

## Cutting the Pie into Smaller Pieces: Matching Grants and Relief in the Maritime Provinces during the 1930s

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## Cutting the Pie into Smaller Pieces: Matching Grants and Relief in the Maritime Provinces during the 1930s\*

THE MARITIMES IN THE 1930S WAS for many a grim place to live. The documents give a picture of an often repressive society in which governments were slow to try to bridge the gap between the comfortable and the desperately poor. The three provinces were among the last to adopt such social programmes as old age pensions and mothers' allowances and they were on record as opposing unemployment insurance. They were the meanest of all the provinces in their aid for the unemployed. All levels of government attempted to avoid responsibility for relief, sometimes at the expense of the health and lives of their citizens. The record abounds with examples of elderly and destitute refused assistance, deaf and blind cut off from their schools, seriously ill denied hospitalization, and moral offenders savagely punished.

Maritime governments were unique neither in the nature of their problems nor in their responses to them; they shared in the broad ideological currents of the day.<sup>1</sup> If their attitude towards those in need seemed harsher than governments in other provinces, it was primarily because of their more limited economic resources and their inability to participate effectively in the federal government's relief programmes. The matching grant formulas in the federal programmes would have been fair, if all the provinces had possessed equal wealth. But since their resources varied dramatically, the poorer provinces had either to commit a much greater percentage of their funds to a given programme or to deny to their citizens the benefits conspicuously available elsewhere.<sup>2</sup> In discouraging the expansion of relief programmes at federal-provincial conferences, Maritime governments were expressing the frustration and political

\* The research for this paper was funded by the Social Sciences and Humanities Research Council of Canada. The author is particularly indebted to Murray Young, Eric Sager and Robert Young for advice and criticism and to Carol Ferguson for research assistance in newspapers.

1 For general perspectives on relief policy see James Struthers, *No Fault of Their Own: Unemployment and the Welfare State 1914-41* (Toronto, 1983); J.H. Thompson with Allen Seager, *Canada, 1922-1939: Decades of Discord* (Toronto, 1985); Christopher Armstrong, *The Politics of Federalism: Ontario's Relations with the Federal Government, 1867-1942* (Toronto, 1981); L.M. Grayson and Michael Bliss, eds., *The Wretched of Canada: Letters to R.B. Bennett* (Toronto, 1971); Michiel Horn, ed., *The Dirty Thirties: Canadians in the Great Depression* (Toronto, 1972); and John Taylor, "Relief from Relief: The Cities' Answer to Depression Dependency", *Journal of Canadian Studies*, XIV, 1 (Spring 1979), pp. 16-23.

2 For surveys of matching grant programmes in Canada see D.V. Smiley, *Conditional Grants and Canadian Federalism* (Toronto, 1963), pp. 1-6 and J.A. Maxwell, *Federal Subsidies to Provincial Governments in Canada* (Cambridge, 1937), part II.

embarrassment which the inequities of the relief structure created for them. As the political pressure mounted locally for greater participation in federal relief programmes, they became more adept in cutting their meagre share of the pie into smaller pieces.

This problem was compounded by the poorer provinces' inability to alleviate economic disparity among the municipalities within their borders. As the percentage of uncollected taxes mounted and the proportion of future budgets committed to servicing the municipal debt increased, ratepayers' representatives became increasingly mean in their definition of relief need. With revenues dwindling and debt service charges mushrooming, provincial governments could only urge further restraint. Thus, residents in the poorest municipalities in the poorest provinces became the victims of a process which at two stages reduced the assistance which should have come their way.

The statistics show just how little the Maritimes obtained from the federal relief programmes. Of the total of \$463,667,018 which the central government distributed among the provinces from 1930 to 1939, residents of the Maritimes received only \$15,151,475 or 3.3 per cent. Calculated on a per capita basis, this works out to just over a third or 33.5 per cent of the national average. If one includes federal relief loans to the provinces of \$175,839,121, the Maritimes' share drops to less than a quarter or 23.7 per cent.<sup>3</sup> The disparity in federal funding was also reflected in the smaller amount actually paid the recipients of direct relief. In the winter months, from January to May 1935, for example, the three levels of government spent an average of \$2.84 for each relief recipient in the Maritimes, an amount less than one half of the \$6.18 spent in the remaining six provinces.<sup>4</sup>

The contemporary explanation for the discrepancy was the apparent difference in need. The Maritimes required less because they suffered less severely from the depression. This myth was widely accepted at the time and has persisted in the literature from the period. The myth was partly created by defenders of the region. In the late 1920s politicians, board of trade leaders, and newspapermen embarked upon a campaign to counter the negative image of their economy projected by the earlier Maritimes Rights propaganda and to attract investment in a period of economic expansion.<sup>5</sup> When their tactics appeared to pay dividends

3 Calculated from Department of Finance, "A Summary of Net Loans to Western Provinces under Relief Legislation by Fiscal Years" and "Dominion Relief Expenditures Since September 1930", 13 June 1940, J.L. Ralston Papers, MG27 111, vol. 50, file "Loans to Provinces Gen. (Secret)", Public Archives of Canada [PAC].

4 The monthly rates for those receiving relief in the individual provinces were P.E.I., \$1.93; N.S., \$4.38; N.B., \$1.67; P.Q., \$5.40; Ont., \$8.07; Man., \$6.58; Sask., \$3.58; Alb., \$6.49; B.C., \$6.96. Calculated from J.K. Houston, "An appreciation of Relief as Related to Economic and Employment Tendencies in Canada", 31 October 1936, Department of Labour Papers, RG27, vol. 2096, file Y 40, PAC.

5 E.R. Forbes, *The Maritime Rights Movement, 1919-1927: A Study in Canadian Regionalism* (Montreal, 1979), p. 180.

in new investment in pulp and paper and in tourist facilities, Maritime leaders met renewed depression by increasing the urgency of their campaign. No group of evangelists could have more zealously proclaimed the message of imminent salvation or more vigorously denounced the sin of unbelief. The *Halifax Herald* greeted the new year of 1930 with a list of reasons for regional optimism and exhorted all Maritimers to keep their faith. The *Moncton Times* stated flatly that "business and labour conditions are better in the Maritimes than in any other part of the country". The *Kings County Record* printed an open letter from the editor of *MacLean's Magazine* congratulating the Maritime people on their new-found prosperity and urging them to maintain their positive approach; "1930 will be what sound thinking makes it". The *Record* itself went on to explain why local industries would not be "retarded by any temporary depression" and in 1931 offered an editorial analyzing the "happy situation in which the Maritimes find themselves". The *Ottawa Journal*, the *Telegraph Journal* noted in the spring of 1930, had stated that "while the rest of us have all become querulous and pessimistic the Maritimes have all become optimists". The *Vancouver Sun* attributed the transformation to the Duncan Report which "has changed the Maritimes from a section of despondency and decadence into a live section of optimism and growth" and hailed the regional defenders as "economic statesmen". By 1932, when the orchestrated optimism of regional leaders had begun to peter out, the impression remained throughout the country that the Maritimes was somehow better off.<sup>6</sup>

The statistics of the period do not support the myth that the Maritimes suffered less from the depression than did the rest of Canada. Indeed, it was often contradicted in the data compiled for the Rowell-Sirois Commission. But the commission scholars did not confront the myth head on and at times seemed to encourage it. S.A. Saunders, for example, gave the decline in per capita income in the Maritimes in the first three years of the depression as four to five percentage points smaller than in Ontario and Quebec and far behind that of the West.<sup>7</sup> But if one considers the actual figures instead of percentages, which were skewed by the region's incomplete recovery from the recession of the early 1920s, the Maritimes' per capita personal income of \$185 in 1933 was only marginally above the Prairies' \$181 and very substantially below the Canadian average of \$262.<sup>8</sup> The impact of the depression was more directly indicated by the only

6 *Halifax Herald*, 3, 6, 7 January 1930; *Moncton Times*, 2 June 1930; *Kings County Record*, 3 January 1930 and 2 January 1931; *Saint John Telegraph-Journal*, 14 April 1930. See also K.G. Jones, "Response to Regional Disparity in the Maritime Provinces, 1926-1942: A Study of Canadian Intergovernmental Relations", M.A. thesis, University of New Brunswick, 1980, pp. 45-47.

7 S.A. Saunders, *The Economic History of the Maritime Provinces* (Fredericton, 1984), pp. 49-51 and *Report of the Royal Commission on Dominion-Provincial Relations* (Ottawa, 1940), p. 150; W.A. Mackintosh, *The Economic Background of Dominion-Provincial Relations* (Ottawa, 1939), pp. 70-1.

8 Dominion Bureau of Statistics, *National Accounts Income and Expenditure 1926-1956* (Ottawa, 1958), p. 64.

complete employment survey of the period. The 1931 Census reported 19 per cent of regular wage-earners not working in the Maritimes on 1 June 1931 compared with 16.6 per cent for Ontario, 16.9 per cent for Quebec and 18.4 per cent for the country as a whole. Only in the devastated West were the numbers higher, ranging from 19.9 per cent in Saskatchewan to 24.7 in British Columbia.<sup>9</sup> Of course, more Maritimers did live in rural areas (62.2 per cent compared with a national average of 47 per cent), where fuel and shelter tended to be cheaper. But the discrepancy in relief granted remains even when one compares urban communities of similar size. A report of relief in ten cities with populations of less than a 100,000, compiled by the Welfare Council of Canada in 1935, showed the average monthly cost per relief recipient for the three Maritime cities, Halifax, Saint John and Sydney, to be \$3.77. The average for the other seven was \$9.47.<sup>10</sup> The lower cost of living can not explain the discrepancy, since in 1930 the Department of Labour reported that the average weekly cost of food, light, heat and rent in the Maritimes was just 7.4 per cent below the national average.<sup>11</sup> Nor does James Struthers' theory of "less eligibility", i.e. the perceived need to keep relief low enough to prevent it from competing with local wages, in itself account for such large gaps in relief levels. New Brunswick's average wage of \$3.82 per person per day was 30 per cent below the national average of \$5.47, but Nova Scotia's \$5.62 was marginally above it.<sup>12</sup> If total relief costs in the Maritimes were reduced by lower wages and cheaper living expenses, they were also raised by the inclusion of destitute elderly and single mothers, who in Ontario and the West were treated separately under old age pension and mothers' allowances programmes.<sup>13</sup>

9 The other provincial figures were Man., 21.4 and Alb., 21.6. Calculated from *Canada Year Book 1933* (Ottawa, 1933), p. 778.

10 The other cities ranged from a high of \$11.47 in Calgary to a low outside the Maritimes of \$5.78 in Hull. Calculated from "Relief Trend Report No. 2", Papers of the Canadian Council on Social Development (before 1935 this was the Canadian Council on Child and Family Welfare), MG28, I10, vol. 125, file 1935-37, PAC. The Halifax entry was compiled from "The Direct Relief Report...Nova Scotia", January 1935, RG27, vol. 2096, file Y 40-0 "Nova Scotia Statistics", PAC. This is not to suggest that amounts paid elsewhere for relief were excessive. Indeed, studies of relief in Ottawa and Montreal argue the contrary. See Judith Roberts-Moore, "Maximum Relief for Minimum Costs: Coping With Unemployment and Relief in Ottawa During the Depression, 1929-1939", M.A. thesis, University of Ottawa, 1980; June MacPherson, "Brother Can You Spare a Dime?", The Administration of Unemployment Relief in the City of Montreal, 1931-1941", M.A. thesis, Concordia University, 1976.

11 The Maritime figure was \$19.68 (P.E.I., \$19.74; N.B., \$19.87; N.S., \$19.74) and the Canadian average \$21.25. Calculated from Department of Labour, *Prices in Canada and Other Countries 1930* (Ottawa 1931), p. 7.

12 Department of Labour, *Wages and Hours of Labour in Canada 1929, 1934, and 1935* (Ottawa 1936), p. 93; Struthers, *No fault of their Own*, pp. 6-7.

13 Kenneth Bryden, *Old Age Pensions and Policy Making in Canada* (Montreal, 1974), p. 98 and Veronica Strong-Boag, "'Wages for Housework': Mothers' Allowances and the Beginning of Social Security in Canada", *Journal of Canadian Studies*, XIV, 1 (Spring 1979), pp. 24-33.

The striking disparity between the Maritimes and the other regions is explained in large part by the inability of the Maritimes to participate in the federal matching grants on which the relief programmes were based. The process of metropolitan consolidation which led to the concentration of manufacturing, wholesaling and financial institutions in southern Ontario and Quebec also hived much of the taxable resources of the nation within the two central provinces.<sup>14</sup> Ontario and Quebec were the only provinces readily able to match large federal grants for relief. The western provinces were in a weaker position — their need greater, their finances impaired by the depression and their credit limited by past borrowing and reputations for less than financial orthodoxy. But what the westerners did retain was the confidence that however severe the existing depression, their ultimate growth was assured. They also believed that, with their increased population and political influence, they would eventually be able to redress injustices in the federal system which discriminated against them. Their problem was to obtain the money to deal with immediate relief needs. This they initially did by borrowing their share of the funds from the federal government in the form of relief loans and, as this source threatened to dry up, by developing a variety of expedients to extort more.<sup>15</sup> The Maritimes, though no poorer in circumstances, were much poorer in future prospects. Without the West's option of borrowing against the expectations of future growth, they could only marginally participate in the shared cost relief programmes.

The inverse relationship between poverty or need and the participation in federal relief was also apparent within the Maritime region. New Brunswick's greater problems were reflected in a per capita income figure of \$174 and an unemployment rate of 20 per cent compared with Nova Scotia's \$202 and 19.6 per cent. Yet Nova Scotia received 15 per cent more on a per capita basis for relief purposes and an additional \$3.2 million for their destitute elderly before New Brunswick joined the old age pension programme.<sup>16</sup> The gap appears more severe in the amounts actually given relief recipients. In 1934, for example, recipients in New Brunswick received an average of \$2.27 per month compared

14 See L.D. McCann, "Metropolitanism and Branch Businesses in the Maritimes, 1881-1931", *Acadiensis*, XIII, 1 (Autumn 1983), pp. 112-25 and T.W. Acheson, "The Maritimes and 'Empire Canada'" in D. Bercuson, *Canada and the Burden of Unity* (Toronto, 1977), pp. 87-114.

15 As Minister of Finance Rhodes' correspondence with the western governments on relief was voluminous. See especially Memoranda dated 30 May and 13 July 1932, Rhodes Papers, MG2, pp. 47947 and 47134, Public Archives of Nova Scotia [PANS]. For British Columbian and Saskatchewan perspectives on relief administration see J.D. Belshaw, "The Administration of Relief to the Unemployed in Vancouver during the Great Depression", M.A. thesis, Simon Fraser University, 1982; Blair Neatby, "The Saskatchewan Relief Commission, 1931-34" in Donald Swainson, ed., *Historical Essays on the Prairie Provinces* (Toronto, 1970); P.H. Brennan, "Public Relief Works in Saskatchewan Cities, 1929-1940", M.A. thesis, University of Regina, 1981; Alma Lawton, "Urban Relief in Saskatchewan during the Years of the Depression, 1930-1939", M.A. thesis, University of Saskatchewan (Saskatoon), 1969.

16 See footnotes 3 and 9 above and W. Eggleston and C.T. Kraft, *Dominion-Provincial Subsidies and Grants* (Ottawa, 1939), pp. 104 and 115.

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with \$3.72 for those in Nova Scotia or 39 per cent less, while Prince Edward Island whose per capita income was just \$133 paid out an average of only \$2.21 per recipient.<sup>17</sup>

The onset of the depression found the three Maritime governments already struggling with problems arising from the matching grants formula. The old age pension scheme by which the federal government paid half the cost of \$20 monthly pensions to the needy elderly posed a serious problem for Maritime governments. Already burdened with debt charges as a percentage of revenue far above the national average (26 per cent for Nova Scotia and 28 per cent for New Brunswick compared with 15 per cent for all provinces), they could ill afford a programme which might consume an additional 15 to 20 per cent of annual revenues.<sup>18</sup> Limited finances along with a disproportionate number of potentially eligible aged seemed to put the pension scheme out of reach. Yet the pressure on the governments to establish pensions mounted as national funds were directed to the elderly in Ontario and the four western provinces while denied to those in the Maritimes. The failure to provide old age pensions was a factor in the discontent which almost defeated the Conservative government of E.N. Rhodes in the Nova Scotia election of 1928.<sup>19</sup> In the late 1920s elderly Maritimers sent their often pathetic letters to federal politicians requesting assistance from the national pension scheme, but the latter disclaimed any responsibility and referred them to provincial governments. In the federal election of 1930 Mackenzie King claimed that pensions were a provincial responsibility; the problem was constitutional. Campaigning in the Maritimes, R.B. Bennett gave the constitutional argument short shrift: "I will see to it that old age pensions are paid to every province.... it is a national obligation.... If the Dominion can pay fifty per cent of the Old Age Pensions why cannot it pay 99 per cent?"<sup>20</sup>

After the federal election, the provincial spokesmen cited Bennett's statements

17 P.E.I.'s unemployment rate was 6.8 per cent in 1931.

18 Royal Commission on Dominion-provincial Relations, Public Accounts Inquiry, *Dominion of Canada...and Provincial Governments: Comparative Statistics of Public Finance* (Ottawa, 1939), p. 95; *Final Report of the Commission Appointed to Consider Old Age Pensions* [Fredericton 1930] in New Brunswick Cabinet Papers, RG.... RS29, 1930, Provincial Archives of New Brunswick [PANB]. Prince Edward Island's debt was relatively low at 10 per cent of revenues, but Premier A.C. Saunders estimated that pensions for 20 per cent of those 70 years of age or older would require "about 18% of the total revenue". A.C. Saunders to J.L. Ballon, 7 January 1930, Premier's Office Papers, Provincial Archives of Prince Edward Island [PAPEI]. H.E. Mahon in the "Interim Report of the Commission...to Consider Old Age Pensions" estimated the cost of the pensions in Nova Scotia at \$2.2 million at a time when provincial revenues totaled just under \$7 million. Appendix # 31, *Journals of the House of Assembly*, 1929.

19 E.R. Forbes, "The Rise and Fall 1922-33 of the Conservative Party in the Provincial Politics of Nova Scotia", M.A. thesis, Dalhousie University, 1967, pp. 112-4 and 129-30.

20 *Yarmouth Light*, 3 July 1930 (clipping in Ralston Papers, vol. 15). See also E.N. Rhodes' speech in Moncton in the *Moncton Times*, 21 July 1930.

as constituting a promise of a new pension scheme and urged the elderly to write to the federal government. As the months passed without any word on the pensions, individual and provincial appeals for federally-funded pensions became increasingly strident.<sup>21</sup> Finally, in the summer of 1931, the long-awaited announcement arrived. But it brought neither a federally administered scheme nor 99 per cent funding for those run by the provinces. The matching grant formula was still intact with the federal government's contribution raised to 75 per cent. For the Maritime provinces this change merely tantalized. Since their revenues were further impaired by the depression, having to find even a quarter of the cost seemed to leave the pensions as far out of reach as ever.

Nonetheless, as the political pressure for old age pensions continued, the three provinces eventually found a way to introduce them. In 1933 Prince Edward Island led the way. After conversations with the federal bureaucracy, the Islanders decided that, if they could not raise their revenues sufficiently to participate in the federal programme, they could scale down the programme to fit their revenues. Moreover, smaller pensions would conform more closely to their other relief payments. The government set the maximum pension at \$15 rather than \$20 and developed a means test stricter than those employed in the other provinces. It passed legislation making it obligatory that children provide for their parents. The support of children was given an arbitrary value and added to the theoretical total capital wealth of the individual. This "capital" was assumed to yield an income of 5 per cent per year and if a person's income was calculated to be in excess of \$125, the excess was subtracted from the pension. Of the approximately 6000 residents of 70 years or more on the Island, only 1200 were ruled eligible for any portion of the pension. Many of these were simply shifted from the direct relief rolls, for which the province paid 50 per cent or 33 1/3 per cent if they lived in Charlottetown, to the pension rolls for which the province paid just 25 per cent.<sup>22</sup>

It was an astute political move whose advantages were not lost on the Liberal oppositions in Nova Scotia and New Brunswick. In the former Angus L. Macdonald promised old age pensions in the election of 1933 and introduced them soon after taking office. In New Brunswick Allison Dysart made the government's failure to provide old age pensions an issue in the 1935 campaign and established them the next year. The provincial governments were careful to prevent the municipalities from taking advantage of money saved from the care of the elderly to expand relief services. A Nova Scotia spokesman at the Dominion-Provincial conference of 1935 told how the new government had intervened at the municipal level to place its own nominees on local relief

21 See File #13 "Old Age Pensions" in Nova Scotia Provincial Secretary-Treasurer's Papers, RG7, vol. 225, PANS. See J.A. Macdonald to J.S. Gallant, 18 October 1930, J.A. Macdonald Papers, PAPEI.

22 *Canadian Annual Review*, 1934, p. 268. See also Bryden, *Old Age Pensions and Policy Making in Canada*, pp. 84-97 and 101.



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committees and boasted that through "rigid administration" and "more stringent regulations" it had reduced the numbers on relief from about 50,000 to about 16,000.<sup>23</sup> In New Brunswick in 1936 Premier Dysart accompanied his pension scheme with an attempt to curb relief at the municipal level. The government persuaded the municipality of Gloucester, for example, to accept a system of relief quotas which reduced the allowance for those on relief to just \$.70 a month.<sup>24</sup>

Moreover, neither province admitted that they were introducing pensions that paid substantially less than other provinces. In New Brunswick government spokesmen obscured initial complaints with a discussion of means test regulations. Confronted with the opposition's charge that even "almshouse residents" did not receive more than \$15, the government suggested that the pensions would rise once the programme became better established.<sup>25</sup> The federal report for 1936-37 listed the average monthly pension paid under the act as \$10.58 in Prince Edward island, \$13.39 in New Brunswick and \$14.49 in Nova Scotia compared with an average of \$18.24 in the other six provinces.<sup>26</sup>

The technical education programme was another which taxed the ingenuity of Maritime governments to participate and created additional political problems for them. Nova Scotia, which had pioneered technical education in Canada, had concentrated its expenditures at the university level. The federal act of 1919 was designed to encourage technical programmes in high schools. By 1929 Nova Scotia and Prince Edward Island governments had failed to obtain even half of the federal grant allotted to them.<sup>27</sup> New Brunswick participated more fully, channelling funds into vocational schools in Saint John, Woodstock and Sussex, only to be embarrassed by the federal government's decision to terminate the programme in 1929. Under intense pressure from the municipalities to take over the federal share of funding, New Brunswick urged the Bennett government to resume its contribution.<sup>28</sup> Although federal legislation was passed in 1931 to do so, it was not implemented. In 1930 H.P. Blanchard of Colchester County warned Premier Rhodes to consider carefully the perils of entering another federal programme lest the senior government "back out...and leave the whole 100% on the province as they did with the main highways,

23 Minutes of the Dominion-Provincial Conference, 9 December 1935, Provincial Secretary-Treasurer's Papers, RG7, vol. 231, file 8, PANS.

24 "Report of the Direct Relief Committee", 31 December 1936, Minutes of the Municipal Council of Gloucester, RG18, RS149, PANB.

25 *Synoptic Report of the Proceedings of the Legislative Assembly of New Brunswick*, 1937, pp. 23-5 and 1938, p. 8.

26 *Labour Gazette*, XXXVII, 5 (May 1937), p. 513.

27 Janet Guildford, "Coping with De-industrialization: The Nova Scotia Department of Technical Education, 1907-1930", *Acadiensis*, XVI, 2 (Spring 1987), p. 79 and Maxwell, *Federal Subsidies and Provincial Governments in Canada*, p. 211.

28 J.D. Palmer and W.K. Tibert to C.D. Richards, 8 December 1931 and C.D. Richards to F.M. Sclanders, 19 February 1932, NB Cabinet Papers, RG1, RS9, PANB.

technical schools etc".<sup>29</sup>

Given these difficulties, it was not surprising that the three provinces greeted the federal relief programmes of the 1930s with something less than enthusiasm. As early as 1928 the three Maritime premiers voiced their exasperation in response to federal labour minister Peter Heenan's proposal for unemployment insurance. They simply could not, they argued, commit provincial funds to a new programme when they were already unable to participate in existing programmes. Rhodes took pains to make clear that their quarrel was not with unemployment insurance, since they were "sympathetic to all modern measures of similar character". J.B.M. Baxter of New Brunswick noted both his province's inability to initiate pensions and the added burden of the "probable withdrawal...of assistance to technical education" in explaining why the proposed unemployment scheme was "utterly impossible" for a province "of such limited means".<sup>30</sup>

The new matching grants programmes of the 1930s again promised to increase the strain on provincial finances, they offered no guarantee of permanency, and they threatened to awaken expectations among municipalities and individuals for a degree of provincial participation which these provinces could not afford. The three provincial governments therefore tried to keep their participation in relief programmes to a minimum. They sought to portray their role as essentially that of intermediaries between the municipalities, who were responsible for relief, and the federal government, which wished to come to their aid. Nova Scotia warned its local governments of the limited nature of its commitment which would end with the termination of federal funds.<sup>31</sup> New Brunswick went further, scaling down the requests for assistance from the municipalities and cutting off its contribution in the summer months.<sup>32</sup> At the Dominion-provincial conferences Maritime representatives spoke out against further extensions of relief programmes, criticized the other provinces for their extravagance and emphasized the primary responsibility of the municipalities for relief.<sup>33</sup>

The three provinces found more attractive the relief proposals involving

29 H.P. Blanchard to E.N. Rhodes, 9 April 1930, Rhodes Papers, p. 40930, PANS.

30 Copies of the three letters, E.N. Rhodes, J.B.M. Baxter and Saunders to Peter Heenan, dated 3 August 1928, are in Rhodes Papers, p. 47338, PANS.

31 Circular letter from R. Gordon to the Nova Scotia municipalities, 21 April 1931, Provincial Secretary-Treasurer's Papers, RG7, vol. 225, file 12, PANS.

32 C.A. Ferguson, "Responses to the Unemployment Problem in Saint John, New Brunswick, 1929-1933", M.A. thesis, University of New Brunswick, 1984, pp. 109-13 and D.P. Lemon, "Public Relief Policy in Moncton: The Depression Years, 1929-1939", M.A. report, University of New Brunswick, 1977, pp. 15-6.

33 See statements by A.P. Paterson, Walter Lea and Mr. Paul in the Minutes of the Dominion-Provincial Conference, 9 December 1935, Provincial Secretary's Papers, RG7, vol. 231, file 8, PANS; Charlottetown *Guardian*, 21 March 1934, quoted in L.J. Cusack, "The Prince Edward Island People and the Great Depression, 1930-1935", M.A. thesis, University of New Brunswick, 1972, p. 135.

highway construction — particularly the trans-Canada highway projects for which the senior government initially paid half of the cost. These offered political patronage, much-needed employment, and progress towards realizing the provinces' strong aspirations for a tourist industry. Indeed, they suggested another aspect of the provinces' dilemma. Should responsible leaders concentrate scarce resources on the direct relief of individuals while the provincial infrastructure, including roads and electrical development, fell so far behind the rest of the country as to impair future development? Yet, after 1932, the federal government abandoned its highway programmes and shifted to a policy of direct relief because it was less costly.<sup>34</sup> At the nadir of the depression the provinces were left to complete construction largely with their own resources. They obtained the money for both roads and direct relief by borrowing and, by the end of 1933, debt charges consumed respectively 35 and 55 per cent of Nova Scotia and New Brunswick revenues. The financial problems of New Brunswick, in particular, remained acute throughout the decade as its governments had difficulty in selling bonds and faced tough negotiations with chartered banks.<sup>35</sup>

The relations between the provinces and the municipalities often paralleled those of the provinces and the Dominion. A few of the wealthiest municipalities were able to participate in the federal programmes to the extent that their provincial governments would let them. But the gap in economic resources among the municipalities left the poorest without the finances to obtain more than a fraction of the assistance available. Moreover, like the provinces, the municipalities were already embarrassed by their enforced participation in programmes which took little account of their straitened circumstances.

In Nova Scotia premier Harrington noted in the spring of 1931 that the "financial condition" of some of the municipalities seemed to be "in very bad shape".<sup>36</sup> Guysborough county, already suffering from rural depopulation, general out-migration and pockets of chronic poverty in the 1920s had no reserves with which to cushion the effects of a new depression on its fishing and lumbering industries. Failing to collect more than 36 per cent of its taxes by the spring of 1931, the municipality found itself unable to pay bank overdrafts and debts to the province. A bitter county clerk protested that the escalation of costs in municipal estimates was due almost exclusively to the items of the budget over which the municipality had no control, including education, care for the insane

34 E.N. Rhodes to J.F. Fraser, 10 November 1931, Provincial Secretary-Treasurer's Papers, vol. 225, #5, PANS.

35 R.W. Gouinlock to P.S. Fielding, 21 May 1937, Premier's Office Papers, PAPEI. See copy of telegram for the Premier of New Brunswick from "the four banks who lend money to that province" in G.T. Towers to J.L. Ralston, 15 April 1940, Department of Finance Papers, RG19, vol. 2697, PAC.

36 G.S. Harrington to John Doull, 17 July 1931, Provincial Secretary-Treasurer's Papers, RG7, vol. 225, PANS.

and the indigent ill, and child welfare. The Hospital Act, in particular, forced the municipality to "pay for every seeming affliction anybody may imagine he has".<sup>37</sup> Faced with reports of widespread destitution, the county council sought permission to distribute whatever money it did obtain, in the cheapest way, as direct relief.

In New Brunswick the difficulties of the poorest municipalities followed a similar pattern. The northern counties suffered from the problems of the forest industries, especially lumber, and the fisheries. With the closure of sawmills the parish officers of Northumberland county rapidly exceeded the amounts assessed their parishes for assistance to the poor. Their appeals for provincial help brought reminders that the parishes were a municipal responsibility and legislation authorizing the municipalities to borrow to meet parish obligations.<sup>38</sup> The Northumberland Council secured loans to cover their overseers' deficits but carefully assigned responsibility for both principal and interest to the parishes which had incurred them. Early in 1933 the provincial and federal governments recognized the special nature of Northumberland's difficulties by increasing their share of relief in the county to 80 per cent. Even this assistance was not sufficient to keep the county solvent. With an estimated one third of the county requiring relief and tax revenues shrunk to 40 per cent of "normal", the bank cut off credit.<sup>39</sup> The province then provided guarantees for temporary relief loans until the county's new bond issue. But only a portion of the bonds could be sold and by 1934 the long-suffering merchants who were unable to collect the more than \$10,000 owing for past relief orders refused further credit.<sup>40</sup> The county's appeal to their famous native son, R.B. Bennett, reporting "large numbers destitute to danger of starvation" brought the standard reply that there was "no contact between Dominion and municipalities". Faced with predictions of "serious disorders imminent", the province finally agreed to make loans to the municipality while accepting its bonds as security.<sup>41</sup> The neighbouring counties of Gloucester and Restigouche were likewise refused bank loans in 1934. Gloucester too had to be bailed out by the province but Restigouche, with a stronger economy, launched a collection drive, resolutely cut back on expenditures and managed to re-establish its credit with the bank.<sup>42</sup>

The New Brunswick municipalities protested what their Union spokesman

37 J.A. Fulton to John Doull, 2 April 1931, *ibid.*

38 22 George V, 1932, c.6.

39 Minutes of the Municipal Council of Northumberland, 17, 21 January 1933, RG 18, RS153, PANB.

40 *Ibid.*, 13 February 1933.

41 Minutes of the Municipal Council of Northumberland, 17, 18 January 1934; Order in Council, 3 April 1934, New Brunswick Cabinet Papers, PANB.

42 Minutes of the Finance Committee of the Municipality of Gloucester, 4 April 1935, Gloucester County Minutes, PANB; Minutes of the Municipality of Restigouche County, 22 May 1934, RG18, RS155, A1, PANB and "Auditor's Report" in *ibid.*, 1 January 1936.

## *Maritime Provinces in the 1930s 45*

T.H. Whalen called the province's "continually unloading things on the municipalities". They particularly resented the charges for hospitalization which the province increased during 1931.<sup>43</sup> With so many of their people unable to pay for their health services, the three northern counties appealed to the province to assume the responsibility and became increasingly reluctant to commit the indigent to long term hospitalization.<sup>44</sup> The denial of hospital services, particularly to the victims of tuberculosis, may have been reflected in changes in the provincial death rate. The number of deaths per 100,000 declined throughout the 1920s, leveled out in the early 1930s, and rose again in Gloucester and Northumberland at mid-decade. In the year ending October 1935, deaths from tuberculosis in Gloucester municipality jumped from a previous annual average of less than three to 40 and the following year to 50.<sup>45</sup> In presenting Northumberland's submission before the Rowell-Sirois Commission D.K. Hazen stated that "the Municipality, owing to lack of funds is unwilling to pay the expenses of hospital treatment if it can be avoided and the treatment, therefore, is not generally given in the advanced stages when it is most effective".<sup>46</sup> In 1937 a Red Cross worker from Chatham included in her report to the cabinet a snapshot of a tubercular woman convalescing in a room which had been hastily created for her by neighbours closing in a verandah.<sup>47</sup> A proposal to give health officers the authority to commit indigent patients to hospitals was successfully resisted by the municipalities who required formal approval of admissions by parish representatives. Restigouche also refused to accept doctors' bills not signed by the overseers of the poor.<sup>48</sup>

The position of the parish officers directly responsible for relief was not an enviable one. For a consideration of perhaps \$10 a year the poormasters were expected to investigate the needs of hundreds or even thousands of relief recipients and take the steps necessary for their survival. During their financial crises, the municipal councils tended to divide whatever money they collected among their most pressing creditors and to distribute what was left among the parishes for relief. When the money ran out, the poormasters often tried to secure loans on their personal credit for which the municipality might eventually

43 Royal Commission on Dominion-Provincial Relations, Report of Proceedings, 23 May 1938, p. 9069. (Copy in stacks at Harriet Irving Library, UNB.)

44 Minutes of the Municipal Council of Gloucester, 20 January 1932; Minutes of the Municipality of Restigouche County, 18 January 1934, PANB.

45 The Annual Reports of the Sub-Health District of Gloucester were included with the county minutes, 31 October 1935 and 31 October 1936. For expenditures on tuberculosis care see *Submission by The Municipality of Gloucester to the Royal Commission on Dominion-Provincial Relations* (April, 1938), p. 15. (Copy in stacks at Harriet Irving Library.)

46 Royal Commission on Dominion-Provincial Relations, Report of Proceedings, May 23, 1938, p. 9085.

47 Mrs. E.T. McLean to J.B. McNair, 17 January 1938, New Brunswick Cabinet Papers, PANB.

48 Minutes of the Municipality of Restigouche, 18 January 1935 and 22 January and 17 July 1936 and Minutes of the Municipality of Gloucester, 24 January 1936.

take responsibility. On one hand was the constraint imposed by the difficulty of borrowing money and, on the other, the pressure of watching their friends and neighbours go hungry. An investigation of Restigouche finances in 1934 revealed several thousands of dollars in unrecorded liabilities incurred by individual poormasters.<sup>49</sup> It is not surprising that the harried poormasters reacted angrily towards those who inadvertently increased the number of mouths they had to feed. Sentences of nine months to a year became customary for males prosecuted by the poormasters for the crime of bastardy.<sup>50</sup>

The problems of Prince Edward Island were similar to those of the rural municipalities. In the 1920s, the province faced rising expectations in education, roads, health and welfare with hopelessly inelastic revenues and a longstanding tradition of popular resistance to direct taxation. Of greatest urgency was the need to provide better public health services. National anti-tuberculosis campaigns had considerable appeal when upwards of one per cent of the population (estimates ranged from 700 to 1000) were infected by the disease.<sup>51</sup> Pressure from Women's Institutes, Red Cross and other groups for the construction of a sanitarium drove Premier A.C. Saunders to desperate pleas for additional funds from the federal government. As he told the Young Men's Commercial Club in 1928, in resisting their petition for a sanitarium, there are "only two sources of revenue", the federal government and the farmers, and the latter "do not feel disposed to stand for any additional taxes".<sup>52</sup> Specifically Saunders called on the federal politicians for the province's share of additional funds which might come from the general rationalization of provincial subsidies recommended by the Duncan Commission. The King government had used a vague promise of a new investigation to detach Prince Edward Island from the Maritime Rights campaign, but the anticipated settlement failed to materialize. At the beginning of the 1930s A.C. Saunders and his successor, W.M. Lea, diverted appeals for improved services, including higher salaries for teachers and old age pensions, with the plea that these must await the additional funds from Ottawa.<sup>53</sup> The province did contribute \$30,000 to the building of a small sanitarium by volunteer groups, but it obtained a portion of this money by cutting back the assistance previously given to enable blind and deaf children to study in the specialized schools in Halifax.<sup>54</sup>

49 "Auditor's Report", Minutes of the Municipality of Restigouche, 3 July 1934.

50 J.W. Farth to J.B. McNair, 20 August 1935 and A.W. Bennett to A.J. Leger, 13 March 1931, New Brunswick Cabinet Papers, PANB.

51 A.C. Saunders to Rev. T. Constable, 26 November 1928, Premier's Office Papers, PAPEI.

52 A.C. Saunders to G.S. Buntain, 1 March 1928, *ibid.*

53 E.R. Forbes, *The Maritime Rights Movement*, pp. 186-7; A.C. Saunders to Agnes Murnaghan, 27 March 1929, and W. Lea to R.B. Bennett, 5 February 1931, Premiers' Office Papers, PAPEI.

54 A.C. Saunders to G.E. Saville, 31 October 1939; G.E. Saville to A.C. Saunders, 28 October 1929, and A.C. Saunders to George Bateman, 29 August 1929, *ibid.*

With the onslaught of another depression, successive P.E.I. premiers worked to minimize the popular expectation of relief. Relief, they argued, was largely unnecessary for the Island with an economy based on mixed farming and lacking either the large population of industrial unemployed or the drought which afflicted the West. But as the bottom dropped out of the market for Island potatoes and fish these arguments became less convincing.<sup>55</sup> Lacking rural municipalities, the provincial government was responsible for relief outside of the towns, and in a deliberate policy to discourage those seeking relief, it refused to inaugurate new procedures. It merely extended the traditional paupers' list by which indigents were aided at the rate of \$5 per family per month after a case had been made for them by local clergymen, doctors or neighbours. It also encouraged volunteer agencies to greater efforts in succoring those in difficulty. In 1932 it did persuade the federal government to pay for a portion of the paupers' list and the customary third for relief administered through the municipality of Charlottetown.<sup>56</sup>

The letters to the premiers documenting individual cases for relief reveal unpleasant features of rural poverty. They tell of farmers lacking seed for crops, of animals slowly starving in their stalls, of children suffering malnutrition, and of a long waiting list for the sanitarium.<sup>57</sup> Moreover, as the depression worsened, its impact became cumulative and apparently irrevocable. In a 1936 letter to the Dominion commissioner of relief, Prince Edward Island's Deputy Provincial Treasurer, P.S. Fielding, explained that unemployment conditions on the Island had failed to respond to improved markets because "a large proportion of our farming population has...degenerated into circumstances where the conditions of market have very little effect on their general living conditions. They...have reached the stage where they are unable to cultivate their land, which has consequently...deteriorated. Stock and equipment have been gradually depleted...during the past winter conditions generally were far more critical than...in any previous season". Two years later an unemployment committee representing churches, labour unions, the Legion, the Free Dispensary and the Fishermen's Loan Board reported "distress and destitution" in Charlottetown and "employment conditions...more serious than at any time since the depression set in".<sup>58</sup>

The direct relief statistics from municipalities reinforce the impression of an inverse correlation between poverty and relief under the matching grants

55 Cusack, "Prince Edward Island and the Great Depression", ch. 2.

56 J.D. Stewart to Harry Hereford, 9 January 1934, "Direct Relief Files 1935-1941", Records of Dominion-Provincial Affairs, RG21, PAPEI.

57 P.A. Scully to A.C. Saunders, 27 September 1929, and Dr. R.K. Boswell to T. Campbell, 6 February 1939, Premier's Office Papers, PAPEI. "I know you may be tired of such cases", Boswell wrote.

58 P.S. Fielding to Harry Hereford, 6 August 1936, "Direct Relief Files 1935-1941", PAPEI; see resolution and collection of statements dated 11 May 1938 in *ibid.*

programme. In Nova Scotia one can discern four levels of assistance according to the average monthly payments to relief recipients. The most generous community, Amherst, which before the war boasted more millionaires per capita than any other town or city in Canada, occupies a level by itself.<sup>59</sup> This small manufacturing and commercial centre of about 8,000 maintained almost 2000 people on relief throughout 1933 at an average cost of \$5.70 per month.<sup>60</sup> This figure was almost on a par with the national average and more than a quarter above the per recipient contribution of any other Maritime municipality. At a relief conference of Nova Scotian municipalities in 1934, Amherst Mayor Read defended his town's greater largesse by noting that its grant for food worked out to 4 1/2 cents per person per meal for a family of four and invited the other mayors to explain "how anyone can live on less". His challenge was not accepted. Amherst retained and even extended its lead through the remainder of the decade.<sup>61</sup>

Mining towns held three out of four places at the next level. Glace Bay, Springhill, and New Waterford owed their prominence in granting relief less to relative wealth than to the organization and political influence of those demanding assistance. The initial pressure for help came from areas where labour was organized, alert to the funds distributed in industrial centres elsewhere, and determined to obtain their share. Familiar with the co-operative relief activities required by strikes, the leaders of District #26 United Mine Workers of America co-operated with the Corporation in rationing shifts and with the municipalities in appointing investigating committees to apply for and distribute what direct relief was available. The town of Glace Bay borrowed \$100,000 in 1930-31 and then, with its credit nearly exhausted, required "donations" to the municipality from relief recipients of one-third of their total assistance as an expedient to keep federal and provincial funds flowing.<sup>62</sup> Although required to abandon this practice, the miners were able to force attention from Conservative provincial and federal governments who regarded the industrial centres as critical to their continued political success.<sup>63</sup> Particu-

59 Nolan Reilly, "The Growth and Decline of Amherst as a Manufacturing Centre, 1860-1930", a paper delivered to the Sixth Atlantic Studies Conference, May 1985.

60 The monthly "Direct Relief Reports" from Nova Scotia to the Minister of Labour are complete from April 1933 to March 1934 and largely complete from October 1932 until the end of the decade, RG27, vol. 2096, file Y 40-0, PAC.

61 *Proceedings of...the Union of Nova Scotia Municipalities*, 1934, p. 143. For accounts of what it was like to "live on less" see David Frank and Don MacGillivray, eds., *George MacEachern: An Autobiography* (Sydney, 1987), ch. 3.

62 M.S. Campbell, "Re unemployment situation etc. Sydney, North Sydney, Sydney Mines, New Waterford, Dominion, Glace Bay, Louisburg and Springhill", copy enclosed with H.H. Ward to G.S. Harrington, 18 August 1931, Provincial Secretary-Treasurer's Papers, RG7, vol. 226, #7, PAC.

63 W.J. White, "Left wing Politics and Community: A Study of Glace Bay, 1930-1940", M.A. thesis, Dalhousie University, 1978, pp. 69-77 and 44-7".



larly useful at this time was their reputation for radical militancy. A federal investigator of conditions in the mining communities in August 1931 reported that "the Red element" was "showing signs of liveliness" and there was potential for a strike "worse than anything previous in the history of Cape Breton". This report was followed by the announcement of new relief projects by the senior levels of government. The federal government also increased coal and steel tariffs and coal transportation subsidies.<sup>64</sup>

Most other urban centres, Halifax, Trenton, Westville, New Glasgow, Sydney Mines, Truro, Dartmouth, Sydney, and North Sydney, gave relief averaging in the \$3.50 to \$3.00 range. Last among the towns which paid relief on a twelve month basis were Inverness, Pictou, and Stellarton at close to \$2.00 each. Only two rural municipalities paid relief for the twelve month period, Pictou County at \$3.07 and Cape Breton County at \$2.07. At the bottom level were the remaining 17 municipalities who paid relief on an irregular basis often restricted to the winter period. Guysborough County was one of these. In 1934 it cut off relief in May and did not resume it again until February. A check of Guysborough's relief payments in the peak month of March indicate how erratic and limited its assistance really was, even during the few months it was offered. In 1934 the three levels of government distributed through the municipality \$3066 to 2696 people for an average of \$1.14 per person. A year later they gave 90 people an average of \$2.20 apiece for the month.

On Prince Edward Island the gap was sharp between those receiving provincial aid and those assisted through the municipality of Charlottetown. For February 1935 the average payment for the 6466 provincial recipients was \$1.90 compared to Charlottetown's \$3.20 for 2119 residents of the city. For February 1936 the disparity increased as the respective averages were \$2.19 and \$5.35. Prince Edward Island's overall figures were reduced by interruptions in relief, usually during the summer months. The combined average of province and city for the year 1935 was just \$1.77.<sup>65</sup>

For New Brunswick more fragmentary data suggests a similar gulf between the stronger and weaker municipalities in the amount paid. In the year ending 31 March 1935, Moncton carried an average 1344 people at a monthly rate of \$3.35, Saint John paid \$2.93 to a monthly average of 4761, and Campbellton assisted 507 people at \$1.35 a month for two months.<sup>66</sup> In February 1936, Gloucester municipality gave its 12,234 relief recipients an average of \$1.14 apiece. February averages for the previous year for Moncton and Saint John were

64 M.S. Campbell, "Re. unemployment situation etc.", *op.cit.*

65 Copies of monthly relief reports to the Minister of Labour are contained in two boxes of papers entitled "Relief to 1940", PAPEI and in RG27, vol. 2096 Y 40-I, "Statistics PEI" (First and Second sections), PAC.

66 New Brunswick seemed determined to avoid supplying data which could be used for comparisons in the amounts of relief given. Statistics on three communities for one year is given in Department of Labour Papers, RG27, vol. 2096, file Y40, "Classification of Unemployed", PAC.

respectively \$4.35 and \$3.21. In Ontario the average paid each relief recipient for the same month was \$8.13.<sup>67</sup>

In New Brunswick the low level of relief given even prevented the province's participation in the national programme for encouraging a return to the land. The talk of a "back-to-the-land" movement initially drew responsive echoes from New Brunswick, whose politicians were conscious of its large tracts of uncleared forests, previous failures to attract immigrants, and an earlier interest in colonization by Acadian spokesmen. In 1930 premier J.B.M. Baxter advised the unemployed to "go back to the land and work it", for as long as one has "land and health" a man will not starve.<sup>68</sup> The province announced a new tripartite programme to go into effect in March 1932, appointed a board to administer it, and began surveying lands and building roads for the new settlers.<sup>69</sup> But the New Brunswick government apparently failed to consider the terms of the national programme from the prospective of its municipalities. The programme called for each level of government to contribute \$200 per family: \$400 for building materials, animals and farm implements and the remaining \$200 to provide additional support over the first two years. In Ontario, at these figures, municipalities might expect to recover their investment in the first two years through a saving of direct relief costs. In Nova Scotia, where the programme was inaugurated for "surplus" miners, it at least suggested the possibility of an eventual break even point.<sup>70</sup> But so much lower were the direct relief totals in New Brunswick that the programme meant only increased costs to the municipalities. Some municipalities were also uneasy about who would be responsible for future relief in the new settlements should they fail to become self-sustaining. New Brunswick municipalities therefore unanimously rejected the scheme. Even Restigouche County, which had rushed to offer Campbellton as a headquarters for the programme, ultimately refused to participate.<sup>71</sup>

It is one of the ironies of the period that the back-to-the-land movement became most popular in a province which could not participate in the national programme. So desperate were many New Brunswickers and so limited their alternatives that they clambered to take out land with only a fraction of the

67 Report of the Direct Relief Committee to the Municipal Council of Gloucester in Minutes, 31 December 1936, p. 452. PANB, RG18, RS149 gives the amount spent on relief for the month. The numbers on relief in New Brunswick municipalities for one month only are contained in Papers of the Department of Public Works, RG14, RS128, 4/16, PANB. For provincial figures see J.K. Houston, "An Appreciation of Relief", p. 25.

68 Saint John *Telegraph-Journal*, 15 September 1930 and New Brunswick, *Report of the Department of Lands and Mines*, 1930, pp. 53-4.

69 "Agreement...", 17 May 1932, New Brunswick Cabinet Papers, PANB; *Report of the Department of Lands and Mines*, 1932, p. 56.

70 Department of Labour, "Report on Nova Scotia's Unemployed", R.B. Bennett Papers, p. 477764, Harriet Irving Library, UNB.

71 Moncton *Transcript*, 17 June 1932: Minutes of the Council of the Municipality of Restigouche, 23 January 1931 and 5 July 1932.

assistance available elsewhere. In 1932 the number of new families setting out each year to carve new farms out of the New Brunswick wilderness rose from about 150 to more than 300 and after 1936 exceeded 600. By 1939 the department of lands and mines, which was responsible for parcelling out the lands, reported a population of 11,165 in several dozens of new settlements concentrated in the northern counties. Quebec with five times the population had 24,666 and Manitoba came a distant third at 5900.<sup>72</sup>

Despite their heroic efforts in clearing and cultivating land, few of the new settlers managed to become economically independent. The provincial government regularly supplied them with seed, allowed pulp-cutting from their 100 acre claims and, aided by federal grants for the relief of unorganized territories, supplied \$4.07 worth of groceries four times a year.<sup>73</sup> In 1935 the province circulated additional cash among the colonists through bonuses for land ploughed and brought under cultivation. In the summer of 1939 a federal department of agriculture analysis of the economic progress of 300 settlers in northern New Brunswick revealed that their average total net worth including cleared land, buildings, farm implements, and personal possessions after an average of 4.2 years on their new holdings amounted to just \$578. This was about what they might have received at the outset had they resided in most other provinces. Noting their lack of adequate farm implements, machinery for clearing land and sewing machines for their wives, the investigators concluded that, as a result of insufficient capital, their efforts had been largely wasted.<sup>74</sup>

In August 1934 the federal government officially abandoned the matching grants formula in direct relief for a new programme of grants-in-aid to the provinces. These were to be based on "need and the ability of the province to deal with the problem". The grants, which were fixed in advance and paid regularly at monthly intervals, did help the provinces in planning their programmes. They had limited effect, however, on the distribution of federal assistance since the principal indicator of need was taken to be the money spent by each province under the old matching grants system. The timing of the transition was unfortunate for the Maritimes. The new monthly relief grants of \$68,000 — \$2,125 to Prince Edward Island, \$25,000 to New Brunswick and \$40,875 to Nova Scotia — were substantially less than the federal share of relief costs paid to the

72 New Brunswick, *Report of Department of Lands and Mines*, 1939, p. 120; Department of Labour, "Dominion Unemployment Relief Since 1930" (January 1940), p. 39; see also W.M. Jones, "Relief Land Settlement" in L. Richter, ed., *Canada's Unemployment Problem* (Toronto 1939), pp. 261-95.

73 E.M. Poirier, "The Founding of Allardville Settlement", M.A. report, University of New Brunswick, 1973, p. 21.

74 A. Gosselin and G.P. Boucher, *Settlement Problems in Northern New Brunswick* (Ottawa, 1944), Canada Department of Agriculture Publication No. 764, pp. 24-9. By this time the provincial department responsible was also beginning to doubt the value of the programme. See Department of Lands and Mines, "A Discussion of Land Settlement in New Brunswick", RG10, RS106, box 42, "Correspondence re Reconstruction".

region for 1933. But unlike the country as a whole, whose relief payments continued to rise during the first half of 1934, those in the Maritimes declined sharply as municipalities ran out of money and provincial governments forced draconian cutbacks in the summer months. In 1933 monthly relief totals varied from \$312,422 in February to \$164,253 in July. In 1934 the totals were respectively \$268,700 and \$101,810 for the same two months.<sup>75</sup> Thus, while the new grants-in-aid could be projected as increases over the low summer relief totals,<sup>76</sup> they were in fact reductions of more than 1/4 from the *average* monthly direct relief payments by the federal government to the Maritimes through the calendar year of 1933. The federal payments continued with little variation through 1935 and in December of that year provided the base for a 75 per cent increase to all provinces by a newly elected Liberal government. The increase was intended "to enable the provinces to lighten the burden upon the municipalities".<sup>77</sup>

The matching grants mentality persisted, however. In 1936 the King government commissioned Charlotte Whitton of the Canadian Welfare Council to analyze the existing relief structure and to produce recommendations for reform. Whitton, who emphasized the importance of professional social workers in the distribution of relief and was adept at telling King what he wished to hear, counselled against any additional assumption of relief responsibilities by the federal government.<sup>78</sup> The need for expert supervision was implicit in her charge that, under the grants-in-aid system, the provinces were escaping their relief responsibilities. Whitton chose the Maritime provinces as her prime exhibit of provincial delinquency. In nearly half a page of underlined prose, she reviewed past relief statistics on the Maritimes to suggest prosperity (later she referred directly to "prosperous and pleasant little Prince Edward Island") and gave the startling information that the provincial and municipal governments were together paying only 19 per cent of relief costs on the Island, 12 per cent in Nova Scotia, and eight per cent in New Brunswick. Whitton created her dramatic statistics by reference to a period which did not include the winter months in which most Maritime municipalities concentrated their limited payments. Elsewhere her own tables reveal the anomaly that she was presenting. For the year, 1935-36, they show that New Brunswick, Nova Scotia and Prince Edward Island paid respectively 56 per cent, 39 per cent and 68 per cent of their direct relief costs. The provinces may not have been aware of the attack which had been launched against them. Whitton asked that her 300 page study be kept

75 Department of Labour, "Dominion Unemployment Relief Since 1930" (January 1940), pp. 97-8, Department of Labour Papers, RG27, vol. 213, PAC and J.K. Houston, "An Appreciation of Relief", pp. 21-3.

76 See James Struthers, *No Fault of Their Own*, p. 117 and p. 242, n. 43.

77 "Dominion Unemployment Relief Since 1930", p. 23.

78 James Struthers, "A Profession in Crisis: Charlotte Whitton and Canadian Social Work in the 1930s", *Canadian Historical Review*, LXII, 2 (June 1981), pp. 169-85.

confidential since there were "a few statistics" of which she was not certain.<sup>79</sup>

In next two years the Maritimes tightened their relief offerings still further in a campaign against the "demoralizing effect" of relief and "relief dependency". The federal government provided the incentive by trimming its direct relief payments to the provinces by 15 per cent in April 1936 and another 10 per cent in June. After Whitton's report, total direct relief grants to the provinces were cut by about one third in April and June 1937 and those to the Maritimes by 62.7 per cent.<sup>80</sup> Once again the Maritime governments seem to have been masking adversity in public assertions of optimism. With the return of better economic conditions, they argued, relief was no longer so necessary. New Brunswick went further. In August of 1936 the government of Allison Dysart announced the absolute termination of direct relief in New Brunswick.<sup>81</sup>

There was a certain logic in the government's action. To the degree that its finances would permit, the Dysart government, upon taking office late in 1935, had launched a series of positive programmes including pensions for the aged and the blind and new public works projects.<sup>82</sup> In the poorer municipalities they agreed to pay up to 90 per cent of the cost of the relief of unemployables.<sup>83</sup> The employables thus isolated were expected to find work in expanded highway programmes, a slowly improving forest industry, or by joining the pioneer settlements. The federal cutbacks forced the pace. Rather than undercutting the new programmes to pick up a much larger share of direct relief, the Dysart government apparently decided to reap whatever political and psychological advantage might be derived from posing as the first government in Canada to end "the dole". This decision was easier for New Brunswick than for other provinces since their people received so little in any case, especially during the

79 [Charlotte Whitton], "The Organization of Aid to Persons in Distress: Report and Recommendations of the Division on Co-ordination of Aid", March 1937, Department of Labour Papers, RG27, vol. 227, file 617, vol. 2, pp. 65b and 68-9, PAC.

80 Monthly payments to the provinces are given in "Dominion Unemployment Relief Since 1930", pp. 25-7. More comprehensive annual figures which includes money for work projects and drought relief are available in "Dominion Relief Expenditures", J.L. Ralston Papers, PAC. Total federal relief payments to the Maritimes dropped from \$2.8 million in 1935-36 to \$2.5 million in 1936-7 and to \$1.4 million in 1938-9. Relief payments to the country as a whole for these years were \$79.4 million, \$78.0 million and \$68.5 million. See also J.R. Rowell, "An Intellectual in Politics: Norman Rogers as an Intellectual and Minister of Labour, 1929-1939", M.A. thesis, Queens' University, 1978, pp. 143-4.

81 Saint John *Telegraph-Journal*, 13 August 1936. For a collection of statements on relief policy by members of the New Brunswick cabinet from May to August 1936 taken from the Saint John *Telegraph-Journal*, see enclosures J.H. Conlon to Marjorie Bradford, 13 April 1937, Canadian Council on Social Development Papers, MG28, 110, vol. 122, file "1937", PAC.

82 Positive views from different perspectives on Dysart's administration are contained in R.M. Tweedie, *On with the Dance: A New Brunswick Memoir, 1935-1950* (Fredericton, 1986), and Patrick Burden, "The New Brunswick Farmer-Labour Union 1937-1941", M.A. thesis, University of New Brunswick, 1983.

83 See New Brunswick Cabinet Papers, 1 December 1936, PANB.

summer months. Government spokesmen in New Brunswick explained their action as necessary to defend the credit of both province and municipalities and to help those dependent on direct relief which was "sapping the morale and initiative of our people".<sup>84</sup> As economic conditions again worsened in 1937, this 'cold turkey' cure caused real suffering even among people who had a very limited acquaintance with "relief dependency". The province did relent sufficiently to provide emergency assistance to the city of Saint John and the northern municipalities during the winters of 1937 and 1938.<sup>85</sup>

With the benefit of hindsight one can criticize Maritime leaders on humanitarian grounds for failing to do more to ameliorate the hard circumstances of their people in the 1930s. Throughout the period they seemed to accept, to grant and to rationalize less than the minimum required by their citizens for physical and economic health. So harsh were their policies in all three provinces, even when compared to those of other governments in the period, that they tempt one to attribute them to some distinct trait of regional character, perhaps arising from a different class configuration or a unique aspect of their political culture. But a close examination of the structure and operations of the relief process in Canada reveals logical reasons for the Maritimes' apparently deviant behaviour. Under the system of conditional matching grants the three provinces were forced to play in a relief game whose rules only allowed the effective participation of wealthier players. The additional pressures and more limited choices faced by Maritime leaders largely explain their more draconian treatment of those requiring assistance.

The study of relief policies in the Maritimes suggests yet another perspective on the cumulative development of regional disparity in Canada. In the 1930s with business stagnant throughout the country, federal funds played an important role in the economic survival of individuals and industries. The Maritime region received during the decade approximately \$50 millions less in relief monies from the federal government than they would have had the money simply been distributed on a per capita basis. In the extreme deflation of the mid 1930s such a sum was not insignificant. One can speculate on the role which it might have played in saving individuals from personal bankruptcy, allowing independent commodity producers to maintain their operations within a market economy, or enabling at least some of the pioneer settlements to emerge as productive communities. One might speculate too on the impact of this sum if it had been available to the provincial governments for the health and education of the regional work force and/or maintaining the region's relative level of infrastructure including roads and electricity.<sup>86</sup> It is ironic that, while emerging

84 *Synoptic Report of the Proceedings of the Legislative Assembly of New Brunswick*, 1937, pp. 57 and 131.

85 New Brunswick, "Public Accounts", *Journals of the Legislative Assembly*, 1939, pp. 355-6 and A.P. Paterson's report to the Cabinet 20 May 1937, New Brunswick Cabinet Papers.

86 Weaknesses in these areas would later be cited as factors in the consolidation of regional disparity

as the agent of the welfare state in Canada, the federal government, through the inequity of its matching grants formulas, inadvertently became an agent in the development of regional disparity.