

FINAL REPORT  
OF THE  
NATIONAL EMPLOYMENT  
COMMISSION

26th January, 1938



OTTAWA  
W. B. ENAUDE, I.S.O.  
BY APPOINTMENT TO  
HIS MOST EXCELLENT MAJESTY  
1938

*Price 25 cents.*

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OTTAWA, January 26, 1938.

HON. NORMAN McL. ROGERS, P.C., M.P.,  
Minister of Labour,  
Ottawa.

SIR,—On behalf of the National Employment Commission and in accordance with the decisions reached at its meeting of 24th January, I have the honour to transmit to you the Final Report of the Commission, including Commissioner Sutherland's dissent to Chapters C and D of Section II.

As requested by you, the Commission has given consideration to the fact that the Royal Commission on Dominion-Provincial Relations is investigating certain questions which have also come within the purview of the National Employment Commission. For this reason the Commission has indicated in its Report where certain action would, in its view, be contingent upon such financial adjustments as may emerge from the Report of the Royal Commission on Dominion-Provincial Relations.

Yours faithfully,

(Sgd.) ARTHUR B. PURVIS,  
*Chairman.*

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## APPENDIX E

## Low Rental Housing Plan

Based on National Employment Commission recommendations, the Dominion government on September 9, 1936, announced the principles which would govern that section of its broad housing plan to be devised to meet the requirements of those unable to pay an economic rent—often associated with slum clearance. These principles were:—

- (a) Participation by the Dominion, by the Provinces, and/or Municipalities in any aid that may be given, whether by subsidy, loan, guarantee or omission of taxes,
- (b) Encouragement of the participation of private capital,
- (c) Avoidance of setting up administrative burdens which the various governing authorities are not equipped to assume,
- (d) Avoidance of undue competition with the private investor and with existing housing,
- (e) Requirement of a system of selected tenants so that government-aided low rental houses will not be occupied by those able to pay full economic rents.

The Commission on February 9, 1937, accordingly presented its detailed plan to the Minister, feeling that Dominion government action was justified at the time for the following reasons:—

- (i) As a measure of public health and social advancement, low rental housing projects will have a direct influence in improving conditions of life for the low wage-earner in urban areas and will be a factor in increasing the employability of our workers after a period in which their employability has been greatly reduced;
- (ii) The field of low rental housing is the only one in which a direct and decisive stimulus can be given to home-building without the risk of subsidizing competition to private builders and thus discouraging more building than is stimulated;
- (iii) The employment created by such housing projects will be greater and more widely spread than that afforded by large scale public works;
- (iv) Direct aid in this field will arrest public attention and focus the interest of communities generally on housing. It will greatly increase activity under both the Home Improvement Plan and under the Dominion Housing Act;
- (v) The Dominion has a direct interest in having the problem tackled *now* rather than when recovery has gone further. It may well be that ultimately responsibility in this field should be left to the Municipalities and Provinces. Dominion aid at this juncture will permit of a sound experiment by which direction can be given to future policy.

A summary of the plan recommended is attached.

Both in its Interim Report issued in July, 1937, and in the Final Report, to which this is an appendix, the Commission has made it clear that the necessary Dominion aid for such an experimental plan can, in its view, be afforded either in the form of a limited direct subsidy or, if preferred, of a loan of money, representing a proportionately larger percentage share of the total funds required,

at less than commercial rates of interest. The plan attached has been developed on the basis of a maximum Dominion contribution subsidy of \$10,000,000 to approved schemes engaged in within a two-year period.

### SUMMARY OF LOW RENTAL HOUSING PROPOSAL

#### I. DOMINION SUBSIDY

- A. *Nature and Extent.*—Subsidy (preferably capital but alternatively annual equivalent for 35 years, 5½ per cent interest and 1 per cent amortization) not to exceed one-third of cost, to housing commissions or limited dividend corporations undertaking approved projects.
- B. *Limitation in Total Subsidies.*—Total subsidies granted not to exceed \$10,000,000 capital sum (or annual equivalent as in "A") during limited period of two years.
- C. *Types of Project Subsidized.*—Each project to contain not less than 100 family units. Full cost not to exceed \$750 per adult accommodation provided.

#### II. RENT REDUCTION CONTRIBUTIONS AND CONDITIONS

- A. *Basis of Provincial-Municipal Contributions.*—Provinces shall, with Municipalities, agree to make a joint contribution up to \$1.25 per month per adult-accommodation for 35 years, in direct monthly payments or free land or funds at less than 5½ per cent interest. Dominion contribution 5½ per cent interest and 1 per cent amortization on amount contributed.
- B. *Fund Workings—Selection of Tenants.*—Contributions to be credited to a *Rent Reduction Fund*. Fund to be applied to reduction of rents in accordance with families' ability to pay as certified by Welfare Department or designated officials of the Municipality. *Selection of Tenants* to be controlled by management. Not less than 50 per cent of the accommodation to be available to families unable to pay economic rent.
- C. *Fund Fluctuations.*—Provincial-Municipal contributions to be adjusted periodically to maintain stability.
- D. *Penalty for Discontinuance of Provincial-Municipal Contributions.* Penalties are provided for discontinuance of such contributions.

#### III. REGULATIONS REGARDING APPROVAL OF PROJECTS

- A. *Approvals Required.*—Projects to be approved by Municipal and Provincial authorities and Dominion Minister administering.
- B. *Conditions of Approval.*—Minister shall not approve unless, on examination, the following conditions are found to be satisfactory:—
- (1) Satisfactory evidence has been furnished of the need for such low rental housing by reason of shortage, over-crowding, congestion, or the substandard character of existing housing;
  - (2) The areas in which the projects are to be located have been adequately planned and unless zoning regulations are sufficient to safeguard the investment and to secure the suitability of the location throughout the lifetime of the project;
  - (3) The personnel of the board of directors of the limited-dividend housing corporation or of the Municipal Commission is such as to ensure efficient and independent administration and unless adequate provision has been made for competent management;
  - (4) Adequate care has been exercised to ensure economical design and construction and land purchase or lease.

IV. ADMINISTRATION

A. *Regulations and Audit.*—Minister to prescribe necessary regulations including provision for audit of accounts and safeguards to ensure adequate maintenance of the properties.

B. *Dominion Authority Functions.*—Minister to provide administration facilities for:

- (1) Receipt and consideration of projects and plans;
- (2) Determination of assistance to be granted;
- (3) Keeping of records and statistics;
- (4) Giving of advice;
- (5) Dissemination of information.

V. LIMITATION OF DIVIDENDS

Dividends of assisted corporations to be limited to 5½ per cent for 35 years.

VI. TERMINATION CONDITIONS

The Governor General in Council (or Minister) to have authority to refuse approval at any time. Period for approval limited to fiscal years 1937-38 and 1938-39.



## APPENDIX F

## The Impact of the Depression on Various Groups in Canada

The following tables are taken from a study prepared for the National Employment Commission by Professor John L. McDougall, under the direction of W. A. Mackintosh, a member of the Commission. The study was an examination of the extent to which different groups of income-receivers shared in the decline in the national income experienced after 1929 and the degree to which among salary and wage-earners the changes resulted in declines in income or shorter hours for all of a group or unemployment for some.

The groups selected were those for whom statistical information was readily available. While thus chosen on a wholly arbitrary basis, they represent substantial sections of the population. Greater detail of the experience of railway workers is given because more comprehensive information is available for that group.

*The reader is cautioned that the tables necessarily show average experience only and that widely varying individual experiences are concealed behind the averages. It should be noted also that earnings of employees are for those employees, who remained in employment.*

The statistics used are in all cases official government statistics except that the Bank of Nova Scotia's revision of the National Income is used. The information is drawn from the *Canada Year Book*, the *Census of Industry*, *Annual Statistics of Steam Railways*, and *Wages and Hours of Labour in Canada* (Department of Labour). The price and cost of living indexes used are those of the Dominion Bureau of Statistics.

TABLE I—CHANGES IN THE REAL VALUE TO THE HOLDERS OF THE INTEREST PAYMENTS OF THE DOMINION GOVERNMENT ON ITS DIRECT DEBT\*

1926 = 100

Year	Weighted average rate of interest on the face value of the debt†		Index of the cost of living	Real value to the Receiver of Interest
1926.....	4.996	100.0	100.0	100.0
1927.....	5.015	100.4	98.4	102.0
1928.....	4.980	99.7	98.9	100.8
1929.....	4.977	99.6	99.9	99.7
1930.....	4.967	99.4	99.2	100.2
1931.....	4.928	98.6	89.6	110.0
1932.....	4.923	98.5	81.4	121.0
1933.....	4.850	97.1	77.7	125.0
1934.....	4.595	92.0	78.7	116.9
1935.....	4.136	82.5	79.3	104.4
1936.....	3.937	78.8	80.6	97.8

\* This table is to be construed with care. It shows the real value of the interest received by a private holder of an unchanged amount of debt at the average rates of each year, after adjustment for changes in the contractual rate of interest and the purchasing power of money. It does not show the burden of increased debt. From 1929-1936 the debts of all governments had increased approximately from \$5,200,000,000 to \$7,400,000,000. It shows that not until 1926 did reductions in the rate of interest reduce the real value of the interest payments below that of 1929. The Dominion has, on the whole, been more successful than Provinces or Municipalities in reducing interest rates.

† Canada Year Book, 1937, p. 843.

Note that this is the rate on the debt as at March 1 of each year. The index of the cost of living is on a full calendar year basis.

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TABLE II—AGGREGATE SALARIES OF ALL FULL TIME EMPLOYEES  
IN THE DOMINION CIVIL SERVICE

Year	I	II	III
	Amount* (thousands of dollars)	Column I expressed as a percentage of the National Income	Column II on the base 1926 = 100
1924.....	53,800	1.26	114.1
1925.....	53,728	1.17	106.3
1926.....	54,381	1.10	100.0
1927.....	58,727	1.12	101.1
1928.....	61,190	1.07	97.3
1929.....	63,539	1.08	98.0
1930.....	66,669	1.29	116.9
1931.....	66,134	1.58	143.2
1932.....	56,494	1.67	151.3
1933.....	54,836	1.70	154.1
1934.....	54,006	1.51	136.8
1935.....	57,710	1.52	138.0

\* The amounts shown are those for the 12 months to March 31 of the following year.

TABLE III—CHANGES IN THE AVERAGE ANNUAL EARNINGS PER HEAD OF ALL  
FULL TIME DOMINION CIVIL SERVICE EMPLOYEES

(1926 = 100)

Year	Average money* earnings	Index of the cost of living	Purchasing power in 1926 dollars of the average money earnings
1924.....	98.3	98.0	100.3
1925.....	99.7	99.3	100.4
1926.....	100.0	100.0	100.0
1927.....	104.1	98.4	105.8
1928.....	104.1	98.9	105.3
1929.....	103.8	99.9	103.9
1930.....	103.8	99.2	104.6
1931.....	103.9	89.6	116.0
1932.....	93.7	81.4	115.1
1933.....	93.2	77.7	119.9
1934.....	93.0	78.7	118.2
1935.....	98.8	79.3	124.6

\* The relatives shown are those for the twelve months to March 31 of the following year. Average annual earnings in 1926 were \$1,625 per employee.

TABLE IV—CHANGES IN AVERAGE SALARIES AND IN NUMBERS OF FULL TIME DOMINION CIVIL SERVICE EMPLOYEES  
PERCENTAGE REDUCTIONS FROM THE HIGHEST FIGURE SHOWN TO THE DEPRESSION LOW\*

Class	In the number employed	In the average salary
Permanent employees at headquarters.....	-14.2	-11.6
Temporary employees at headquarters.....	-24.4	-15.1
All employees at headquarters.....	-11.8	-11.4
Permanent employees elsewhere.....	†	†
Temporary employees elsewhere.....	†	†
All employees elsewhere.....	-10.4	-15.7
All permanent and temporary employees.....	- 9.6	-10.7

\* Note that the low points in numbers for the various classes are not reached in the same year. The table shows the extent to which money savings were affected by reduction of numbers or reduction of salaries or both.

† Owing to a transfer between these two groups within the period, a true comparison cannot be made.

TABLE V—RELATIVE NUMBERS AND REAL EARNINGS OF ALL EMPLOYEES IN MANUFACTURING INDUSTRY

(1926 = 100)

	Number of Employees		Real Earnings of*	
	On salaries	On wages	Salaried employees	Wage-earners
Absolute value in 1926.....	81,794	499,745	\$1,867	\$1,028
1917.....	84.0	113.7	81.3	86.4
1918.....	86.5	112.6	79.0	87.7
1919.....	99.9	108.9	74.6	85.1
1920.....	101.5	108.3	77.0	80.2
1921.....	91.5	78.4	89.7	89.2
1922.....	93.0	81.9	95.9	91.3
1923.....	95.7	89.7	97.7	95.4
1924.....	93.2	88.9	100.1	96.5
1925.....	94.9	94.0	99.4	96.8
1926.....	100.0	100.0	100.0	100.0
1927.....	104.5	104.7	103.4	103.1
1928.....	111.6	111.6	103.7	105.1
1929.....	118.1	117.5	104.8	106.2
1930.....	113.6	108.9	107.0	102.2
1931.....	108.4	95.8	113.4	105.1
1932.....	103.3	83.8	115.5	103.1
1933.....	102.6	83.6	112.2	99.5
1934.....	108.3	93.3	111.4	104.7
1935.....	114.7	99.9	112.1	108.6

\* Money earnings corrected by the cost of living index.

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TABLE VI—AVERAGE ANNUAL REAL AND MONEY EARNINGS  
OF ALL RAILWAY EMPLOYEES

(1926 = 100)

Year	Index of money earnings*	Index of the cost of living	Index of real earnings
1926.....	100.0	100.0	100.0
1927.....	104.2	98.4	105.9
1928.....	105.6	98.9	106.8
1929.....	106.8	99.9	106.9
1930.....	106.3	99.2	107.2
1931.....	102.3	89.6	114.2
1932.....	93.8	81.4	115.2
1933.....	88.9	77.7	114.4
1934.....	87.9	78.7	111.7
1935.....	93.1	79.3	117.4

\* Absolute value in 1926, \$1,479. Earnings of express, radio, and outside operations employees are excluded.

TABLE VII—ALL HOURLY-RATED MAINTENANCE-OF-EQUIPMENT EMPLOYEES: CANADIAN RAILWAYS\*

(1926 = 100)

	Number employed	Hours worked per man-year	Average rate of pay per hour	Average earnings per year
Absolute value in 1926.....	41,414	2,290	57.3 c.	\$1,312
1926.....	100.0	100.0	100.0	100.0
1927.....	97.3	101.1	104.0	105.3
1928.....	102.7	102.3	104.5	106.9
1929.....	102.6	101.1	108.6	108.8
1930.....	98.6	94.7	111.3	105.4
1931.....	88.4	86.7	111.1	96.3
1932.....	74.7	79.7	102.3	81.5
1933.....	66.7	76.2	99.0	75.4
1934.....	70.4	80.7	96.9	78.1
1935.....	71.0	83.2	101.9	84.8

\* This table shows, for the only group for which the information is available, the extents to which reductions, during the depression, affected the numbers employed, the hours worked, the hourly rate and average earnings. The group is one in which the sharing of hours was most substantial.

TABLE VIII—MAINTENANCE-OF-WAY EMPLOYEES, CANADIAN RAILWAYS\*

AVERAGE NUMBER EMPLOYED IN 1928 AND 1933 AS A PERCENTAGE OF THE 1926 BASE

Class	1928	1933
Section foreman.....	103.1	98.4
Section men.....	106.3	79.9
All section workers.....	105.5	84.4
Maintenance-of-way labourers.....	122.8	24.3

\* The table indicates the less fortunate experience of those workers whose work was not currently essential but capable of postponement.

TABLE IX—RATES OF WAGES IN CANADA FOR CERTAIN CLASS OF LABOUR

(1926 = 100)

Year	Common factory labour*	Mis-cellaneous factory trades*	Logging and saw-milling*	Male farm help in summer season†
1926.....	100.0	100.0	100.0	100.0
1927.....	100.2	101.4	101.1	96.7
1928.....	99.9	102.1	101.9	92.0
1929.....	100.3	102.7	102.7	93.7
1930.....	100.5	102.8	101.7	87.6
1931.....	97.9	100.3	90.2	67.1
1932.....	92.7	93.7	78.2	53.1
1933.....	89.7	89.3	67.3	59.0
1934.....	91.2	91.8	80.3	51.5
1935.....	93.4	93.9	84.2	54.7
1936.....	95.9	96.0	91.8	57.8

\* *Wages and Hours of Labour in Canada*. Report Number 20, (Ottawa, 1937, p. 4.) These data have been converted from the base 1913 = 100 to 1926 = 100. Upon the 1913 base the 1926 rates were 187.3; 196.7; and 180.8 for the three groups in the order shown above.

† *Canada Year Book*, for various years. These rates include the money value of board. Average wages including board are given as \$64 a month in 1926.

TABLE X—UNEMPLOYMENT OF CANADIAN WAGE-EARNERS AS SHOWN BY CENSUS OF 1931\*

	Labourers†	All other wage-earners
Total number.....	671,844	1,350,416
Number losing time, June 1, 1930 to June 1, 1931.....	397,828	491,915
Percentage losing time.....	59.2	36.4

  

Time lost	Percentage of those losing various periods	
	Labourers†	All other wage-earners
1- 4 weeks.....	4.7	11.0
5- 8 ".....	6.3	10.3
9-12 ".....	8.4	10.8
13-16 ".....	8.1	7.1
17-20 ".....	9.2	8.9
21-24 ".....	8.8	7.8
25-28 ".....	13.8	13.4
29-33 ".....	10.0	7.3
33-40 ".....	14.1	9.7
41-48 ".....	7.3	4.5
49 and over.....	9.3	7.2
	100.0	100.0

\* Seventh Census of Canada, 1931. Vol. VI, Unemployment. Table 38, p. 790 ff.

† Total of farm labourers, lumbermen, coal and other mining labourers and other unskilled, (not agricultural, mining or logging).

TABLE XI—ADJUSTED NET VALUE OF AGRICULTURAL PRODUCTION AS A PERCENTAGE OF THE NATIONAL INCOME\*

Year	Adjusted net value of agricultural production	The National Income	Agricultural income as a percentage of the total
1921.....	961	4,902	23.5
1922.....	899	4,100	21.9
1923.....	873	4,283	20.4
1924.....	967	4,274	22.6
1925.....	1,078	4,585	23.5
1926.....	1,088	4,930	22.1
1927.....	1,152	5,266	21.9
1928.....	1,168	5,703	20.5
1929.....	1,034	5,879	17.6
1930.....	833	5,173	16.1
1931.....	557	4,187	13.3
1932.....	499	3,385	14.7
1933.....	519	3,226	16.1
1934.....	592	3,580	16.5
1935.....	623	3,791	16.4
1936.....	681	4,062	16.8

\* Net value of agricultural production as officially defined is the gross value of all production less the values of amounts fed to livestock and used as seed in the following season. It is therefore really a gross figure and is subject to deduction for all operating cost payments to others before a true net income available for consumption by the agricultural population is found.

TABLE XII—COMPARISON OF PRICES OF ALL CANADIAN FARM PRODUCTS AND FULLY AND CHIEFLY MANUFACTURED GOODS

(1926 = 100)

Year	Index of prices of all Canadian farm products	Index of prices of fully and chiefly manufactured goods	Number of units of Canadian farm products required to purchase 100 units of fully and chiefly manufactured goods
1921.....	103.7	116.1	112.0
1922.....	88.0	100.4	114.1
1923.....	81.5	103.1	126.5
1924.....	88.1	101.9	115.7
1925.....	101.0	103.8	102.8
1926.....	100.0	100.0	100.0
1927.....	102.1	96.5	94.5
1928.....	100.7	95.0	94.3
1929.....	100.8	93.0	92.3
1930.....	82.3	87.3	106.1
1931.....	56.3	74.8	132.9
1932.....	48.4	69.8	144.2
1933.....	51.0	70.2	137.6
1934.....	59.0	73.4	124.4
1935.....	63.5	72.8	114.6
1936.....	69.4	73.6	106.1