

# *Leonard Marsh and the Coming of a Welfare State in Canada*

## *A Review Article*

LEONARD MARSH. — *Report on Social Security for Canada* [1943]. Toronto. University of Toronto Press, 1975. (*The Social History of Canada*, No. 24.)

Since World War II Canada has become gradually, often reluctantly, a welfare state of sorts. A welfare state, in Gunnar Myrdal's words, has "fairly explicit commitments to the broad goals of economic development, full employment, equality of opportunity for the young, social security, and protected minimum standards as regards not only income, but nutrition, housing, health, and education for all people of all regions and social groups."<sup>1</sup> He promptly added that "the Welfare State is nowhere, as yet, an accomplishment: it is continually in the process of coming into being." At that time (1958) Canada was further from accomplishing it than most other countries in the industrialized world. And in 1975 the realities of social welfare in this country still fall short of Myrdal's criteria. It has ceased to be evident, moreover, that either as a country or as a collectivity of provinces we are likely to advance much towards the goal in the next few years.

Andrew Armitage, of the School of Social Welfare at the University of Calgary, has recently shown that social welfare in this country is a patchwork system. It leaves important areas, e.g. dental care, uncovered. It is ungenerous to certain groups, notably the unemployable and the aged. There is still in Canada a strong tendency to regard social welfare expenditures as a burden, even as a waste, rather than as contributing to the quality of national life. Figures cited by Armitage indicate that Canada spends a considerably smaller proportion of its GNP on public social security schemes than most countries in Western and Northern Europe.<sup>2</sup>

Poverty has become less grinding than it was forty years ago in this country. It has far from disappeared, however, as various 'poverty reports' in the past few years attest.<sup>3</sup> The most recent of them, by the Canadian Council on Social Development, states that over one half of the more than 1,700,000 retired Canadians are living in poverty.<sup>4</sup>

Yet conditions have improved since the Depression. The proportion of the poor in the population has steadily declined. (The total number of the poor probably has changed little, however.) And social services have become available on a scale which would have seemed utopian in 1935 or 1940. This is perhaps particularly true of medical and hospital care, but it extends to other areas as well. The recent re-issue, with a new introduction by the author, of the *Report on Social Security in Canada*, prepared by Leonard C. Marsh in 1943, reminds us how far Canada has come. It also indicates how much remains to be done before we live

<sup>1</sup> Gunnar MYRDAL, *Beyond the Welfare State* (New York, 1967[1960], p. 54.

<sup>2</sup> Andrew ARMITAGE, *Social Welfare in Canada* (Toronto, 1975), p. 6.

<sup>3</sup> See, for example: SPECIAL SENATE COMMITTEE ON POVERTY, *Poverty in Canada* (Ottawa, 1971); Ian ADAMS and others, *The Real Poverty Report* (Edmonton, 1971).

<sup>4</sup> Cited in the *Globe and Mail*, 27 Nov. 1975. See also: Daniel Jay BAUM, *The Final Plateau* (Toronto, 1974), ch. 6.

in a society which meets human needs as a matter of course. (Rather than become involved in a discussion as to what human needs are, and why the meeting of them should be an object of welfare policy or, indeed, why they are worth pursuing at all, I refer the reader to the thoughtful statement by Charles Frankel.)<sup>5</sup>

The work of Leonard Marsh has languished in obscurity too long. British-born and educated — he studied economics and sociology at the University of London — in 1930 he was taken on as a lecturer in the Department of Economics at McGill University. Still in his early twenties, he had worked already as a research assistant and lecturer at the London School of Economics. There he had been associated with Sir William Beveridge and had served as statistical secretary for the “New Survey of London life and Labour.”<sup>6</sup>

Early in 1931 McGill obtained a grant of \$110,000 for social science research from the Rockefeller Foundation, and the recently-arrived Marsh was appointed director of social research. The year was one in which the economy, domestic and international, was lurching into ever-deepening depression. It is not surprising, therefore, that Marsh and his committee decided “to begin by concentrating the work upon one central subject, namely, the problems of employment and unemployment,” with “special reference to Canadian conditions” and with detailed attention focussed on the Montreal area.<sup>7</sup>

The first of the volumes to be published in the series was by Marsh himself. *Employment Research: An Introduction to the McGill Programme* appeared in 1935. An additional thirty-one studies were to be undertaken. (Ten more volumes, all published by the Oxford University Press for McGill, eventually saw the light in the period 1935-1941.) In a decade when unemployment rarely fell below ten per cent, and when it and unemployment relief were subjects of intense public concern, *Employment Research* was the first attempt to provide a comprehensive statistical analysis of unemployment in Canada, based largely on the Census of 1931. In addition it supplied a detailed treatment of the problem as it existed in Montreal. The book's bibliography indicated how little analytical work had so far been done in this country. Beyond Harry M. Cassidy's *Unemployment and Unemployment Relief in Ontario, 1929-1932* (Toronto, 1932) there was nothing of much substance.

The social sciences were not quite in their infancy in Canada. It seemed necessary to Marsh, however, to devote the first two chapters of his book to ‘Social Research’ and ‘The Social Sciences and the University,’ before tackling the problems of employment and unemployment. Canada still harboured a good deal of the naive optimism which had characterized the period of extensive growth. This was part of a pioneer mentality, a frame of mind which held that no problem as so great that they would not yield to men and women who lived soberly and worked hard. “A rural conservatism that was materialistic, even primitive, and committed to simple living and moral endurance”: thus W.L. Morton in writing of the 1920s has described this attitude.<sup>8</sup> It was unfriendly to the suggestion that material progress might be grinding to a halt, suspicious of the social criticism im-

<sup>5</sup> Charles FRANKEL, “The Transformation of Welfare,” in John S. MORGAN, ed. *Welfare and Wisdom*, (Toronto, 1966), esp. pp. 172ff.

<sup>6</sup> Biographical information has been obtained from books of newspaper cuttings and other memorabilia kindly lent to me by Professor Marsh. This has been supplemented by several conversations.

<sup>7</sup> L.C. MARSH, “Foreword,” *Employment Research* (Toronto, 1935), p. vii.

<sup>8</sup> W.L. MORTON, “The 1920s,” in J.M.S. CARELESS and R. CRAIG BROWN, eds. *The Canadians 1867-1967*, (Toronto, 1967), p. 229.

placit in research which was focussed on social and economic problems. It was against this attitude of conservatism and materialism that Marsh was reacting, that he believed he must justify the economic and sociological analysis he and his colleagues were doing.

Eight additional studies appeared in the McGill Social Research Series. Two of these were authored by N.W. Morton, *Occupational Abilities: A Study of Unemployed Men*, and *Individual Diagnosis: A Manual for the Employment Exchange*. E.C. Webster wrote *Guidance for the High School Pupil: A Study of Secondary Schools in Quebec*. J.A. Coote produced *A Geographical Survey of the Canadian Textile Industry*, and Lloyd G. Reynolds prepared a study of *The British Immigrant: His Economic and Social Adjustment to Canada*. Marsh collaborated with A.G. Fleming and C.F. Blackler in writing *Health and Unemployment*, with G.M. Rountree and J.C. Hemmeon in writing *The Railway Worker: The Employment Problem of the Canadian Railways*; and with George V. Hay Thorne in writing *Land and Labour: A Social Survey of Agriculture and the Farm Labour Market in Central Canada*.

The most important volume, Marsh's own magisterial *Canadians In and Out of Work: A Survey of Economic Classes and Their Relation to the Labour Market*, was published in 1940. A quarter of a century before John Porter's *Vertical Mosaic*, Marsh sought to come to grips, empirically and theoretically, with the Canadian class system. "Many Canadians," he wrote,

are reluctant to admit that their country has a class structure. So far as social classes cannot be demarcated by a hard and fast line, so far as the conventions of caste have shallower roots than in Western Europe, this reluctance is understandable. But this does not dismiss the other evidence of the class division of the population which exists in terms of inequalities of wealth, opportunity, and social recognition. These barriers are not the horizontal ones of geographical regions or distinctive ethnic cultures but the vertical ones of a socio-economic hierarchy.<sup>9</sup>

Communities and classes do intersect, "...but these complications merely obscure, they do not eliminate the fundamental problems which class inequalities engender."<sup>10</sup>

This was an empirical observation. It was also rooted in Marsh's social democratic convictions, however. Strongly influenced by Fabianism while still in England, in Canada he was an early recruit to the cause of the League for Social Reconstruction (LSR). Founded in Montreal and Toronto in the Winter of 1931-32, the LSR developed a Canadian socialism which was reformist and constitutionalist while being basically committed to thorough-going changes in the distribution of income, wealth and power.<sup>11</sup>

Although Marsh was not one of the League's founding fathers, he soon became active in the Montreal branch and in the LSR's educational activities. He helped to edit its most important publication, *Social Planning for Canada*, which was published in 1935. (Like the *Report on Social Security*, it has recently been re-issued in the 'Social History of Canada' series.) Marsh was one of the signers of this volume, whose preface was also signed by Eugene Forsey, J. King Gordon,

<sup>9</sup> L.C. MARSH, *Canadians In and Out of Work* (Toronto, 1940), p. 403.

<sup>10</sup> *Ibid.*, p. 404.

<sup>11</sup> See: Michiel HORN, "The League for Social Reconstruction and the Development of a Canadian Socialism, 1932-1936," *Journal of Canadian Studies*, VII (Nov. 1972). My forthcoming book on the LSR will deal with the subject more fully.

J.F. Parkinson, F.R. Scott, Graham Spry, and Frank H. Underhill. Two years later Marsh co-edited, with Frank Scott, the abridged and revised version of *Social Planning*. Entitled *Democracy Needs Socialism*, the latter volume appeared in 1938. By this time Marsh had become the third national president of the LSR — Underhill and Scott preceded him —, a position which he held from 1937 to 1939.

His work in the LSR was part of an almost unbelievably active life. His scrapbooks for the period 1931-1943 confirm the comment made by Michael Bliss in his preface to the re-issue of the *Report on Social Security*: "...Leonard Marsh was fully employed, indeed over-employed, in the desperate struggle to develop the specialized understanding of Canadian society and its problems that would be essential to the development of modern social welfare legislation." (p. x) He was an indefatigable public lecturer. He served in an advisory capacity to several bodies during the 1930s, including the Canadian Federation of Mayors and the Dominion Bureau of Statistics, and presented briefs to various committees and commissions, not least among them the Royal Commission on Dominion-Provincial Relations. In July and August of 1936 he conducted a "Social Interpretation Tour" which visited Denmark, Sweden, Finland and the USSR. He was also actively involved in adult education, especially through the Y.M.C.A., the McGill Department of Extension, and the Workers Educational Association of Canada.

In July of 1941 Marsh went to Ottawa. Earlier in the year Ian Mackenzie, the Minister of Pensions and Health in the Dominion government, had formed a Committee on Reconstruction under the chairmanship of F. Cyril James, Principal of McGill since 1939.<sup>12</sup> A few months later Marsh was appointed Research Advisor to the Committee. This was a full-time position which he still held when, late in December of 1942, he was charged by Principal James to produce a "general Social Security plan" on the model of the Beveridge Report, which had recently been released in Britain. A first draft was ready by January; in its final form the *Report on Social Security* was presented to the House of Commons Committee on Reconstruction and Rehabilitation in March.

The *Report* was prepared under pressure, its author notes in his introduction to the re-issue, but it could not have been prepared at all had he not been working already for years on the subjects discussed in it. Hence critics who criticized its haste were suffering from a misapprehension. Those who criticized its lack of stress on the need to provide employment as opposed to its stress on the need to provide social services, overlooked Marsh's own statement that "the first positive measure in providing social security...is a programme which will make work available..." (p. 76). An employment programme would be essential, particularly in the period of transition from the war economy. Such a programme was outlined in the *Report*, as were Training and Placement Facilities.

That people must be protected against unemployment and its effects was one of Marsh's basic ideas. He was not alone in holding this view. That a recurrence of the Depression must be prevented was a conviction shared by ordinary citizens and many policy makers alike.

Another of Marsh's basic propositions was that Canadians must have protection against certain "universal risks," all of which made family income insecure and inadequate: sickness, disability, old age and retirement, and premature death. Then there was the risk of family sizes which out-stripped family budgets. Various forms of social insurance, generally contributory but also involving the use of tax

<sup>12</sup> See: J.L. GRANATSTEIN, *Canada's War: The Politics of the Mackenzie King Government 1939-1945* (Toronto, 1975), pp. 254-8.

revenue, would be added to forms of social insurance from which the stigma of being 'charity' would have been stripped. All were proposed by Marsh with a view to securing a basic minimum standard of living for Canadians.

Income redistribution as well as greater efficiency in providing services were among Marsh's aims — LSR ideas lingered closely beneath the surface here.<sup>13</sup> But he also pointed to a goal which in wartime had considerable emotional appeal.

...Social security has become accepted as one of the things for which the people of the world are fighting. It is one of the concrete expressions of "a better world" which is particularly real to those who knew unemployment, destitution, inadequate medical care and the like in the depression periods before the war (p. 15).

It was to be expected, moreover, that people would in the post-war period compare the social provisions made for exservicement and their families, and for other Canadians. It was presumably wise not to create too much ground for envy. Finally, social security payments would form the basis of social stability in the post-war world. As an investment "in physical health, morale, educational opportunities for children, and family stability," social security was "a desirable and a comparatively easy vehicle of expenditure" (p. 16).

It was necessary to secure "the social minimum." Social insurance was "an important way of raising standards of living, and attacking poverty" (p. 56). Refusing to engage in a debate on the primary causes of poverty, Marsh showed how a wages policy, social insurance, and social assistance might affect the secondary cause of poverty, the insufficiency of wage (or other) income for many families.

Marsh proposed an elaboration and extension of the already existing scheme of unemployment insurance, passed in the summer of 1940 in spite of opposition from the conservatives in the cabinet.<sup>14</sup> He also wanted a national employment programme. He proposed a national health insurance scheme, as well as insurance schemes relating to disability and invalidity, old age and retirement.

He called for greater generosity towards the aged. It was unreasonable to assume, as the current scheme of old age pensions did, that a third to a half of Canadians were able to provide for their old age themselves, or that their children could and would assume responsibility for them. "The bulk of evidence clearly indicates that aged people who do not come under coverage of any of the [existing] schemes...face the prospect of retirement from employment, in the great majority of cases, with...the certainty of insecurity" (p. 160). Nor were those who received assistance usually well provided for. The treatment of the old was legalistic, niggardly, and harsh.<sup>15</sup>

Marsh's 'Reconsideration of Age Limits' has a very current ring. The age limit for government pensions in 1943 was seventy. Marsh suggested that lower limits be adopted, but not without providing the opportunity to continue working beyond them to those who were still fit. In the Depression, he noted, younger retirement had "gained wide acceptance as a consequence of the fact that there were not enough jobs to go around" (p. 167). The push for early retirement, then as now, is in large part the product of defeatism. Citing the *Beveridge Report*, Marsh warned against retiring people when they were still able and willing to

<sup>13</sup> LSR RESEARCH COMMITTEE, *Social Planning for Canada* (Toronto, 1935), pp. 201-2, 371-84, 389-406.

<sup>14</sup> GRANATSTEIN, *op. cit.*, p. 253

<sup>15</sup> See also: Kenneth BRYDEN, *Old Age Pensions and Policy-Making in Canada* (Montreal and London, 1974), esp. ch. 2, "Market Ethos versus Environmental Want."



work. This constituted a waste of human resources which would bring with it the likelihood of lower benefits for pensioners as well as heavier burdens for tax payers.

After discussing contributory retirement insurance, and the relation of health insurance to other insurance plans, Marsh turned to 'Family Needs'. Here his campaign for children's allowances was most fully set out.

...There are large areas of inadequacy not only at times of nation-wide depression or personal misfortune, but in normal times. Children's allowances are a clear part of the policy of a national minimum — of the direct attack on poverty where it is bound up with the strain imposed by a large family on a small income. Quite irrespective whether the right parents have the most children, children should have an unequivocal place in social security policy. If we are concerned about the quality of parents and their children, the proper approach is not to condemn the children, to hardship or inadequate conditions because their parents happen to be poor. The child has no choice... (p. 197).

Marsh opted for universality, because he believed that many middle class families<sup>16</sup> also needed the money, and because the total effect of the system would in any case be redistributive.

Marsh then discussed women's needs, particularly maternity benefits, widow's allowances, and survivor insurance. A section was devoted to funeral benefits, burial costs being "one of the heaviest of the emergency expenditures for all families whose means or savings are not large" (p. 229).

The *Report's* final section included a summary of the benefits which he proposed should be made available to Canadians, and discussions of the constitutional and financial implications of his proposals. Some of the services could be provided by provincial governments; others could be administered provincially while being ultimately provided by the Dominion. However, the significance of a comprehensive system of social security, and the sums involved, were so great, "...that a paramount consideration is the constitutional freedom of the federal government to lead and co-ordinate" (p. 249): There were echoes here of the LSR's centralism.

Marsh estimated that the money required would run to roughly \$900 million, ten to 12 1/2 per cent of the National Income. This would be close to the cost of the Beveridge Plan in Britain if all *its* proposals were implemented. It seemed like a lot of money, but it was worth it. "...Social security payments are not money lost," Marsh pointed out in the final paragraph of the *Report*:

The social insurances, and even some straight-forward disbursements like children's allowances, are investments in morale and health, in greater family stability, and from both material and psychological viewpoints, in human productive efficiency. They demand personal and community responsibilities; but in the eyes of most of the people who are beneficiaries, give a more evident meaning to the ideas of common effort and national solidarity. It has yet to be proved that any democracy which underwrites the social minimum for its citizens is any the weaker or less wealthy for doing so (pp. 273-4).

Marsh thus hoped to sway those for whom sympathy for the unfortunate was not enough, and those who were worried about the expense of it all.

<sup>16</sup> According to Marsh's own calculations, based on the 1931 Census, approximately a quarter of Canadian families belonged among the middle classes. However, he considered the "Farm Classes" as a separate entity. *Canadians In and Out of Work*, esp. pp. 391-6.

The proposals do not, today, seem particularly radical, although far from all Canadians have even now been convinced of their validity. The system which has grown up since 1943 shows considerable kinship with the *Marsh Report* while lacking its integration. It can justifiably be argued, moreover, as Marsh does in his new introduction, "...that social security schemes would have been less costly to inaugurate and might well have offered more public knowledge and government action on controls had they been inaugurated in the first flush of post-war redirection" (p. xxvii). He cites a housing policy, not dealt with in this report but the subject of another study done for the Advisory Committee on Reconstruction in 1944, as an obvious example.<sup>17</sup> Health insurance is another. It should be said, finally, that the income-redistributive effects of social welfare legislation have been less than startling. Our taxation system continues to be regressive in its total impact,<sup>18</sup> though no doubt less so than in the pre-War years. The motto of our governments is still: from each according to the abilities of his tax accountant; to each according to the strength of his lobby. At the bottom, transfer payments outweigh the incidence of taxation. But no one pretends that those at the bottom live in luxury. And, as Armitage argues, there are important aspects of welfare which benefit primarily or exclusively those who need it least, the upper two-fifths of the population.<sup>19</sup>

For all its moderation, the *Report* seemed radical enough at the time, and found influential enemies and critics. J.L. Granatstein has noted some of the responses: Charlotte Whitton, for example, "the author of the official Tory reaction...., portrayed the effects of Marsh's proposals as debilitating to the national moral fibre."<sup>20</sup> Many senior civil servants and much of the Cabinet were unenthusiastic. Some were actively hostile to the *Marsh Report*. The Prime Minister himself, though in principle committed to an extension of social security measures, was hesitant until CCF successes late in 1943 persuaded him that action was necessary. The Speech from the Throne in January, 1944, promised "a national minimum of social security and human welfare" as post-war objectives.<sup>21</sup> Family allowances were part of this: the measure was passed in the summer of 1944.

Some of the credit belongs to Marsh. How much is a matter of probably fruitless debate. The politically worried Mackenzie King of the fall and winter of 1943-44 was also the author, a quarter of a century before, of *Industry and Humanity*. He thus had some ideas of his own about social welfare. He could also borrow, however, and he borrowed the notion of children's allowances. The *Marsh Report* had provided plenty of food for thought.

Was the *Report*, or were parts of it, "the price that Liberalism [may be] willing to pay in order to avoid socialism"? (The remark was made by the *Canadian Forum* about the *Beveridge Report*.)<sup>22</sup> The interpretation is permissible and has been used, particularly by Gad Horowitz.<sup>23</sup> The CCF at the time, in the words of M.J. Coldwell, the national leader, "welcomes the *Marsh Report*...The country

<sup>17</sup> See also: L.C. MARSH, "The Economics of Low-Rent Housing," *Canadian Journal of Economics and Political Science*, XV (Feb. 1949).

<sup>18</sup> ARMITAGE, *op. cit.*, pp. 116 ff.

<sup>19</sup> *Ibid.*, p. 136.

<sup>20</sup> GRANATSTEIN, *op. cit.*, p. 261.

<sup>21</sup> *Ibid.*, pp. 275-6

<sup>22</sup> "The *Beveridge Report*," *Canadian Forum*, XXII (Jan. 1943), p. 292. Granatstein mistakenly identifies the comment as having been made about the *Marsh Report*.

<sup>23</sup> Gad HOROWITZ, *Canadian Labour in Politics* (Toronto, 1968), ch. 1, "Conservatism, Liberalism, and Socialism in Canada: An Interpretation," pp. 37-40.

must now demand action.”<sup>24</sup> He added that Marsh had not dealt with the structure of the economy; it needed overhauling, too. An editorial in the *New Commonwealth*, the organ of the Ontario CCF, described the Marsh proposals as “modest” but worth instituting. All Canadians “who do not believe in living in indifference to the welfare of their neighbours” must try to put pressure on the government.<sup>25</sup> Clearly the CCF did not adopt the view that implementation of the Report would quench what was held to be a growing Canadian thirst for much more thorough-going social change.

Marsh left the Advisory Committee on Reconstruction in 1944 to join the United Nations Relief and Rehabilitation Administration (UNRRA). Later in the decade he went to the University of British Columbia, working first as Director of Research in the School of Social Work and later as Professor of Educational Sociology in the Faculty of Education. He still lives in Vancouver, now officially retired but active as an amateur musician, musicologist, and interested and concerned social scientist. He never got back to the unfinished business of the Social Sciences Research Committee at McGill. One more study, Everett C. Hughes, *French Canada in Transition*, was published by the University of Chicago Press. Projected volumes on Western Canada and the foreign immigrant in Canada, Marsh wryly notes became “war casualties.”

Of the social scientists working in the field of welfare research in the 1930s and 1940s only the late Harry M. Cassidy<sup>26</sup> ranks with Leonard C. Marsh. Both men were concerned to trace the social effects of economic events and policies; both were active in the LSR; both worked on *Social Planning for Canada*. Cassidy’s *Social Security and Reconstruction in Canada* — a “reconnaissance survey [which] raises more questions than it answers,” he called it — appeared a few weeks before the Marsh Report became public. At least one reviewer noted the similarities between the two volumes.<sup>27</sup>

Marsh belongs among the designers of the Canadian welfare state. That this state in many respects does not closely resemble his design indicates the limitations even of moderate reform proposals in a capitalist state. Today, when the patch-work welfare system which has been constructed is under attack as being too generous, the work of Marsh deserves to be better known by Canadians, and particularly by students of Canadian social history. It is to be hoped that the re-issue of the *Report on Social Security* will lead to a renewed interest in the work done by Canadian social welfare researchers and theorists in the Depression and War years.

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<sup>24</sup> Statement released by M.J. Coldwell, M.P., 18 March 1943, reproduced in *News Comment*, 1 April 1943, Public Archives of Canada, CCF Records, vol. 169.

<sup>25</sup> “The Marsh Report,” *New Commonwealth*, 10 June 1943. A similar line was taken by the *Canadian Forum*, run by a committee of LSR members from 1936 on: “The Marsh Report,” *Canadian Forum*, XXIII (April 1943).

<sup>26</sup> A member of the Department of Social Science at the University of Toronto in the late 1920s and early 1930s, Harry Cassidy was a founding father of the LSR and, with the historian Frank H. Underhill, a co-drafter of the CCF’s Regina Manifesto in 1933. The following year he became Director of Social Welfare in British Columbia, a post he held until 1939, when he took up a teaching position at the University of California. He returned to the University of Toronto at the end of the war to become Director of the School of Social Work.

<sup>27</sup> *Financial Post*, 3 April 1943. A sequel to Cassidy’s book appeared in 1945 under the title: *Public Health and Welfare Reorganization: The postwar Problem in the Canadian Provinces* (Toronto, 1945).