition to a peacetime economy. They also had become much more politically attractive by 1943-1944, as the majority social workers and labour organisations dropped their former opposition to the policy. In addition, family allowances had the benefit of being marketable as children’s and motherhood issue, a “right” of social citizenship (instead of a charitable handout), and as a “less bureaucratic” way of spreading purchasing power among Canadian citizens as opposed to large-scale public works projects (which had become associated with Depression-era make-work schemes). In these respects, family allowances thus fit rather well with the contemporary discourses about investing in children to secure the future of the nation, helping to ensure “freedom from fear and want,” and maintaining consumer demand in a “more democratic” way. Indeed, in relation to the wartime hopes for greater democracy and individual freedom, it was particularly attractive because of the way in which it would allow parents rather than bureaucrats to decide how to spend the state funds being allocated to support Canadian economic stability and development.

In a more negative sense too, family allowances were not burdened by the same constitutional or marketing difficulties that plagued other policy proposals. Unlike health insurance and improved old-age pensions, as a “gift” to citizens by the federal state, family allowances could be immediately implemented without need for constitutional amendments or complex inter-governmental negotiations. In 1945-1946, the limitations of the latter route

were confirmed with the collapse of the Dominion-Provincial conferences on reconstruction. There were other problems as well. On the one hand, many government officials, particularly those within the Department of Finance, worried about adopting national health insurance while the costs for such a program were still not very well defined. On the other hand, improved old-age pensions did not fit terribly well into the rhetoric around postwar reconstruction. Though it may have secured “freedom from want” for some, the program still only affected a relatively small segment of the population, one not well positioned in a consumption-based society. Furthermore, improved old-age pensions were mostly presentable as a benefit to the elderly and those responsible for caring for them, as opposed to a “reward for wartime service” or an “investment in the future.”⁶⁹

The Family Allowances Act thus became law in October 1944. By May 1946, “92 percent of all children” qualified for its benefits, with the average family receiving between \$14 - \$18 of additional income per month. The economic impact of the program was significant. As Struthers points out, “family allowances approximated 15 to 20 percent of family income for households with three to five children in rural Saskatchewan, the Maritimes, and parts of working-class Montreal according to studies conducted during the late 1940s.” Over the same period, the program injected over \$250 million per year of purchasing power into the national economy. Politically, the program was important as well. As Dominique Marshall has demonstrated, for instance, family allowances encouraged school attendance – since children had to be enrolled in school in order to qualify for the allowance – while also

⁶⁹ On the rationale surrounding family allowances, see Struthers, “Family Allowances,” 182-7; Owrarn, *The Government Generation*, 311-15; and Guest, *The Emergence of Social Security*, 128-41.

generating a simultaneous demand for additional “rights” by parents who began to take a greater interest in children’s education and who sought better compensation for the loss of income resulting from the child’s removal from the household labour force. In this sense, the program truly did, as Deputy Minister of Finance W.C. Clark had said, “bring Canadians closer to the government of Canada,” though perhaps not exactly in the way he intended.⁷⁰

Such was the package of policies with which the federal Liberals approached the electorate in June 1945. Going into the campaign, given the apparent resurgence of the Conservative party and, most particularly, the CCF, it was yet to be seen as to whether or not they would remain in charge of reconstruction after all. As it turned out, however, the Liberals did indeed win the election – albeit with a bare majority of 125 out of 245 seats. The Conservatives, who had put together a moderately “progressive” platform, inexplicably chose to run on a campaign based on conscription for the war with Japan and bland political slogans, such as “Win with Bracken.” Predictably, as a result, their party won but one seat in Quebec and sixty-six seats in the rest of Canada. Once again, though, the biggest surprise was the shift in the support for the CCF, which managed to win only twenty-nine seats and 14.7 percent of the popular vote – a disappointing showing given the heady successes it had enjoyed only two years earlier. The reasons behind this collapse in support – whether the leftward shift of the older political parties, the “virulent anti-socialist campaign” of the business community during the election, the inaccurate polling practices of the day, or some combination of all three – is, as political historian J.L. Granastein has said, probably “largely

⁷⁰ Struthers, “Family Allowances,” in *The Veterans Charter*, 185-8; Guest, *The Emergence of Social Security*, 128-33.

impossible to discover.” What is clear is that the election result suggested that state policy was on the right political track, and thereby lent further legitimacy to the Liberal government’s reconstruction program. The Liberals had found the “middle opinion;” they had not invented it, but simply grasped its applicability to the collectivist and individual needs of postwar Canadian society. Its tenants had percolated from the interwar decades onwards, and had finally found coherent expression thanks to the exigencies of the Second World War.

Even after the 1945 election, though, there were still some social and economic policy questions relating to postwar reconstruction that remained as yet uncrystallized in the new consensus. The collapse of the Dominion-Provincial conferences of 1945-1946 set health insurance and improved old-age pensions aside, at least in the short term. The question of a national labour code, however, persistently lingered on. As we have seen, labour organisations had continued to fight hard for such legislation throughout the early twentieth century, while a growing number of state officials, labour-relations experts, and business owners had come to conclude that the development of a more defined legal framework for industrial relations was in the best interests of maintaining national stability and productivity.

The policy legacy of the war years also suggested that the possibility of a national labour code was not out of reach. In March 1944, in the face of mounting pressure from labour unrest, the federal government the government had enacted Privy Council (PC) order 1003 to in order to govern industrial relations for the duration of war. In brief, it incorporated three main principles. First, it compelled employers to bargain collectively with “individuals who were either elected by employees or appointed by a union.” Second, much like the Industrial Disputes Investigation Act (IDIA) of 1907, it required a “two-stage

conciliation process” – first involving officials of the Department of Labour and then a “tripartite conciliation board” comprised of one representative nominated by employers, employees, and the state – during which time there would be a ban on strikes. And third, it “mandated grievance arbitration by requiring every agreement to contain a provision establishing a procedure for the final and binding settlement, without stoppage of work, of all differences concerning its interpretation or violation.” In doing so, the order responded to at least some of organized labour’s demands for recognition and a more effective bargaining process, while also addressing employers concerns about the protection of management rights.⁷¹

Following the end of the war, labour unrest surged once again, fuelled by pent-up frustrations over federal labour policy and employer intransigence during the war years, and a concerted drive by organized labour to “institutionalise” and to improve upon the gains of PC 1003. The number of working days lost to strikes jumped to another all-time high of 1,457,420 in 1945, and then shattered the record of 1945 by reaching 4,516,390 in 1946. In contrast to the strike wave that followed the end of the First World War, in many of these conflicts, the main issues were less a question of the right of unions to exist but rather those relating to the questions of “union security” and “management rights.” Another change was the state’s much greater involvement in the labour relations field as well as its much greater reluctance to use force in order to curb union militancy. Collectively, these factors generated an environment in which the possibilities for a “more codified” system of labour relations

⁷¹ Fudge and Tucker, *Labour Before the Law*, 273-5. Also, see Heron, *The Canadian Labour Movement*, 72-6; and DL, *History of Labour Legislation in Canada*, 6-13.

were more likely than at any prior point in Canadian history.⁷²

In autumn 1946, the issue of union security came to a head during a 100-day strike of 10,000 workers at the plant of the Ford Motor Company in Windsor, Ontario. To settle the dispute, the federal government opted to appoint an arbitrator rather than forcing an agreement through more coercive measures. In the charged and relatively fluid political environment of the immediate postwar period, the latter option were almost certain to provoke even further labour unrest and a dangerous loss of labour support for the Liberal party. Moreover, as mentioned above, such options would have been at odds with the broader desire to forge a durable resolution to the labour-relation problems of postwar era.

The federal arbitrator, Supreme Court Justice Ivan Rand, based his ruling upon what would become the four ideological pillars of modern industrial relations in Canada: private enterprise, individual freedom, scientific management, and the rule of law. He reasoned that in a society “whose economic life has private enterprise as its dynamic,” in which collective bargaining had been established as a social “right,” unions “needed to be strong in order to ‘secure industrial civilisation within a framework of labour-employer constitutional law based on rational economic and social doctrine.’” As such, he ruled that, since all employees benefited from union activities, all employees were therefore required to contribute to the support of a duly-certified union through a compulsory dues check-off by the employer. However, he rejected the notion of the “closed shop” as an infringement of the individual Canadian’s “right to seek work and to work independently of personal association with an

⁷² Fudge and Tucker, *Labour Before the Law*, 281-2; and Heron, *The Canadian Labour Movement*, 75-6.

organized group.” In addition, he decreed that, “in exchange for financial security,” unions would be required to conduct secret ballots prior to strike action, and that they would be both “obliged to repudiate strikes that occurred while a collective agreement was in effect” and to “discipline members who participated” in such strikes. Taken together, these were the elements of the now famous Rand Formula.⁷³

The framework for industrial relations during the immediate postwar period was completed in the period between late 1946 and late 1950. Ontario, Quebec, and British Columbia insisted upon a return to provincial jurisdiction. For its part, the Federal government displayed little interest in securing a constitutional amendment that would make labour relations one of its problems on a permanent basis. All, however, agreed upon the need to “follow a common collective bargaining model.” The result was the eventual enactment of the Industrial Relations and Disputes Act by the federal government in 1948, which established many of the main features of PC 1003 and the Rand formula as part of a the new “national framework” for labour relations in the areas under federal jurisdiction. By 1950, most provinces had followed suit with similar legislation. The wartime consensus on socio-economic relations in Canada had thus found its first postwar echo.⁷⁴

If one were to look back and compare the periods immediately after the First and the Second World Wars, one would find many similarities relating to the hopes for a more scientifically-managed, more efficient, and more democratic postwar society. Why, then, it

⁷³ Fudge and Tucker, *Labour Before the Law*, 284-5.

⁷⁴ *Ibid.*, 294-5; and Heron, *The Canadian Labour Movement*, 76.

might be asked, did the period following the end of the Second World War see so many more changes in these directions than that of the First? Was it merely the defeat of “the progressive forces of change” by more “reactionary elements” in society? Perhaps. But, if so, such a defeat must be understood in the context of the much different society, and the much different “conventional wisdom” on socio-economic policy, that existed in Canada at the end of the First compared to the end of the Second World War. Over the course of the interwar period, that society and its conception of the world were radically reshaped by institutional and intellectual developments connected with the ethos of scientific management and social science, and the changing conceptions of individual workers, economic systems, delinquency, unemployment, and a host of other objects and problems. It must also, therefore, be understood in the context of those changes that did take place around the time of the First World War, with respect to the urbanization and industrialization of Canada, and the expansion of the state and the university system, all of which set the trajectory, though did not entirely determine, the course of later developments.

That is not to say that the Second World War was immaterial to the modern welfare state. Indeed, as we have seen, the war was a crucial element in promoting the coalescing of a coherent alternative to then defunct First National Policy. Political and ideological battles around wartime concepts of “democracy,” “individual freedom,” and “freedom from fear and want” too, all melded in with the emerging socio-economic consensus and the perceived administrative and political possibilities of the day. The result was a version of Keynesianism that continued to place great emphasis on private enterprise and individual effort. The wider significance of these developments is the subject of our final chapter.

7. CONCLUSION: KEYNESIANISM ASCENDENT? POLITICS, PROCESS, AND POLICY TO THE 1950s AND BEYOND

From the early to mid-twentieth century, the paradigm of socio-economic policy in Canada thus underwent a remarkable transition from a relatively narrow pursuit of economic development through tariff protection, transportation subsidies, and immigration promotion to a much more expansive quest for economic and social stability through a host of new policy initiatives such as old-age pensions, unemployment insurance, and family allowances. As the preceding "archaeological" analysis suggests, this transition was propelled and given new definition by long-run transformations in Canadian society such as the emergence of big business, the expansion of the university system, the rise of organized labour, and the centralized provision of social welfare by large-scale public and private bureaucracies. At the same time, this remaking of the norms of Canadian society was made equally possible by the elaboration of new scientific disciplines in economics, psychology, and other social sciences, as well as the reshaping of the mainstream conceptions of the individual worker, the unemployed worker, and the national income. During the early 1930s to the early 1940s, these transformations intersected with the administrative and political realities of post-Depression and wartime Canada to produce a new consensus on a *Second National Policy* among key interest groups in the state, academic, business, and labour communities. By the early-to-mid 1940s, this consensus had coalesced around several interrelated themes: the scientific approach to social problems; the protection of fair wage standards and collective bargaining rights; the socio-economic priorities of full employment, as well as reasonable access to decent housing, education, and healthcare; and the preservation of the largest

possible scope for private enterprise and individual freedom.

How, then, has this particular analysis contributed to our understanding of the early history of the modern welfare state in Canada? Almost two decades ago, political economist Robert M. Campbell proposed that Canadian Keynesianism was a “grand illusion” for two reasons. First, because counter-cyclical financing made little difference to the nation’s economic stability in the decades immediately following the end of the Second World War. And secondly, because technocratic macro-economic management would and could never, in fact, provide the kind of non-disruptive, ideologically-neutral public policy that it promised. This present analysis differs on both counts. In the first instance, whether or not they produced a large-scale budgetary deficit, the value of unemployment insurance, veterans’ benefits, and family allowances was to be found in funnelling a regular stream of income to those who would spend it and in creating the sense of security necessary to encourage this sort of consumption. Given the more closed economy of the 1940s and 1950s compared to that of today, this made a real difference by helping to inject billions of dollars into the consumer-spending envelope of the national income. Moreover, by providing more Canadians with a bigger stake in the existing socio-economic paradigm, the emergence of the Keynesian welfare state was also a strong factor in the nation’s postwar social and political stability. In the second instance, although we can agree that technocratic management did not always lead to an ideologically-neutral form of public policy, the irruption of the social sciences into the discourse of public policy during this period changed the terms of the debate. Increasingly, in order to be considered as credible in the realm of serious policy debates, one had to possess certain scientific credentials and one had to situate their statements within

certain scientific discourses. In these respects, the Keynesian revolution was thus far more than an illusion.¹

In the traditional historiography of Keynesianism, the coming of the welfare state also has often been presented as largely the outcome of political struggles among formal political parties, government bureaucrats, university professors, and business and labour organizations, usually with more or less of the credit – or the blame, as the case may be – assigned to one or more of these groups. Furthermore, the crucial period of change is typically identified as the 1930s and 1940s, due to the “world-changing” effects of contemporary events such as the Great Depression and the Second World War. The present analysis does not entirely reject these contentions. It does, however, add in a much greater appreciation of the important long-run ideological and political transformations involving each these groups, most particularly of the proliferation of the ideology of scientific management and the broadening of the various communities participating in the policymaking process. By conditioning how the “problems” of the 1930s and 1940s were conceived, these changes greatly contributed to the formation of Canadian version of the Keynesian consensus. The analysis here, therefore, also lengthens the chronological scope of the traditional interpretation to encompass the genesis of such changes during the late nineteenth and early twentieth centuries. The Keynesian Revolution thus comes to be understood as more of an evolution.²

Unearthing this analysis a little further, we can see how the foundations of the

¹ Campbell, *Grand Illusions*.

² With respect to the traditional historiography, see *ibid.*; Granatstien, *The Ottawa Men*; Owram, *The Government Generation*; Finkel, *Business and Social Reform*; Morton and Copp, *Working People*, and other examples cited throughout chapter one.

Keynesian consensus in Canada contained the elements of its own undoing as well. If scientific management and pluralist politics were among the main pillars of the modern welfare state, then the weakening or shifting of these foundations were bound to jeopardize the entire structure. This is precisely what took place during the period from the early 1970s to the early 1990s. On the one hand, the rise of government indebtedness, the persistence of poverty, and the emergence of newer socio-economic problems slowly eroded the Keynesian faith in central government planning and control. On the other hand, the multiplication and activation of new political organizations and new economic demands emanating from various women's, aboriginal, ethnic, and other communities cumulatively contributed to the perception of governmental assistance as a *distributional* game rather than a *constructional* tool for the benefit of all. Once again, therefore, new political space was opened up for the articulation and promotion of other socio-economic policy options.

As this process unfolded, the conventional definitions of social problems and their solutions were provoked to change. During the early to mid-twentieth century the disciplines of economics, sociology, and other social sciences came to establish themselves as the arbiters of objective truth within their various domains of knowledge. Between this early period and the later twentieth century, these systems of knowledge were applied on an ever wider scale for the purposes of achieving full employment and economic stability through scientific management. But once centralized planning and activist social policies were increasingly called into question during the early 1970s and the early 1990s, the goals and methods of socio-economic policy began to change once again. Efficiency as opposed to stability became the new objective of socio-economic policy, while market as opposed to managerial

mechanisms became the new methods. As in the case of the First National Policy, the Second National Policy was not suddenly and completely swept aside by a single, all-powerful idea or event; however, these long-run changes have indeed incrementally moved Canada towards a new “post-Keynesian” consensus in which private competition, market incentives, and retrenchment in social assistance have become central themes of socio-economic policy. The macro-economic impulse of Keynesianism was hence gradually superseded by the more fragmented ethos of a micro-economic world – specific types of individuals, groups, and charts began to carry more sway in policy matters than encompassing national aggregates.

Where does all of this leave us in terms of the possibilities for future political action? Most obviously, this analysis further reinforces the notion that the hegemony of any socio-economic paradigm is contingent upon time and place, and continually open to change – even if such change may be a long time in coming. As we have seen, in the late nineteenth century concepts such as family allowances, unemployment insurance, and collective bargaining rights were all considered to be outside of the limits of viable policy. Nevertheless, over the early to mid-twentieth century, these policies did eventually move towards the centre of the Canadian political agenda. Since then, one of these options has disappeared while the other two have been substantially scaled back. Much like the First and Second, therefore, Canada’s Third National Policy is also likely to be little more than a temporary equilibrium of the economic, social, and political forces operating at one given moment in time.

This inquiry also demonstrates that scientific inquiry and pluralist politics can be responsible for either expanding or restricting the scope of what is defined as economically, politically, and socially possible. In the context of liberal-democratic and capitalist societies,

therefore, each of these fields of endeavour ought to be understood as areas of political struggle rather than panaceas for economic and social “problems.” Just as government institutions, business organizations, labour unions, and professional societies all employed these tools in their contributions to the evolution of the Keynesian consensus, so too might they be employed again to further reshape the existing socio-economic policy paradigm.

More importantly, this analysis equally indicates that such efforts need not be restricted to political party leaders, high-level bureaucrats, big business owners, and other “great men.” The modern Canadian welfare state did not simply spring forth from the mind of Keynes any more than it was single-handedly brought into being by William Lyon Mackenzie King, the Canadian Chamber of Commerce, the Canadian Congress of Labour, or even the Cooperative Commonwealth Federation. The modern welfare state was additionally the result of complex and disparate economic, social, and political transformations brought about through the purposeful actions of millions of Canadians over a long period of time. This further suggests the responsibility that each of us bears for building a better or worse society, not only in terms of whether or not we run for political office or write a book – though these can be good ideas – but also in the “political actions” of how we vote, how we make our buying decisions, how we employ the knowledge we possess, and how we treat our fellow colleagues, workers, and citizens. Revolutions, such as the Keynesian Revolution, are often brought about from “the bottom up” as much as from the “top down.” Keynes alone did not make the world of our fathers; he may have instead simply, and brilliantly, crystalized inchoate but relatively harmonious urges already present within Western society.

And lastly, the preceding analysis points the way towards the need to find the optimal balance between scientific management and individual freedom. Although the scientific management of society could produce positive results in terms of economic productivity and social stability, it had a darker side as well – as evidenced in the rise of totalitarianism in Russia, Italy, and Germany between the 1910s and 1930s. In Canada, the United States, and Great Britain, continued respect for individual rights and freedoms were among the main factors that prevented the same result. At the same time, however, the experience of the Great Depression in these same nations reveals the meaninglessness of such rights and freedoms for those most affected by this economic and social catastrophe. Real progress, therefore, continues to consist of finding better ways to defend and promote the collective good, while still enabling citizens to define and achieve their own potential within such limits. In this sense, the Keynesian revolution remains an unfinished project.

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