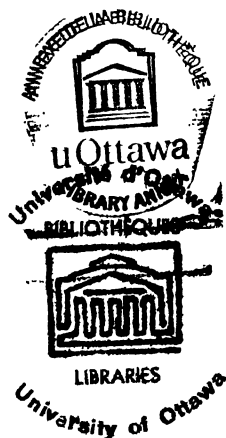


**PUBLIC WORKS AND UNEMPLOYMENT
IN CANADA**

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TABLE OF CONTENTS

Chapter	page
INTRODUCTION	v
I.-BRIEF HISTORY OF PUBLIC WORKS IN CANADA . .	1
II.-POSTWAR POLICY OF FEDERAL PUBLIC WORKS . . .	19
III.-UNDERLYING PRINCIPLES IN PUBLIC PROJECT ANALYSIS	40
IV.-PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT. .	64
CONCLUSION	84
BIBLIOGRAPHY	87

Appendix

1. ACTS OF PARLIAMENT OF THE DOMINION OF CANADA
DEALING WITH UNEMPLOYMENT, 1930-1953. . .
2. REPRODUCTION OF LET'S-DO-IT-NOW CAMPAIGNS . .

LIST OF TABLES

Table	page
I. - Expenditures on Relief Works and Total Relief all Governments, Canada, 1930-1940	9
II. - Relation Between Public Works and Total Relief.	16
III. - Relief Works for all Governments	18

INTRODUCTION

The author proposes to study the economic policies behind Federal public works expenditures in Canada and their effect on unemployment.

To achieve this aim, the thesis is divided into four parts. Chapter one gives a brief history of public works in Canada for the period 1930 to 1940, pointing out the increasing role played by the Federal Government with regard to unemployment.

The second chapter outlines the post-war policy in Federal public expenditures. Particular emphasis is given to the change from the old concept of the balanced budget to the more recent system of deficit financing. This in turn caused Federal capital outlays to assume less importance and fiscal policy to assume more importance in controlling the national economy. Moreover during that period, the economic thinking behind public works expenditures became more realistic.

The importance of chapter three rests on the fact that the underlying principles governing the Benefit and Cost analysis, through which public projects in Canada are evaluated, is completely unknown to the people outside government. The details of the analysis, as explained in this chapter, reveal in its true dimension the importance presently given to public works in Canada as far as unemployment is concerned. Such a study was

INTRODUCTION

possible because of the author's close association with the Economic Studies of the Federal Department of Public Works during the summer and Autumn of 1955.

The fourth chapter analyses in greater detail the possible effects of Federal public works on seasonal unemployment in Canada. It consists of a short analysis of each industry mainly concerned with seasonal unemployment. The chapter concludes with a description of the educational activities carried on by the Federal Government in an effort to get the people of Canada to help in providing jobs for the unemployed.

CHAPTER I

BRIEF HISTORY OF PUBLIC WORKS IN CANADA

The idea of employing the idle on public works is an old one. A British law in 1576 empowered local government officials to purchase raw materials on which the unemployed might be set to work, although the stated purpose of the law was merely to prevent the idle becoming "rogues". Malthus advocated both public and private construction as the best means of ending the long depression that followed the Napoleonic War, which he believed was due to a lack of balance between consumption and production. But Malthus did not elaborate his theory and the idea that increased spending on construction would not only raise incomes directly but increase them further when the money was re-spent time and again was developed in detail in the 1930's by a number of economists, among whom J.M. Keynes himself was the most prominent.

Work projects have been used in the relief of unemployment at various times throughout Canadian history. In 1829 one such project took place in the Red River District. In 1868 the Federal Government let unemployed settlers work on the "Dawson Trail" between the Red River Settlement and Lake of the Woods.

In 1919, introducing the bill which later became the Canada Highways Act, the then Minister of Railways

BRIEF HISTORY OF PUBLIC WORKS IN CANADA

2

and Canals noted the employment-giving nature of the project in urging speedy passage of the Bill. Both relief works undertaken as such, and the timing of public works to help relieve unemployment, are therefore somewhat familiar ideas. It was not until after World War I however, that such projects involved large expenditures, and not until the depression of the thirties that such expenditures became of substantial portion of Federal or Provincial outlays.

Although the Canadian Constitution, the British North America Act, does not specifically mention unemployment relief, the Federal Government up to 1945 has maintained that this subject in fact falls into the category of local matters and should be dealt with by local authorities i.e. municipal or provincial governments. Federal Government participation in unemployment relief measures has therefore had the explicit aim of supplementing local efforts. The Order in Council introducing the first Federal unemployment relief program after World War I leaves no doubt as to the validity of that statement.

Unemployment relief always has been, and must necessarily always continue to be, primarily a municipal responsibility, and in the second instance the responsibility of the Province. ¹

¹ Privy Council 3831, (hereafter referred to as P.C.) October 7, 1921.

BRIEF HISTORY OF PUBLIC WORKS IN CANADA

3

Federal Government unemployment relief measures during the twenties and thirties continued to be premised on this view. The Act of the special session of 1930 re-ascertained that principle, but showed the beginning of Federal Government interest in the matter.

Whereas unemployment which is primarily a provincial and municipal responsibility, has become so general throughout Canada as to constitute a matter of national concern ... 2

Provincial governments have likewise regarded their role in unemployment relief problems as chiefly a supplementary one, claiming that primary responsibility rested upon the municipalities. In practice, however, both Federal and Provincial authorities have usually found it necessary to share the burden in various ways.

During the twenties public works with aims of relieving unemployment was relatively small in contrast with the outlays made in the following decade. Relief expenditures by the Federal Government for the years 1920 to 1930 inclusive totaled \$1.8 million,³ including administrative expenses. By contrast, the 1930

²
Acts of the Parliament of the Dominion of Canada,
Sept. 1930 (second session), p. 1.

³
Private and Public Investment in Canada 1926-1951,
Government of Canada publication, 1951, p. 241.

BRIEF HISTORY OF PUBLIC WORKS IN CANADA

4

Unemployment Relief Act alone authorized an expenditure of \$20 million.⁴ During the twenties the arrangements were that the Federal Government was empowered to reimburse municipal authorities for one third of the cost of emergency disbursements for unemployment relief and some financial aid in the case of work undertaken by the municipalities during the winter to relieve unemployment. This financial aid worked as follows: the Federal Government offered to pay one-third of the difference between the actual cost of performing the work and agreed on estimate of what it would cost if the project were undertaken during the normal working season. The municipality bore the entire "normal cost", plus its share of the "excess cost". It is noticeable that this excess cost concept was not carried over into the thirties.

Curious as it may seem for that period, i.e., during the twenties and in the first years of the great depression, all three levels of administration were agreed that wherever possible public works were preferable to direct relief.⁵ The only principle behind such thinking was: "work not dole should be given to those

⁴The Unemployment Relief Act, 1930, 21 George V, September 22nd 1930, clause 2.

⁵Private and Public Investment in Canada 1926-1951, Government of Canada publication, 1951, p. 241.

BRIEF HISTORY OF PUBLIC WORKS IN CANADA

5

in need."

The depression of 1929 brought unemployment into the foreground as the most serious of Canadian problems. All three levels of government expanded their relief activities, but nevertheless the principle of local responsibility was retained as we have seen above, (page 3, the 1930 Act of the special session). This Act was to be the first in a series of similar acts legislated every year up to 1953 as will be seen in Appendix "I".

An Unemployment Relief Branch, part of the Department of Labor, provided for the administration of these Acts. All agreements with the provinces and the allocation of funds were made by Order in Council.

In 1930 the Federal Government contributed 50 per cent of the cost of provincial works and 25 per cent of the cost of municipal works. In 1931, the Federal share of municipal relief works was raised to 50 per cent in the four western provinces, and the Federal contribution to provincial highways works reduced in four of the eastern provinces.⁶

In that period the Federal Government undertook on its own a rather small public works program compared to the outlays made by provincial and municipal governments. The Federal outlays which consisted mainly of

⁶Ibid, p. 212.

BRIEF HISTORY OF PUBLIC WORKS IN CANADA

6

public buildings, agricultural stations, river projects, totaled less than six million dollars for the years 1930 and 1931. Under the 1930 legislation an agreement was made with the Canadian Pacific Railway and the Canadian National Railway whereby the Federal Government would pay these companies 5 per cent interest on expenditures undertaken over and above their normal work expenditures, provided, a) that these additional projects were begun and completed within a specified time and b) that these extra expenditures would not be over 25 million dollars.⁷

After two years of experimentation, the policy of: "work not dole would be given to those in need"⁸ seemed to be reversed. The year 1932 saw almost complete abandonment of the 1930-1931 approach to unemployment relief work. Due to financial reasons many municipalities were unable to complete their works program despite the fact that half of the cost was borne by the Federal Government, and they began a general switch to direct relief. Furthermore they relied more and more on their respective provincial government, and these in turn began to feel the strain.

7

P.C. 2292, September 30, 1930.

8

F. Brault, The Fiscal Policy of Canada Since Confederation, unpublished Doctorate's thesis presented to the University of Saint Louis, U.S.A. 1943, pp. 110, 111.

5

BRIEF HISTORY OF PUBLIC WORKS IN CANADA

7

Provincial governments had financed themselves mainly with borrowing but the loan market late in 1931 became much smaller and they had increasing difficulties finding capital. As a result of the above no new work projects were begun in 1932 except in special instances like completing some unfinished projects.⁹ As the Minister of Labor stated in the House of Commons, the method of direct relief was to be employed, a policy in which various provincial governments concurred.¹⁰ From 1933 to 1936, the Federal Government expenditures on relief works were made chiefly on its own projects although directed mainly to relieve unemployment. Also in 1932 the Federal Government took over the cost, in four western provinces and at other various points throughout the country, of looking after single homeless men, who were cared for in relief camps administered by the provincial governments.

In 1933, Federal subsidies to provincial relief works were resumed on a smaller scale, but became more important in the latter part of the thirties. Relief works nevertheless played a secondary role to direct

⁹
Ibid, p. 112.

¹⁰
House of Commons Debates, May 11, 1932, p. 3068.

BRIEF HISTORY OF PUBLIC WORKS IN CANADA

8

relief in provincial activities until 1937.

In 1934, the increasing role of the Federal Government came to the forefront. Based largely on the Public Works Construction Act of 1934, the Federal Government undertook a program of its own and its expenditures more than doubled over the previous year as indicated in TABLE I. The Act began with the following words:

Whereas it is in the national interest that the Dominion of Canada should undertake the construction of certain public works ... to accelerate recovery ... to increase employment and reduce expenditures for relief purposes...¹¹

Endorsing this policy, the Act allocated \$39.7 million to various Federal departments for work on specific projects, designed to use, at a maximum, unskilled labor.

The Supplementary Public Works Construction Act of 1935 provided for continuation of these projects and allotted an additional \$17.9 million for public works. A new and significant feature was the earmarking of one million dollars for geological surveys, thus linking for the first time unemployment relief projects with resources development.

The Expenditures on relief works under the construction Acts totalled \$8.7 million in 1934, and \$29.6

¹¹

The Public Works Construction Act, 1934, 24-25 George V, Chapter 59, 3rd of July, 1934.

TABLE I

EXPENDITURES ON RELIEF WORKS AND TOTAL RELIEF, ALL GOVERNMENTS, CANADA, 1930-1940*

(Millions of Dollars)

Item		1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	Total 1930-1940
Federal Government:													
Relief works.....		4.0	26.5	15.5	10.3	21.4	48.4	39.0	21.7	17.4	30.3	7.6	242.1
Total relief.....		4.4	38.3	36.7	35.9	60.7	79.4	80.8	89.3	49.6	59.5	28.6	563.2
All Provincial Governments:													
Relief works.....		4.0	25.2	16.9	4.9	26.5	18.1	16.1	19.9	35.1	17.6	2.3	186.6
Total relief.....		9.2	42.0	37.5	39.1	74.3	69.5	54.4	56.1	72.3	50.2	24.2	528.8
All Municipal Governments:													
Relief works.....		1.5	12.2	10.7	1.4	1.7	1.1	0.6	0.7	0.6	1.6	0.6	32.7
Total relief.....		4.8	16.2	20.8	23.0	23.5	24.0	23.3	19.8	19.0	15.5	8.9	198.8
All Governments:													
Relief works.....		9.5	63.9	43.1	16.6	49.6	67.6	55.7	42.3	53.1	49.5	10.5	461.4
Total relief.....		18.4	96.5	95.0	97.9	158.5	172.9	158.5	165.3	140.9	125.3	61.6	1,291.0

Federal expenditures include contributions to provincial and municipal relief; provincial expenditures include contributions to municipal relief.

* Private and Public Investment in Canada 1926-1951, Government of Canada Publication, 1951, Part II, Table 121.

BRIEF HISTORY OF PUBLIC WORKS IN CANADA

10

million dollars in 1935.¹² These outlays represented about 40 per cent and 61 per cent respectively of the total Federal relief works expenditures in those two years.

In 1936 the relief camps were closed because the maintenance costs were high and the results insignificant. Certain specified projects, begun under the Construction Acts, were authorized for completion, but the use of special legislation for relief works was discontinued. For the remainder of the decade, Federal works undertaken to relieve unemployment were ordinary public works although greater care was taken in choosing and timing the projects.

In 1937 provincial expenditures on relief works expanded from \$16.1 million to 19.9 million as indicated in TABLE I. This resulted in part from the desire to eliminate direct relief. From 1937 to 1938 provincial expenditures on relief works almost doubled. In 1938 a series of special agreements was negotiated by Federal and Provincial authorities providing for Federal participation in the development of tourist highways and roads in mining districts. Under these agreements the Federal Government was to contribute to the construction cost of

12

Private and Public Investment in Canada 1926-1951, Government of Canada publication, 1951, p. 243.

BRIEF HISTORY OF PUBLIC WORKS IN CANADA

11

tourist highways up to a specified maximum for each province. The Federal contribution was set at 60 per cent in British Columbia, approximately 39 per cent in Manitoba, 10 per cent in Saskatchewan, and 50 per cent in other provinces.¹³ In the case of road into mining areas, the Federal share was to be two-thirds of construction costs. For these roads projects, which were continued in succeeding years with some modifications, the Federal Government disbursed \$1.6 million in 1938, 2.4 million in 1939 and a smaller amount in 1940.¹⁴

Even if at different time during the depression, rather large outlays of money were allocated for employment giving projects, it is nevertheless believed that the general policy was not spending for recovery but balancing the budget or economizing for recovery. The economy of the country was still parallel to the economy of the individual. Instead of diminishing the taxes to stimulate the economy, these were increased at different intervals to compensate for their diminishing returns.¹⁵ Pump-priming was referred to only once in the budget

13

Ibid, p. 244.

14

Report of the Dominion Commissioner of Unemployment Relief, Ottawa, March 31, 1939, March 1940, pp. 7, 14, 15, March 31, 1941, pp. 11, 13.

15

M. Lamontagne, Le Federalisme Canadien, Presse de l'Université Laval, 1954, p. 56.

speeches, in 1939, and even then, the Minister of Finance was reluctant to endorse the principle.

We are, of course, well aware of the argument for pump-priming in times of depression, and we have had to increase government expenditures substantially as a partial offset to the gap in private investment. But we have never believed that public spending could be a substitute for private business. We have realized that public spending could only be a relief and not a cure unless one is prepared to take the whole of business into government hands. 16

Pump-priming entails inevitably considerable deficits which the Federal Government at that time could not harmonize with the principle of the balanced budget. Furthermore, even though the Federal Government assumed increasingly more responsibilities in relieving unemployment, the matter was still considered as primarily a responsibility of provincial and municipal governments, and the Federal's role was only to supplement the actions of these two. So, it explains why the Federal Government chose a "mid-way escape valve" between direct relief policy and relief work policy. Out of \$563 million spent by the Federal during the thirties, \$242 million were spent on relief works and the rest was direct relief as indicated in TABLE 1.

16

F. Brault, The Fiscal Policy of Canada since Confederation, unpublished Doctorate's thesis presented to the University of Saint Louis, 1943, p. 116 quoted from the Budget Speech, April 1939, p. 7.

BRIEF HISTORY OF PUBLIC WORKS IN CANADA

13

The aggregate amount of money allocated for total relief during the thirties is rather large, \$1, 291 million and it is believed that the results of such spending either in relief work or direct relief would have been much greater and much more satisfactory, if there would have been more co-ordination between Federal, provincial, and municipal governments.¹⁷

The second World War, with the increased expenditures of the Federal Government, put an end to the depression, and there was no more need to provide relief works. The period 1939 to 1945 was so dynamic and so productive that it was called the continuation of the second industrial revolution begun in 1920.¹⁸ Nevertheless, after the war Canada was faced with most serious problems - a high inflationary pressure, a much larger national debt, and some three quarters of a million men from the armed forces to be re-absorbed into peacetime jobs. The Federal Government tackled the problem through two most important documents: Employment and Income presented to Parliament by the Minister of Reconstruction in April, 1945, and the Dominion-Provincial Conference on

17

Ibid, p. 118.

18

M. Lamontagne, Le Federalisme Canadien, Presse de l'Université Laval, 1954, p. 64.

BRIEF HISTORY OF PUBLIC WORKS IN CANADA

14

Reconstruction, in August, 1945.

Among the decisions put forward in those documents it is stated:

In setting as its aim a high and stable level of employment and income, the Government is not selecting a lower target than "full employment". 19

To put in practice such a policy of full employment, one of the means suggested "to be undertaken experimentally"²⁰ was the advance planning of all necessary and desirable Dominion projects so that there may be always available a shelf of soundly planned projects, ready for execution when prospective employment conditions would make it desirable to supplement private investment sectors. But the period of transition having been achieved fairly quickly, the "shelf project concept" was not put to the trial until the winter 1954-55, when it did not prove useful as will be seen in the next chapter.

To sum up, public works identified as direct relief works projects undertaken during the depression 1930-1940 by the three levels of government totaled about -

19

Employment and Income, 1945, King's Printer, Ottawa, p. 1.

20

"The deliberate use of public investment expenditures as a permanent instrument in employment policy has to be undertaken experimentally." Employment and Income, p. 16, section (b).

BRIEF HISTORY OF PUBLIC WORKS IN CANADA

15

\$461 million as indicated in TABLE I. These projects included the Trans-Canada Highway, direct federal, provincial, and municipal relief works, work projects in relief camps operated by the Federal Government and works involving farm and forestry improvements.²¹ It confirms what was said above, that the outlays made during the depression were by far larger than those outlays made in any previous period. It is said that they exceed any corresponding outlays made for this purpose during the preceding 63 years.²²

The importance given to public works expenditures during the thirties may nevertheless be misleading. It is true that one out of every three dollars spent by all governments on total relief was devoted to employment-giving construction projects, as shown in TABLE II. This proportion of one to three is almost negligible when applied to the expenditures of the Department of Public Works for the years 1931 and 1932. In 1931 the ordinary public works carried out by that department amounted to \$31.1 million. In 1932 \$1.6 million was earmarked as "Unemployment Relief Works, under the provisions of

21

Private and Public Investment in Canada, 1926-1951, Government of Canada publication, 1951, p. 24.

22

Ibid, p. 24.

BRIEF HISTORY OF PUBLIC WORKS IN CANADA

16

TABLE II

RELATION BETWEEN PUBLIC WORKS AND TOTAL RELIEF*

Government	Relief Works million	Total Relief million	Relief Works as per cent of total relief
Federal	242	563	43
Provincial	186	529	35
Municipal	33	199	16
All	461	1,291	36

*

Private and Public Investment in Canada 1926-1951,
Government of Canada publication, 1951, Part II, p. 244.

BRIEF HISTORY OF PUBLIC WORKS IN CANADA

17

Unemployment and Farm Relief Act".²³ But instead of maintaining the ordinary expenditures at \$31.1 million, they were reduced to \$20.8 million, so the increased earmarked expenditures for employment-giving-work was more than nullified by the large decrease in ordinary public works. This experience was repeated almost every year during the depression. Furthermore the outlays on public works, although sizable at times, were not large enough to compensate for declining investment expenditures.²⁴

It is clear, however, that the money spent on public works, even if in small quantities, was a step forward in providing Canada with a useful experience in that field. Employment-giving public works prevented wages from decreasing to a lower level. They were at times of a developmental character, thus adding to our knowledge of the country.

23

Reports of the Department of Public Works for the years 1931, 1932, 1933, etc.

24

"In 1935 for example, when all three levels of government spent some \$68 million on relief works, or 36 per cent of total new investment, repair and maintenance expenditures by governments departments, the total investment outlay by governments was about one-third smaller than at the peak of 1930, when the relief works contribution was only \$10 million, or 3 per cent of the total." Refer to TABLE III.

BRIEF HISTORY OF PUBLIC WORKS IN CANADA

TABLE III

RELIEF WORKS FOR ALL GOVERNMENTS*

Year	Amount million	Percent of New Investment Repair and Maintenance
1930	10	3
1931	64	25
1932	43	23
1933	16	12
1934	50	30
1935	68	36
1936	56	32
1937	42	17
1938	53	22
1939	49	21
1940	10	3
Total	461	19

*

Private and Public Investment in Canada 1926-1951,
Government of Canada publication, 1951, Part II, p. 245.

CHAPTER II

POST WAR POLICY OF FEDERAL PUBLIC WORKS

The shifting of responsibility with regard to the unemployed was a gradual process. The municipalities, unable to finance their own public works, relied more and more on their respective provincial government, and these in turn, for the same reason, relied on the Federal Government. One of the major steps made by the Federal Government toward accepting the responsibility was the establishment in 1941 of the Unemployment Insurance Scheme. Constitutionally, Unemployment Insurance belongs to the provinces. The fact that the Federal Government was seeking a constitutional amendment to establish the Scheme clearly indicates its position in respect to it.

Because operation of an Insurance Scheme would affect property and civil rights, it was under the jurisdiction of the Provinces. Far from encroaching upon Provincial rights, we are asking the Provinces, in order to yield to public request, that they should agree to an amendment giving jurisdiction to the Federal Parliament in this matter. ¹

Nevertheless the same report maintains that the "Dominion" was not seeking to assume primary or any degree of responsibility for the relief of distress. It was seeking only constitutional provisions to enable it to

¹

Final Report of the National Employment Commission,
King's Printer, Ottawa, 1938, p. 48.

POST WAR POLICY OF FEDERAL PUBLIC WORKS

20

assist the primarily responsible governments by assuming that portion of their burden which resulted from unemployment and which the "Dominion" believed could be met by Unemployment Insurance.

This first step towards accepting full responsibility was closely followed by a final stride, the White Paper of 1945, the objectives of which are clearly enunciated in the first chapter. Not only assuming full responsibility of the unemployed, the Government also made public their intention of using the deficit financing policy. Quoting the Minister of Trade and Commerce:

In a period when unemployment threatens, (the Government agrees) to incur the deficits and increases in the national debt resulting from its employment and income policy ... It is best applied through expenditures or reduced taxation. In periods of buoyant employment and income budget plans will call for surpluses.

The deficit financing policy is also the outcome of a gradual process of thinking started in the late thirties. Before that period the Federal Government was an ardent supporter of a "balanced-budget policy". The balanced-budget policy is clearly evident at the beginning of the twentieth century:

Owing to the world-wide depression which occurred the year 1908, from which Canada to some extent suffered, and which resulted in a contraction of business throughout the country and a subsequent falling off in the revenues, it was prudently decided to postpone the execution of as great a number of

POST WAR POLICY OF FEDERAL PUBLIC WORKS

21

public works as conditions warranted and a very large reduction amounting to nearly seven million was accordingly made in the appropriations of the department for the year under review. ²

In 1945 the Federal Government was well prepared to face the period of reconstruction, to assume full responsibility for the unemployed and to use deficit financing if the situation warranted it. But the period of transition presented no great employment difficulties, and no major depression or recession took place during these years. Nevertheless, the theory introduced in Canada through the White Paper stayed in the mind of many economists and politicians and new concepts developed.

Before discussing the principles behind the spending policy of Federal Public Works, it would clarify the issue to examine briefly the extent of investments made by the Federal Government. Capital outlays by the Federal Government has reached a new peak since the end of the war. Nevertheless, the relative importance of these investments has been declining in recent years. The public share of total investment has remained fairly constant, i.e., 23 per cent in 1929 and 26 per cent in 1950. But since the first World War the level of

2

Report of the Department of Public Works for the Fiscal Year Ended March 31, 1910, opening remarks of the Deputy Minister.

investment expenditures by Provincial and Municipal Governments has been greater than that of Federal Government investment, which is a reversal of the situation that existed from Confederation until that time. In 1926 the Federal share of public investment was 42 per cent and in 1950 it was 32 per cent.

While the importance of direct Federal investment has been declining, the Government places greater emphasis on its policies designed to encourage and stimulate investment by Provincial and Municipal Governments, industry and private individuals. A monetary policy of low interest rates, provisions for liberal depreciation allowances for plant modernization, tax concessions to encourage resource development, and research and capital facilities for the establishment of small business are also part of that general policy.

Another measure to encourage Provincial investments, as the provision of grants-in-aid. This type of assistance can be divided into three categories:

- a) for projects national in scope, beneficial to the whole economy, e.g., the Trans-Canada Highway.
- b) for projects necessitated by national emergencies, flood and fire disasters.
- c) for special projects, regional and of a developmental

POST WAR POLICY OF FEDERAL PUBLIC WORKS

23

nature which provincial governments found to be beyond their means to finance, e.g., the Maritime Marshlands Reclamation Project and Le Pas Flin Flon mining road in Manitoba, etc. ³

Financial participation by the Federal Government in Provincial projects consisted mainly of capital cost contributions and very rarely of operating costs.

In 1930, 80 per cent of the Federal Government's new investment outlay was for public works projects of a construction type. By 1948 these projects had declined to 61 per cent, while expenditures for resources development and conservation had risen from 9 to 16 per cent and machinery and equipment purchases from 11 to 23 per cent.

The Department of Public Works accounts for almost half of the total construction presently carried out by the Federal Government; the other departments mainly concerned being National Defence, (through Defence Construction Limited), the Department of Transport, the Department of Defence Production and the Department of Agriculture.

3

Private and Public Investment in Canada 1926-1951, Government of Canada publication, 1951, p. 103.

POST WAR POLICY OF FEDERAL PUBLIC WORKS

24

Several major activities of the Department of Public Works bear directly on the economy: the construction of public buildings, their maintenance and operation, the construction and maintenance of harbour and river works, the Federal share in the Trans-Canada Highway as well as the construction and maintenance of all highways and bridges in National Parks. Its Purchasing Branch alone ranks second after the Department of Defence Production, and buys about 20 million worth of equipment and maintenance supplies every year.

The estimates presented to the parliament for the fiscal year 1955-56 for all departments totaled about \$358 million. Of this amount, construction votes in the estimates of the Department of Public Works account for some \$106 million plus \$10 million for works carried out by Public Works on behalf of other Government departments. The estimates for Defence Construction amount to \$172 million. Other Departments are responsible for construction projects to the extent of the balance of about \$70 million.

The effects on employment and income of approximately \$115 million a year spent on Construction by the Federal Department of Public Works depend largely upon the economic thinking behind such capital outlays. Some projects essential to meet the immediate requirements

POST WAR POLICY OF FEDERAL PUBLIC WORKS

25

of an area cannot be delayed or timed in such a way as to provide maximum employment to the unskilled workers of that area. In such cases the contribution of public projects to the direct relief of unemployment may be relatively small and very often incidental.

In many statements of policy at the beginning of the post-war period the Federal Government showed that it had, to a great extent, adopted Keynesian theories of the role of public investment in maintaining a "high level of employment and income" and in counteracting fluctuations in the national economy. The Minister of Trade and Commerce declared that:

It is the firm intention of the Government to institute a system of managing its Capital expenditures so that they may contribute to the maximum, to the improvement and stabilization of employment and income.

In the Keynesian theories of public spending, public works or investment in capital goods are considered one of the instruments which a government must use to maintain a high level of employment and income. Most economists agree that the consumption function, or the propensity to consume tend to be ^{relatively} stable,⁴ and that the disturbing elements in the economy are variations in the

4

Keynes, J.M., The General Theory of Employment, Interest and Money, Macmillan and Co. Ltd., London, 1954, p. 91.

POST WAR POLICY OF FEDERAL PUBLIC WORKS

26

rate of investment, which may be caused by:

- a) extensive tendency to spend or to save;
- b) forced savings;
- c) higher profits made, encouraging further investments or bigger losses discouraging further investment; and
- d) optimism or pessimism in business practice.

In other words, the Government must work as a stabilizer.⁵ When the general economic level is low and investments are declining because of one or all of the above reasons, the government must, along with other monetary and fiscal policies, extend its public works programs. Conversely when the economy is operating at a high rate and resources are fully employed the government must curtail such programs.

Keynes emphasizes that the basic case for public works expenditure in time of recession or depression rests on the notion that whatever is produced by men employed in public works, who would otherwise be unemployed represents a net gain to the whole economic system. In addition to the on-site jobs offered, numerous off-site jobs will be created by what he calls the "repercussion effects". For example, the building of a fishing wharf near a very good fishing ground will first create employment for the

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Samuelson, P.A., Economics, Chapter 18, "Fiscal Policy and Full Employment", McGraw-Hill, Toronto, 1955, p. 338.

POST WAR POLICY OF FEDERAL PUBLIC WORKS

27

on-site workers, for the machine manufacturer's and the wood-cutters and will create more business for transportation companies who carry the supplies for the construction. Furthermore better fishing accommodations may attract more fishermen in that locality, fishermen who will in turn buy more boats and fishing equipment. Bigger catches may encourage business firms to build their premises in the neighborhood and the chain of repercussion keeps on. Because of the multiplying effect of investment, national income and employment increases not merely in "direct proportion of the original capital outlay, but by a multiple of it" and the initial investment in public works goes on producing beneficial effects throughout the economy.

A counter-cyclical public works policy is thus one means by which the government can reduce the fluctuations which are called Business Cycles and which usually represents the pattern of boom and depression in the economy.

The Federal Government adopted in its post-war policy such a public investment policy to be put in practice in conjunction with monetary policy and other fiscal measures to achieve "a high and stable level of employment and income".

POST WAR POLICY OF FEDERAL PUBLIC WORKS

28

Statements by officials of the Department of Public Works reflect Keynes' theory of public spending in many points. Speaking of the amount of money spent by his department, the Minister of Public Works said:

Although on the basis of these figures the influence that can be exerted by the Department of Public Works might not appear great, we can nevertheless act both as a sort of control valve and as a stimulant if we plan and implement our work to the best advantage. The difference between firmness and slackness in the economic condition of an industry is often not very great, especially where the utilization of tradesmen is concerned. The availability, for example, of a few brick-layers in one area and the corresponding shortage in another might make a considerable difference in the employment of associated skilled and semi-skilled workers and hence in the total employment picture of the two areas. \$100 million worth of construction superimposed on an industry already working to capacity might cause pressures harmful to the over-all economy, whereas \$100 million worth of work added to the industry at a time when it tends to be a little slack, might be just the kind of medicine required. 6

To exert that influence on employment and income, public projects, in principle, are planned with a view to obtain maximum benefits for the Canadian people either in terms of service or in terms of a stimulus to further development of the part of the private enterprise. The employment effects of public works fall under two general

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Address by the Honourable Robert H. Winters, Minister of Public Works, Meeting of the Canadian Association of Purchasing agents at Montreal, P.Q. September 23rd, 1954.

POST WAR POLICY OF FEDERAL PUBLIC WORKS

29

categories, the employment involved directly and indirectly in connection with the construction and employment that may be provided over a longer term because of a public project acting as a stimulus to private industry. Regarding the first category, the employment would consist of on-site work and off-site work as mentioned above. The off-site work does not include only the normal repercussion effects but also the stimulus to the national economy which may result of the direct and indirect labour on the project would not otherwise have been employed or have been employed less effectively.

The ratio between on-site and off-site labour, as pointed out by many government specialists on public investments, are not easy to determine and will naturally vary accordingly to the type of construction involved. It is estimated that off-site work in connection with buildings is likely to be somewhat higher in relation to on-site that would be the case in modern highway construction. Furthermore, the proportion of off-site work which will take place in a particular area will tend to vary greatly depending, of course, on where the raw material is obtained from: the quantity and the labor-giving value of that raw material.

When analysing the economic feasibility of particular projects many economic considerations must be kept

POST WAR POLICY OF FEDERAL PUBLIC WORKS

30

in mind including the degree of priority which they might receive.⁷ Every public project must obviously be related in the first instance to a specific area. It is necessary in turn to regard this area in the light of its growth trends and not just in terms of conditions at a given time. Since structures like harbor works generally last for many years it is important that they should be in harmony with economic trends in the area and, when feasible, stimulate growth. Projects which serve only to delay inevitable adjustments in a local economy would surely be contrary to public interest. Similarly, structures which were either too small or too large for the needs of a community would imply a poor investment. All these general factors must be analyzed carefully before investing public money in long-lasting works. The details of the economic analysis carried out by the Economic Studies of the Department of Public Works will be fully explained and analyzed in the next chapter.

A general employment policy also lays behind the enormous purchases made by the Department of Public Works. The purchasing Branch of the Department bases its buying policy on the principle of obtaining the best results for its outlays and this naturally involves purchasing as much

7Samuelson, P.A., Economics, p. 341.

POST WAR POLICY OF FEDERAL PUBLIC WORKS

31

as possible at those times when the industries concerned are slackest in term of business. This policy does have a generally beneficial effect in reducing seasonal fluctuations.

The Department of Public Works also stresses the importance of joint undertaking with the several Provincial Governments. Joints projects make possible greater capital outlays, better co-operation with regards to the timing of works, and usually, by their nature, contribute more specifically to the overall economy.

To judge the importance of public works on employment, an explanation of the policy behind such capital expenditures is far from sufficient. Thoughts must be given to the practical usefulness of that policy and its physical as well as theoretical limitations.

The impact of Public Works on employment is limited by the amount of capital invested, the types and flexibility of the projects undertaken, the climatic conditions and regional differences existing in Canada, the political influence and also by the jurisdictional limits imposed on the Federal Government by the B.N.A. Act which divides between Provincial and Federal Governments certain responsibilities.

To keep an adequate sense of proportion in connection with the construction work done by the Department

of Public Works, it must be remembered that construction directly under the department of Public Works including that done for other departments, represents only about 3 per cent of total new construction done in Canada, including housing. That represents only a very small part of the activities in the construction industry. It is estimated that this percentage represents something like 300,000 man months of work on-site and off-site, including indirect effects on the economy.⁸

It is true that capital outlays of a \$100 million a year may be just what is needed to fill in the gap between unemployment and full employment, in time of normal economic activities, but nevertheless, it stands to reason that such an expenditure is far from sufficient to counteract a depression or a major recession or even a major seasonal fluctuation. The amount would have to be increased many times to obtain an effective weapon against severe unemployment.

The types of Public Works normally carried out by the department are sometimes ineffective to relief unemployment. This was pointed out by the Minister of the Department of Public Works:

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The Financial Post, February 19, 1955, Public Works Keep Up With Changes, p. 42.

POST WAR POLICY OF FEDERAL PUBLIC WORKS

33

Autrefois, les travaux publics reussissaient assez bien a soulager le chomage en fournissant du travail a une forte main-d'oeuvre. Mais aujourd'hui, les methodes et les machines modernes, source d'economie de main-d'oeuvre, ont pris largement la place des travailleurs dans les entreprises des travaux publics. Dans ma province de la Nouvelle-Ecosse, la construction d'une chaussée au coût élevé de 23 millions emploie régulièrement quelque 150 hommes seulement. De nombreux exemples choisis dans les Cantons de l'Est du Québec indiqueraient la même tendance. Il faut beaucoup moins d'hommes aujourd'hui pour construire un tronçon de grande route moderne qu'il en fallait autrefois pour construire le même nombre de milles d'une route beaucoup moins bonne. 9

On-site jobs provided by the Canso project which linked by road Nova Scotia to Cape Breton, are very limited indeed; even the off-site jobs, in this case as in many others Federal projects, were of little significance for Nova Scotia. The work created by the manufacturing of the machinery used for the Canso had repercussion mainly in the other provinces and also in the United States from where much of the heavy equipment was obtained.

Canada has a very diversified economy from region to region. Work undertaken in the Maritime Provinces may benefit, through the multiplier effect, central Canada or even British Columbia to a much greater extent. For that matter, the same work beneficial to the Maritimes

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Discours prononcé le 25 fevrier, 1954, par l'Honorable Robert H. Winters à l'assemblée annuelle de l'association des manufacturiers canadiens, division des Cantons de l'Est, Sherbrooke, P.Q.

POST WAR POLICY OF FEDERAL PUBLIC WORKS

34

may be harmful to some other provinces by creating inflationary pressure and over-employment in certain industries.

Many projects undertaken by the Department of Public Works are of a seasonal character, like the construction and maintenance of harbour and river works, including the dredging of navigation channels and the construction and maintenance of highways; by the same factor, they lose much of their flexibility as such. Most of these projects can only be started during the summer and the operations have to be terminated or suspended before the winter season.

The same is true, to a lesser extent, for building construction. The policy in this respect is to try to ensure that, where feasible, contracts for new Federal buildings are placed in such a way that the buildings may be "closed-in" sufficiently in the fall to allow for inside work during the winter; or in other cases that excavation and similar types of activity may be undertaken in the cold weather. New technological and chemical innovations now permit, to a much greater extent than in previous years, the use of various building materials during the winter season.¹⁰

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Canada, National Research Council, Better Building Bulletin, Winter Construction, No. 6, p. 27.

POST WAR POLICY OF FEDERAL PUBLIC WORKS

35

Another difficulty is that, in regions where unemployment is severe skilled construction workers are very often unobtainable and projects undertaken with an employment-giving purpose are not a remedy to the local situation.

The deliberate use of public investment expenditures as permanent instrument in employment policy was, as pointed out in Employment and Income, to be undertaken experimentally.¹¹

Advance planning of public projects was to be made available through the "shelf" concept. These projects were to be launched as soon as weakness in private investment in certain sectors of the economy, would make it desirable. In theory, the "shelf concept" seemed readily feasible and attractive. Much publicity was given to this new idea as a means of increasing economic activities in time of recession and depression on the national as well as the regional level.

The "shelf concept" proved impractical for two main reasons, the limited supply of engineers and architects and the technical developments of major consequence occurring so frequently.

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Employment and Income with special reference to the Initial Period of Reconstruction, April 1945, King's Printer, Ottawa, p. 16.

POST WAR POLICY OF FEDERAL PUBLIC WORKS

36

War programs had necessarily taken precedence before 1945 over the planning and construction of public projects. A considerable number of public projects of all types had been deferred by all governments, during that period. The Department of Public Works with a limited number of engineers and architects found it very difficult to complete the back-log of public projects and to keep up with the planning and designing of immediate constructions, let alone to think of planning for the "shelf".

During the fiscal year 1955-56 approximately \$40 million of the Public Works budget could not be spent simply because plans were not completed and contracts not awarded on time. Nevertheless a few long-term projects were planned and stored on the "shelf", ready for execution. In recent years technical fields enjoyed, in Canada, an expansion never seen before. Technical innovations occur with increasing frequencies and many construction process practical a few years ago are now out-dated and replaced by new and more efficient methods. Also the gigantic discoveries of oil, gas and iron ore of today are changing the face of the economy throughout the country and for numerous communities. So projects of a developmental character planned for far reaching periods were almost obsolete over-night because of these

POST WAR POLICY OF FEDERAL PUBLIC WORKS

37

changes. A re-assessment of the "shelf-concept" was obviously necessary and it was discarded in favor of the "boiling-pot" approach.¹² This new policy requires to think of the projects in preparation as in a boiling pot. They are re-assessed periodically and kept always in process; they do not become obsolete on the "shelf". This method however does not yet consider these projects as anti-recessionary weapons but rather as a back-log of usual needs.

Political influence whenever we deal with a two party system is difficult to avoid. Public Works projects for the most part, are requested by local groups to their representatives in parliament. These in turn pass them over to the Department of Public Works. Some projects, where economic justification is at a bare minimum, may be carried on because of political influence. It is still possible, though less frequent, to find expensive fishing wharves on completely deserted islands, in the constituency of Members of Parliament whose party was in power. Such "political projects" are of course fairly well hidden when their economic value has been proved nil. Political projects of that kind having no economic

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Much of this information on the "shelf-project concept" and the "Boiling-Pot" approach was obtained by the author while working with the Department of Public Works in 1954. Published references can also be found in "Canadian Business Week", Jan. 1955, p. 20 to 23.

POST WAR POLICY OF FEDERAL PUBLIC WORKS

38

value may win a few votes but on the long run, will eventually be used against its promoter and often has subversive effects for the party and the country as a whole.

The types of public work undertaken by the Department of Public Works and their subsequent effect on employment is also restricted by jurisdictional limits. In accordance with the principle of divided jurisdiction embodied in the constitution and developed since Confederation, the Federal Government has been involved mainly in public investment fields, through projects of national and international character, plus certain undertakings specifically delegated as Federal responsibility under the British North America Act e.g., national parks, Yukon and Northwest Territories, etc. So the Federal Government had often recourse to one main method of helping and influencing development projects under the jurisdiction of the provinces and municipalities: that is by aiding provincial and municipal governments in expanding their investment programs, by means of various financial arrangements and grants-in-aid.

Such arrangements require the full co-operation of the parties concerned. In certain provinces understanding was often difficult to arrive at because of monetary difficulties on the part of the provinces or

POST WAR POLICY OF FEDERAL PUBLIC WORKS

39

municipalities, or because they were afraid, or claimed to be, of loosing their jurisdictional rights by agreeing to such arrangements. This attitude limited in certain cases the action of the Federal Government~~4~~, in field more suitable than their own to influence employment.

The short-term effects of Public Works on employment is less significant, as many types of projects do not provide as many on-site jobs as formerly. The long-term effect is not always easy to estimate because of the major technological changes taking place at a rapid rate in Canada, and also because the multiplier theory does not always work out in the desired manner. Canada imports a great deal of heavy construction machinery. So the beneficial results of investments in a construction project are largely exported to the United States.

As a means of relieving general unemployment, Federal Public Works should be considered as a very blunt instrument. Monetary and fiscal policies are much more flexible and effective in that respect.

CHAPTER III

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS

Requests for public projects are usually made by Members of Parliament, who are elected to represent their constituents in the Parliament of Canada. Also a large number of suggestions are received from organized groups, from municipal and provincial governments. All projects are usually desired either because of immediate needs or as a means of encouraging future development.

The request is sent to the Minister or Parliamentary Assistant who passes it to the Deputy Minister of Public Works, who in turn asks the chief engineer for comments. The chief engineer requests the district engineer to examine the project, both from an engineering point of view and from that of commercial necessity.

On items like wharves, the district engineer sends in a recommendation, without any order of priority, and indicates the commercial necessity of the project. The main basis of their judgment in this connection is normally based on the value of the fishing catch or number of fishing boats using the harbour and also the total value of all traffic which might be expected on a proposed wharf or in a proposed harbour. The district engineer usually turns down at once projects which are obviously uneconomic or not feasible from an engineering point of view.

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 41

The Chief engineer reviews the recommendations of the district engineer and decides if the project concerned should be included in the Estimates and assigns an order of priority. This recommendation goes to the Deputy Minister who passes it to the Economic Study Division if the amount involved is above \$15,000 dollars. According to the analysis done by the Economic Study Division, the Deputy Minister makes his recommendation which is attached to the Estimates. The recommended project then goes to the Minister for his consideration.

From the time of the first request presented by a Member of Parliament to the actual blueprint stage, a minimum period of six months to a year has elapsed.¹ Nevertheless this lapse of time has no serious economic or social disadvantage, as a fairly good supply of projects are kept as a backlog in the "boiling-pot" and, if necessary, ready for construction upon short notice.

The economic analysis through which public works projects are evaluated by the Economic Study Division is the concern of this chapter. It will be noted throughout the analytical process that the employment-giving nature of the works to be undertaken is not given much conside-

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This information was obtained by the author while working with the Department of Public Works in 1954.

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 42

ration. This results from two main reasons. First, the Economic Study Division was established only in September, 1954. This Division when compared with other Federal Departments, which had economists on their staff a quarter of a century ago, had a relatively short life. Consequently the policy relevant to the employment nature of public works is still in the formative stage. Also, as shown in the previous chapter, the present importance of public projects is limited by many factors. Before tackling those problems, the Department tries to eliminate "make work" projects and encourage those that are economically sound. Those which will in due course contribute to local employment and production, but will in the first place add to the longterm potential of the area and encourage private spending in that region.

The objectives of economic analysis of public projects is to ascertain the extent to which the use of economic resources is more or less effective than would be the case if the projects were not done.² So, a) there must be a need and demand for that service;
 b) the most economical project must be chosen;
 c) total benefits should be equal or greater than total

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Proposed Practice for Economic Analysis of River Basin Projects, prepared by the Subcommittee on Benefits and Costs, U.S.A. Washington, D.C., 1950. (The Green Book")

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 43

costs;

- d) priority must be carefully balanced when the possible projects are all listed.

A regional approach based on the outlook of the immediate area and the surrounding region concerned is, of course, the fundamental background from which a project will be accepted with a given priority or rejected as economically unsound.³

A need or demand for a public construction or service arises from two factors, urgency for protection concerning safety and health or imminent danger and usefulness as a stimulus to the economy, development of resources, etc. Many requests come to the department for replacement of old and sometimes dangerous structures or the destruction of obstacles blocking navigation like Ripple Rock. This rock formed a dangerous submarine formation in Seymour Narrows between Vancouver Island and the mainland on the west coast. The location of that rock has been responsible in the past hundred years for the total or partial loss of at least 14 large ships, well over 100 small vessels, fishing boats, tugs, yachts and approximately 114 lives. The blasting of Ripple Rock, in

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Weeks, E.P., Some Economic Aspects of Public Projects, District Officers' Convention, Jan. 28, 1955, p. 2.

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 44

April 1958, cost over \$2 million but it was urgently needed because of safety reasons. Another example is the moving of the town Aklavik, on the Arctic Ocean, which is being done by the Department of Public Works on behalf of the Department of External Affairs. Because of the nature of its location on the Mackenzie River flats, it cannot be developed into a larger community; the dangers of flooding, inadequate sanitation facilities which contribute to the possibility of epidemics, are factors that were studied by government officials and brought along a decision to move the town thirty miles away from the old site.

Whenever a tornado or a storm damages or destroys fishing facilities like a wharf, breakwater, refuge harbour and results in severe hardship or danger for the fishing population, a need for public projects or urgent repairs arises, and the request goes immediately to the proper authorities. There is no need to stress that action is taken with regard to the urgency.

Most of the projects, having justification either as a stimulus to the industry or as of a resource development character or both, come to the Economic Studies Division for further analysis. For example, new works like wharves, breakwaters, dredging of channels may be intended principally to serve or to stimulate fishing

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 45

industry. It is essential to start by evaluating the probable growth of the area of the industry concerned. It would, for example, be a poor expenditure of public money, at the present time, to build an expensive fishing wharf to accommodate the lake trout fishermen around Lake Superior. Since their appearance in the Great Lakes around 1919, the lamprey eels have destroyed the complete stocks of lake trout in lakes Ontario, Erie, Huron. They are now appearing in lake Michigan and Superior. Before researchers find an efficient method of controlling them, it would be risky to invest large amounts of money where fishing activities could terminate within a few years. In some other case, like where fishing activities are declining, the Government facilities might only serve to delay a necessary adjustment which would be in the best interests of the national or regional economy to encourage. On the other hand, if the construction of a wharf or breakwater would result in a stimulation to the fishing industry to a level well beyond the current one, then the investment of a given sum of Federal money might be well justified.⁴

Public buildings are required to provide accommodation for the staff of various Government departments

⁴
Ibid, p. 5.

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 46

serving the needs of a particular community. In this case once it is determined that more space, or the improvement of current accommodation, is required, an estimate must be made of probable future requirements, so that construction is not undertaken on a scale which might be too little or too great. This estimate is formed in the light of development trends in the area concerned. Accommodation needs must be calculated, not only in terms of the requirements of the community, but also with an adequate allowance in excess of space to meet probable needs over the next few years.

After the need and demand for public works has been approved, the Department must decide upon the most economical projects to be chosen. For this purpose the long and short-run aspects must be considered. If the dredging of a navigation channel is the service to be undertaken, the long term aspect must be considered. It should be determined whether it is more economical to dredge the channel 18 feet every ten years, or 24 feet every twenty years. In the case of buildings, is it better to rent or to build new accommodation that will last for so many years and cost so much? In the choice of the most economical project, for the short run aspect, the same questions are necessary: is it better to make repairs, definite improvements or to reconstruct, etc.?

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS

47

To establish the basic claim for a project the need for a service must be shown, the most economical project must be chosen. The stimulus to private investment and its contribution to greater employment stability must also be fully analyzed. In every case, an attempt must be made to make an approximate judgment of the cost-benefit ratio, to determine which projects will bring the maximum return for each dollar invested.

Costs and Benefits produced by a public project could be summarized as follow:⁵

a) COSTS AND BENEFITS

- 1- Tangible: those that can be measured with monetary unit.
- 2- Intangible: those that can hardly be measured with a monetary unit, e.g., security, health, national defense, maintenance of a community, etc.

b) COSTS

- 1- Primary cost: land, labor material used in the project.
- 2- Associated costs: value of the goods or services over and above those included in the project to make the immediate product available for use or for sale.
- 3- Secondary costs: all the costs resulting from the project, including disbenefits.

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Ibid, p. 3. Benefits and Costs are also fully explained in a paper written by Robert Gidez, A Brief Study of Benefit-Cost Analysis, Syracuse University, April 1, 1958, p. 18. Personal document of the writer.

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 48

c) BENEFITS

- 1- Primary: the value of the immediate service or goods resulting from the project.
- 2- Secondary: benefits derived as the result of the primary benefits.

d) COSTS AND BENEFITS RATIO

As a general rule the ratio should be such that annual benefits are not less than annual costs, exceptions also exist.

Tangible costs and benefits are relatively easy to arrive at. They can be listed and given a monetary value according to their importance or to their exact measurements. Serious error could nevertheless be made by omission of such costs which sometimes can be computed but are hidden. Disbenefits may be easily overlooked. For example, the construction of service wharf is beneficial to a settlement but may easily be detrimental to a land transportation company. The goods usually transported to that settlement by road may be transported by water instead. So the loss incurred by the land transportation company may outweigh the gains achieved by the transportation company using water transport.

Intangible costs and benefits are by far much more difficult to estimate because they usually imply a forecast. As mentioned before, Canada is a fast growing country. It is very difficult to say what will happen in the next thirty years in this era of increasingly rapid

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 49

technological development. What is the intangible cost of replacing an old delapidated historical monument by a new public building? What is the cost, security wise, to reduce national defense works? What benefits are derived from a reduction of hazards to human life? What are the benefits derived for Canada from secondary repercussions of a public investment, are not these secondary repercussions effects often exported to some other countries providing us with raw materials or machinery?

To evaluate some intangible benefits and costs, a person needs more than economic theory. An international, national and even regional view on the projects is sometimes not sufficient; some kind of "Extra Sensory Perception"⁶ would be required. In any event, as it is based on a forecast, much depends on the ability and foresight of the person making the forecast.

Costs are based on the alternative-use-cost principle: the economic cost of using goods and services for a given purpose is, in effect, the value of benefits foregone in the most likely other uses to be expected.

Primary costs include land, actual cost of

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Conference on Research in Income and Wealth, The Value of the Regional Approach in Economic Analysis, (by Walter Isard, M.I.T.) some comments by E.P. Weeks, Director of Economic Studies, Federal Department of Public Works, Canada, June 1955, p. 1.

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 50

construction, (material, labor, machinery, planning, margin of profit) maintenance and repairs. These costs also include:

Annual Costs

- interest on the initial investment taken at the Government money rate of 3½ per cent;
- amortization on initial investment is assumed to be on a sinking fund basis at 3½ per cent rate of interest; the period of amortization is taken as 40 years for harbour works, with dredging on the same basis. For building it varies according to the type and nature of construction;
- interest and amortization together, for 40 years amount to 4.7 per cent, or for working purposes, say 5 per cent.

Maintenance and Repairs

These costs should be estimated on an average annual basis for inclusion in the total. 7

Associated costs include the value of the goods or services, over and above those included in the project itself, to make the immediate product available for use or for sale. Secondary costs would be those arising from the two others. For example, if the Government carries on some irrigation work to provide better land for the farmers, the primary costs would be the amount of money spent in building the project, its planning, financing, maintenance, operation, etc. Associated costs would

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Some Economic Aspects of Public Projects, E.P. Weeks, District Officers' Convention, January 28, 1955.

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 51

include the cost to the farmer of cultivating the land. Secondary costs would be the cost of processing the harvest to make the product ready for consumption. Secondary costs should include all disbenefits resulting from the project.

Many of the costs cannot be measured for practical reasons; and in some cases it is even hard to determine their existence. All the costs are assessed on an annual basis, and as shown above, interest and amortization on the initial investment are calculated at a rate of 3½ per cent or taken together for a 40 year period at 5 per cent of the initial investment. The estimated annual cost of maintenance and repair is added to this figure.

In estimating benefits the Economic Studies Division pays particular attention to the following:

Tangible benefits:

- cheaper or more efficient service;
- stimulation of new production or commerce;
- maintenance of an existing economic activity; and
- incidental benefits which allow for other developments in related fields.

Intangible benefits:

- general strengthening of national security;
- reduction of hazards to human life and property;
- improved social amenities; and

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 52

- recreation facilities.

The intangible benefits are, of course, difficult to measure, but they are at least estimated in arriving at a final judgment on a specific project.⁸

Primary benefits are the value of the immediate service or goods resulting from the projects' costs. Secondary benefits are those benefits derived as a result of the primary benefits, that is, the difference between the market value of the project surplus (extra wheat) and the cost of producing this surplus without the project.

Secondary benefits are valid only if it can be shown that there is such benefits resulting from the project as compared with conditions if the project was not done. All benefits claimed must be, of course, clear of all costs. The primary benefits (following the example given previously) would be the extra land value and the extra wheat given to the farmers through irrigation. The secondary benefits would be the extra profits made from the processed wheat (flour). So the difference between the market value of the extra flour and the cost of producing that extra flour, if the project were not done, equals the secondary benefits.

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Ibid; p. 5.

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 53

The measurement of costs and benefits is obtained, keeping in mind the general price level, the risk allowances, the salvage values, etc. If the project involves a big amount of money and is attributed a long life, the computations is based on prices expected to prevail at the time of benefits and costs accrual.

For public buildings, it must be decided whether it would be best to erect a new building and at what cost, to expand, to merely renovate the existing structure or to rent the space required. In certain instances it might be desirable for the Government, if it is already renting private space, to give this up and to erect its own premises instead. This would be particularly so in a growing community where there are, or are likely to be, heavy private demands on office space, especially in good location. The amount and cost of private space currently rented in relation to the amortization of the cost of new construction in this case would be an excellent guide. Federal buildings by their nature are designed to provide a service to the community concerned. Their contribution to economic development is therefore only very indirect in the sense that better accommodations, consequently better service, enables the administration to run more

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 54

quickly and smoothly.⁹

For fishing harbours, the measurement of benefits and cost is given as follow:

- a) forecast of the average annual value of the catch by fishermen in the harbour or landed at the wharves. Five per cent of the total value of landings is taken as being a net benefit on an annual basis;
- b) prevention of damage to boats as shown by average annual lost without the facility;
- c) net reduction of fish spoilage;
- d) new fish processing plant that would result, with the net annual benefit again calculated on the basis of 5 per cent of the value of the investment;¹⁰
- e) commercial traffic, e.g., for local merchants, with the annual net benefits being 5 per cent of the wholesale value of goods going over the wharf.

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Address by Major General H.A. Young, delivered to the Business Editors Conference, at the Chateau Laurier, Ottawa, January 28, 1955, p. 5.

10

Care is taken to note the character of the fish processing plants. A salt fish plant, with or without mechanical dryers, may buy the fish in "saltbulk" or "fresh state". If it buys in saltbulk the wharf is used mainly to unload the saltbulk which the fishermen have prepared on their own premises. If it buys in "fresh state" split, the fishermen will most likely use the wharf much more extensively to prepare their fish. The fishermen landing at a fresh frozen fish plant also use the wharf extensively.

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 55

The total of the annual benefits that apply in the above benefits are taken as a first rough measure.¹¹

Refuge Harbours are difficult to assess in terms of benefits. They provide shelter for the boats in case of storm along extended and/or unprotected coasts. The density of traffic, the type, are factors to be considered, giving approximate value to past fatalities or accident if any.

Tourists'harbour projects are also difficult to assess in terms of benefits. But such projects are considered by Government officials as quite important for the tourist trade. In 1952, United States tourists spent approximately \$260 million in Canada; other foreign tourists added \$11 million to that amount.

Canadians taking leasure trips accross Canada use the same premises as foreign tourists. The policy regarding local tourists is somewhat blurred, and the general feeling is that it should be left or shared by local enterprises.¹² But when the premises are extensively used by foreign tourists the policy is to look at the

11

E.P. Weeks, Some Economic Aspects of Public Projects, District Officers' Convention, January 28, 1955, pp. 6, 7.

12

This rule, of sharing with the private enterprises concerned, was applied in many instances while the writer was employed with the Department of Public Works.

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 56

importance of the area, the water traffic, the type, value, number and expenses of the pleasure boats. The earnings of boats for hire, are taken at 5 per cent of estimated value and a decision is made accordingly.

General harbours present a slightly different cost and benefits picture compared with the fishing harbours. Here the analysis is based almost solely on the increased volume of traffic and the usefulness of better accommodations. The tonnage handled and the average value per ton, the reduction of hazards and delays are also considered. About 5 per cent of the value of goods handled represents the annual benefits, including induced private investment brought along by the project.

Navigation channels which consist mainly of dredging works are considered as follow by the Economic Studies Division:

- a) estimated annual savings on the movement of goods as compared with costs of movement by existing means of transport; this would have to be conservatively estimated since the speed and convenience of the other transport method might outweigh the advantages of the movement by water and result in comparatively little diversion of traffic; and furthermore some goods might not be adapted to water movement;
- b) new private investment which would be a direct result

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 57

of the improved navigation; here the annual benefit could be taken as 5 per cent of this investment.¹³

It should be remembered that increased water traffic may be a disbenefit to other transportation companies.

Once all the costs and benefits have been computed, the relationship between the two must be established. It is called the cost and benefit ratio. As a general rule, the ratio should be such that annual benefits (averaged over the life of the project or the 40-year period) are not less than annual costs. In some instances, little attention is paid to the cost benefit ratio. In the more questionable group of projects, considerations of public policy may outweigh economic judgments. If the facility to be provided is a straight transport service, special allowance will be made for cases such as that of an otherwise isolated community. Exception may also be made if the project promises some expansion of private investment or general economic growth, or on the principle that failure to make the Federal investment would cause a loss of potential economic stimulus. It is also held that, if in a case where a decision not to put in a new facility or to reconstruct an old one would cause the abandonment

13

Some economic Aspects of Public Projects, E.P. Weeks, 1955, p. 9.

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 58

of existing works and economic activities connected with them, the public investment could be justified even if the annual costs were to be twice the annual benefits. This is based on the minimizing losses principle. If abandonment has a depressing effect well beyond the loss of the specific activity, it might be advisable to go ahead with the project.¹⁴

The Federal Department of Public Works is limited in its construction program by the number of projects that can be started during a year and also by the amount of money allocated to the Department through the Estimates. So when the projects are approved by the engineers and the Economic Studies Division the question remains as to which should be started during a given year. The general aim is for those projects which are the best form of economic stimulus or where net benefits are at a maximum. This view implies that priority and timing should be allotted to each project according to the result of the analysis. Projects that are of an urgent character receive a high priority even though their economic value may be relatively small. Priorities are usually given as follow:

1- Priority A

Urgent need, entered into the main Estimates
a) security if eminent danger can be found

¹⁴

Ibid, p. 10.

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 59

- b) unemployment situation
 - severity of unemployment
 - nature of unemployment
 - timing of project for maximum effect

2- Priority B

Essential, but may be placed in secondary estimates

- a) future reserve project, kept in "boiling pot"
- b) may be done if money and time are available

3- Priority C

Project not developed yet but to be studied

4- Priority D

Project that can wait a longer time

5- Priority E

Project that is rejected as not being economically sound

It should be noted that projects with priority B and C are kept in the "boiling pot" ready for use in case of an emergency's rising like a major recession or depression. They replace the projects that were, after the war, put on the shelf for delayed use. The following citation describes some aspects of the "boiling pot" concept and also the possible use of those projects:

Le gouvernement fédéral que l'on considère dans la plupart des milieux comme responsable de la politique générale de l'emploi, a décidé récemment d'altérer le programme de travaux publics, qu'il gardait en réserve en prévision d'une intervention en cas de chômage généralisé, et d'édifier un nouveau programme à courte portée, plus souple, plus mobile et plus facilement adaptable aux conditions de l'embauchage dans les diverses régions du pays. C'est ainsi que

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 60

l'on a dressé une liste de travaux publics à courte période et d'ampleur beaucoup plus modeste que celle que l'on avait imaginée à la fin de la dernière guerre afin de soulager le chômage saisonnier dans les districts les plus sérieusement atteints par le chômage à travers le pays. En d'autres termes, on a fait une catégorie à part des travaux à investissements plus ou moins faibles, tels la construction d'une gare, la réparation ou la réfection d'un quai, etc., et non rattachée à un programme global de travaux publics de caractère national consommant de lourds investissements, comme par exemple la canalisation du St-Laurent, la construction d'un nouveau chemin de fer continental, etc., pourvu que de tels travaux d'aussi vaste envergure ne possèdent aucun caractère d'urgence. 15

At the beginning of this chapter it was mentioned that the first step to be taken when analysing a public project was a forecast of the outlook for the area concerned. The importance of the economic forecast should have been stressed at that point, but for technical reasons it was reserved for this part of the work.

It is fundamental for any judgment concerning the need of a project, whether a building, wharf, or breakwater, to examine carefully the growth trends and economic outlook of the immediate region to be served by the project. Technological developments are of particular significance. For instance, in the case of a proposed new harbour development, the first step is to outline

15

Jean Marie Martin, Le probleme social du chomage, "Relations Industrielles", juin 1955, Vol. 10, No. 3, p. 146, "Le federal et le chomage".

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 61

the area which might be served by the harbour, the industries and other economic determinants within the area, the potential users of the harbour and their prospects and the economic trends in the immediate area assessed along with the outlook of the principal economic determinants. This small area is then matched against the larger economic region for the purpose of deciding whether the proposed project will be in harmony with economic trends of that region or whether it will stimulate them or run counter to such trends and thereby delay adjustments.¹⁶ The Economic Studies Division has the advantage of being stationed in Ottawa; thus the Division is able to draw useful information, documents and informed opinions from all Government departments which may be concerned with group of projects or single project. This information, along with the numerous reports sent to the Department by the Member of Parliament, local concerns and engineers, gives a more complete picture of the area and the industries to be affected by the project. In the light of the area and technological trends the following points are raised:

16

The Value of the Regional Approach in Economic Analysis, Walter Isard, M.I.T., pp. 2, 4.

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 62

- a) would the project be in harmony with economic growth, or would it give only temporary support to an area or industry that was facing long-term decline?
- b) would it be in harmony with technological developments?
- c) would it stimulate private enterprise in the area?
- d) would it facilitate the utilization of new resources?
- e) would it fulfill an urgent administrative need?
- f) would it provide a necessary general service to the community? 17

Against this background of knowledge concerning a definite region or area the following employment consideration could be analyzed but at present little is done about it:

- a) the employment trends and the type of unemployed;
- b) reasons behind unemployment, is it temporary or for a long period?
- c) the importance of the type of project under consideration as a means of relieving on-site and off-site unemployed workers; and 18
- d) upward revision of the priority if the project is useful for employment purpose.

17

Some Economic Aspects of Public Projects, p. 3.

18

It is estimated by government officials that a capital outlay of 100,000 dollars will give approximately 300 man-months of work on-site and off-site. The direct labour proportion of the total cost for the Trans-Canada Highway is one-third while the proportion for buildings is one-half.

UNDERLYING PRINCIPLES IN PUBLIC PROJECTS ANALYSIS 63

Such an employment policy, synchronized with the regional approach and benefit and cost analysis may prove that public works, although limited by their character, can still, in regional cases, be of some significance as a means of relieving short or long-term unemployment. In any event, the possible effects of public works on employment could be judged approximately before the project is undertaken, and if the results prove favourable, the project could be given a higher priority.

CHAPTER IV

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT

Ever since the end of World War II the Federal Government, has generally been blamed for the increasing and sometimes alarming seasonal unemployment occurring in Canada during the winter months. Numerous criticisms come from local and regional trade union groups, private enterprise, seasonal industries, the opposition parties, newspapers and the general public. The reproaches are, of course, directed to one government department, namely the Department of Public Works.

It is known that the Department of National Defence spends more public funds than the Department of Public Works. But the feeling is that such expenditures depend mostly on international commitments for peace rather than immediate employment or long-term economic considerations.

The reproaches for seasonal unemployment made by the above groups vary in intensity with the relative seriousness of unemployment in any given year. The complainants emphasize that Public Works is the only weapon to fight seasonal decline in economic activities as well as depression. This theory is still widely held and is often called "a hangover from the thinking of the depressed thirties."

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT

65

The Department of Public Works rejects all criticism for seasonal unemployment first, because it maintains it is caused by the Canadian weather and the habits of the people, a field in which the Department can do very little directly. Second, because whoever accepts the blame for seasonal unemployment accepts at the same time a tremendous responsibility.

Every winter when unemployment reaches its seasonal high, requests are "pouring" in the House of Commons and the various departments for the beginning of special works projects. Briefs of all kinds are presented to the Federal Government recommending amendments to the unemployment Act, nation wide programs of public projects in cooperation with provincial and municipal government, more speed on the part of public works undertakings, public advertising of the situation and other proposed remedies.

The purpose of this chapter is to analyse the possible effects of Federal Public Works on seasonal unemployment by looking briefly into the seasonal employment pattern in Canada, the industries affected, the efforts of communities to prevent it and the weapons at the disposition of the Department of Public Works to combat these seasonal variations.

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT

66

Seasonal unemployment should be distinguished from ^{frictional} mass unemployment or frictional unemployment. Mass unemployment such as Canada experienced during the thirties, is the result of causes affecting the overall level of economic activities. Frictional unemployment is due to the fact that there are always some people changing jobs, which usually means a brief period of idleness for those involved.

Seasonal unemployment in Canada first arises through the direct effects of climate on the production process. It is either impossible or difficult to do certain things in certain seasons. Canadian farmers cannot plant wheat in February. The canning industry must obviously curtail its operations during the winter months when fresh fruit and vegetables are not available. The construction industry cannot generally be expected to hold the same pace during the rigorous winter that it does during the spring, summer and fall, even if special advance plans are made. Fishing and inland shipping industries are also hampered to a great degree. So in the above activities seasonal unemployment occurs because the climate determines to a large extent the character and magnitude of production process.

The other type of seasonal unemployment occurs in industries in which the market rather than the

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT

67

production process is affected by the climate or time of year. The ups and downs of employment in these industries are caused largely by customs and the habits of the consumer associated with the changing seasons. The clothing industry has peaks in the spring and fall when the weather and the fashion change. Industries, hotels, restaurants, laundries and dry cleaning establishments reach peak activity between July and September. Demand for agricultural implements is highest in the spring and summer, etc.

It is estimated that at least 250,000 persons are seasonally unemployed each winter, even in years of generally high employment.¹ The most serious result of seasonal unemployment is obviously the waste of manpower and income. Furthermore it should be emphasized that manpower is different from other economic resources, it cannot be stored or accumulated, so that labour time not used is permanently lost.

Seasonal unemployment is costly. In addition to the loss in productivity, it has been estimated that as much as \$150 million are lost each year in wages and purchasing power, in addition to the annual cost of

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Milton F. Gregg, Tradition, Cold Weather and Winter Employment, Department of Labour, publication, 1936, n. 3. Many of the notes on particular industries were also taken from the same document.

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT

68

supporting the seasonally unemployed.

During the months of December 1954 to April 1955, almost \$162 million was paid out in unemployment insurance benefits a large part of that amount to those seasonally unemployed. In addition, assistance is provided to others who are unemployed by provincial and municipal governments, welfare organizations, individuals, etc.

The importance of seasonal employment on the mind of people should also be noted. Every winter a wave of pessimism spreads over the regions specially affected and thus has a further effect on the general level of activities. The effects of such waves of pessimism cannot be calculated, but it certainly accounts for a great part of the decline in activities.

Unemployment, seasonal or otherwise, has repercussive effects first in the industry where the men were laid off and then in the economy as a whole. Every man who becomes unemployed ceases to employ some part of other men's time. He no longer buys (or at least much less) from the storekeeper who buys less from wholesalers, who in turn buys less from manufacturers, all of whom employ less men because of reduced sales. This cumulative process goes on till some revival is injected in the economic system either naturally or by an outside party

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT

69

like the Government. This injection is often called supporting the markets.²

Many industries are affected by seasonal unemployment; the main ones are: logging, saw and planing mills, pulp and paper mills, meat and dairy products, canned and cured fish, canned and preserved fruit and vegetables, general construction (buildings, highways, streets, bridges), water transportation, etc.

Logging is at a peak of activities in the winter. So the unemployed loggers in the summer months are absorbed to a greater degree by summer activities such as fishing and farming in the eastern and western provinces, thus eliminating a good part of the seasonal variations for that industry. Mechanization could be the answer for the logging industry to work all year around, but then men that prefer fishing as their main activity would have more trouble finding employment in the winter.

Seasonal supply of logs is the chief cause of seasonal employment variations in many saw and planing mills. The supply usually comes cheaper by water, thus hampering winter operation. The remedies suggested by

2

Slichter, S.H., "The Economics of Public Works", Session on Unemployment and Public Works, The American Economic Review, Vol. 24, No. 1, March 1934, part I.

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT

70

Seasonal Unemployment in Canada³ are stock piling of raw material, integration of workers between logging and mill work, and better roads for all seasons.

In pulp and paper mills seasonal variations are dependent to a large degree on the supply of raw materials and the transportation facilities such as waterways and roads. Stockpiling is practiced in most modern mills, and also the hiring of students for the summer months tends to eliminate seasonal unemployment.

The supply of meat and dairy products during the winter depends on the habit of people and the production capacity of livestock. The tendency is to keep the spring stock over the summer and winter and to slaughter them the next fall. In dairy products it is known that the lack of green feeds reduces production creating less work and more expensive products. For meat, an increase in cold storage facilities would perhaps equalize the supply through the winter. For dairy products, planned cattle feeding programs could be the answer to seasonal variations.

The number of canned and cured fish workers is about 80 per cent greater at the time of peak activity

³ Department of Labour publication, Seasonal Unemployment in Canada, Economics and Research Branch in Cooperation with National Employment Committee, April 1954, p. 14.

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT 71

than at the lowest point in the slack period.⁴ Seasonal fluctuations in the supply of fish are the main reasons for the variations. Climatic conditions curtail fishing activities to a great degree on the East Coast as well as the West Coast of Canada. Offshore fishing with bigger and more mechanized boats is suggested as possible remedy, but this is far from sufficient to employ all the inshore fishermen. Alternative employment in this case is necessary.

The same would be true in the case of canned and preserved fruit and vegetables: Remedies are limited almost entirely to alternative employment or the use of student and housewives workers which usually would leave the industry in the winter season.

General construction workers at the time of peak activities are about 28 per cent greater than the number employed in slack periods.⁵ In the case of highway bridges and street construction they are 92 per cent greater. Climatic conditions here are of the greatest importance. Winter impedes to a great extent excavations, erection of main structure and roofing. Furthermore it increases (mainly in the highway construction) the costs

⁴
Ibid, p. 23.

⁵
Ibid, p. 33.

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT

72

sharply. The remedies suggested by the Government to diminish seasonal variation in the construction industry are quite numerous but far from effective, e.g., the use of chemicals for making concrete in the winter, heaters for gravel and sand, public education, timing to get the buildings "closed-in", drilling and blasting in the winter, etc., etc. But still it is far from pleasant to build in the cold season. Lower costs of material and labor do not compensate enough for the increased hardship. In some cases costs even increase instead of decreasing.

This brief analysis of the problems encountered when trying to relieve seasonal employment will no doubt throw some light on the effect and limitation of public works versus seasonal unemployment.

Excluding Federal Public Works the role of the Federal Government, in relieving seasonal unemployment, is limited and mainly educational. During the past few years the problem has been studied with the employer and labor groups and with provincial governments. In February 1952, the National Advisory Council on Manpower referred the problem to a committee of the Unemployment Insurance Commission called the National Employment Committee. During the summer 1953 this Committee conducted a survey of eighteen seasonal industries questioning more than 600 employers on the causes of seasonal variations

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT

73

in their employment and on the methods they had already developed or could suggest for reducing these employment variations. The Federal Department of Labour prepared, published, and distributed 20,000 copies of this study: "Seasonal Unemployment in Canada" referred to above.

That was the first comprehensive survey of seasonal unemployment in Canada. It has not found any simple solution to this complex and widespread problem but has uncovered many new approaches to solutions, some of them mentioned earlier, which are now being applied in varying degree in some of the seasonal industries.

During the winter 1954-1955 the Department of Labour sponsored a series of nine radio broadcasts called "Canada at Work". They were heard over 57 independent Canadian stations one each week from January 9 until March. The main titles of the broadcasts were:

Outline of Seasonal Unemployment;
Do Our Buying Habits Cause Winter Unemployment?
Why Wait for Spring?
Can Construction be Profitably Carried on in Winter?
Modern Techniques in Winter Construction.⁶

This program launched by the Department of Labour was called the "Do-It-Now" campaign. In 1955 it was

6

Labor Gazette, Broadcasts on Seasonal Unemployment, Department of Labour publication, Vo. LV, No. 1, January 1955, p. 29.

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT

74

launched through local offices in 140 communities and resulted into an "unqualified success".

The program was carried out on the community level throughout the country in cooperation with officials from the provincial government, the Unemployment Insurance Commission, the National Employment Service and some private agencies.

Placards and advertising of all kinds were placed in public buildings and commercial establishments from coast-to-coast. They urged both industry and private citizens to do such work as cleanups, remodeling, interior decoration, repairs and renovation during the winter months to help combat seasonal unemployment.

In many communities, local Chambers of Commerce, boards of trade, merchants' associations, women's councils, labor unions and construction associations supported the project. The Federal Government cooperated as much as possible. Five provincial governments had already entered the joint program in 1955, while the other five provinces were studying the results of the campaign to later join in the group effort.

The National Film Board participated in showing short films in commercial theaters and on television to further convince the public on the merit of the idea.

The most outstanding campaigns against winter,

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT

75

unemployment, during 1955, were carried on in Quebec city, Port Arthur and Calgary. A few words about the Quebec city winter campaign of 1955 will give a very good idea of the manner into which the program is launched, maintained, advertized and carried through to achieve the success it is designed for.

The Quebec city campaigns started around 1950 when it was realized that not only the government but the citizens themselves should be called to help provide jobs. In Quebec these campaigns are named "Campagnes des Emplois d'Hiver". Their purpose is, as stated above, to reduce seasonal unemployment by getting householders, landlords and businessmen to have their repair and maintenance work done in January, February and March instead of later. The big selling point of the program is that the customer as well as the unemployed will benefit from it.

The 1955 campaign was quite a production. The mayor of the city officially opened it at the Hotel de Ville, with most of the aldermen and a host of employer and labor representatives present. Official sponsors were the local Consultative Committee to the National Employment Service consisting of employer and labor members.

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT

76

Le Soleil and l'Evenement-Journal, French language daily newspapers, unleashed an editorial barrage. The editor of Le Soleil of the day of launching the campaign carried over three full pages of articles and advertising on providing winter jobs. The other two daily newspapers, l'Action Catholique and the Chronicle Telegraph also participated heavily in advertising the campaign.

La "Campagne des Emplois d'Hiver" lasted four weeks. Reproduction of campaign material: newspaper clippings, interviews and radio programs are given in Appendix 2.

In Quebec the program was successful in increasing winter employment although results are difficult to estimate accurately. The local Unemployment Insurance Commission reported that the number of applicants decreased by about 20 per cent, and this decrease is attributed mostly to the "Campagne des Emplois d'Hiver".

On a national point of view the campaign was also fairly successful. Forty-two National Employment Service offices across Canada were told by nearly 300 employers that more than 3,000 workers which normally would have been laid off were retained during the winter as a result of the National Employment Service and Department of Labor Campaign against seasonal unemployment. Some of the workers, it was admitted, were kept on because of

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT

77

improved economic conditions. So this particular campaign resulted in many retentions and also the employment of many normally out of work in the winter months.⁷

On March 19, 1955, there were 401,000 Canadians without jobs and looking for work.⁸ This amount was equivalent to approximately 7½ per cent of the labor force. Such a serious unemployment problem attracted more publicity than conditions during the previous years. It contributed directly to the birth of a Cabinet Directive for all government departments. The Directive was aimed at reducing seasonal unemployment during the winter through efforts by the different departments in carrying out public works or purchasing of any kind.

The policy, laid down in the Cabinet directive to all government departments and agencies can be summarized as follow.

1. Government departments and agencies are to arrange their construction programs so that plans and specifications, tender calls, contract awards and the various stages of actual construction will be

7

Labor Gazette, Report on Campaign, Vol., L.V.I., No. 8, August 1956, p. 960.

8

R. Winters, Minister of Public Works, an Address delivered at the Golden Anniversary Convention Meeting of the Union of Nova Scotia Municipalities, Halifax, N.S., Sept. 1, 1955, p. 1.

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT

78

timed to provide the maximum amount of winter work for the construction trades.

2. Alterations and repairs on buildings, houses and equipment owned by government agencies will be planned so as to be carried out as far as practicable during the winter months.
3. Procurement programs shall be arranged, where practicable, to create the maximum amount of winter employment.
4. With the objective of keeping increased winter employment in mind each department and agency concerned should, if necessary, adapt its financial arrangements staffs and other related matters in such a manner as to give effect to this directive.⁹

It is also difficult to evaluate the benefits derived from this government directive but the effects may be quite important. For example, the drive for low-cost housing launched by Central Mortgage and Housing Corporation was perfectly timed. The lending scheme of the Federal Government of a \$150 million initiated in August, 1957, provided C.M.H.C. with sufficient funds for the building program to start with the coming of the

9

Labour Gazette, Government Department Told to Aim for Winter Jobs, Vol. L.V. No. 10, October 1955, p. 1133.

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT

79

winter. It was felt that such an amount would not last very long at the going rate of direct loans but it nevertheless injected in the building industry a much needed capital for that time of the year.¹⁰

Another example of the working of the Cabinet Directive is the building of the new air terminal at Ottawa in 1957. The construction was timed in such a way that indoor work continued throughout the winter 1957-58.¹¹

In spite of all the efforts to combat seasonal unemployment in Canada the progress done, when examined from a national point of view, is far from being satisfactory. Some labor experts even maintain that in recent years the spread between summer and winter employment has been growing larger. In other words that the pattern is becoming more seasonal not less.

It is true though that without the efforts of the municipalities, provincial and federal governments, the problem would still be more acute. One thing Canadians must recognize is that seasonal unemployment is here to stay. There is no point calling it a national emergency

¹⁰

Financial Post, "Drive for Low Cost Housing", Vol. LI, November 2, 1957, p. 18.

¹¹

Ibid, November 16, 1957, p. 30.

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT

80

every winter. More study of the problem will certainly help in at least maintaining the situation as it is.

Unemployment insurance will not solve the problem, as many are inclined to think. It just perpetuates it on a regular basis. It is almost an acceptance that the problem cannot be solve. Monetary benefits are given to the unemployed so that they can subsist when unemployed. It is supposedly an insurance against unforeseeable unemployment. But this is not so in many cases like for the fishermen and the wood workers. It is more like dole with a different name; or a wage for being idle.

Public Works because of their character have, as shown above, limited effect on seasonal unemployment.

Let us assume first that half of the 100 million spent by the Federal Department of Public Works goes for winter works. Second, that this capital outlay is directly in the regions of our economy where seasonal unemployment is prevalent. Third, that only the unemployed will be given work. Fourth, that the off-site effects will also go to unemployed in Canada. Fifth, that perfect timing is carried through.

With these assumptions let us calculate with the yarstick mentioned at the bottom of page 62, i.e., capital outlays of 100,000 dollars equal approximately

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT

81

300 man-months on-site and off-site. Following up the calculation it means that 30,000 men could work during the three winter months when unemployment is at a peak.

We then realize that 30,000 men is only a very small part of the unemployed population during these winter months. Even if we multiply the capital outlays by 10, from \$50 million to \$500 million, that would mean only 300,000 men employed for three months. So 500 million dollars of the public money would be required every winter to give work to a bit more than half the number of unemployed.

It is possible to realize then the absurdity of such proposition even if the assumptions were true.

But the assumptions are far from valid. First it is presently impossible for the Department of Public Works to direct even 25 million dollars for winter works. All water projects have to be constructed during a milder season. The same is true for roads in national parks except for some clearing and blasting work. Public buildings are usually timed for indoor work in the winter but that also is only part of the investment and furthermore it gives employment mainly to specialized workers which constitute a minority of the unemployed.

Second, it is extremely difficult to direct all winter investments in those sectors of the economy that

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT

82

most need it and at the time they need it. Communications are more difficult. That kind of economy is not too adaptable to public construction, e.g., Newfoundland. The rigorous climate is far from attractive to many outside workers that are unemployed. These prefer staying in their cozy home and benefit from unemployment insurance.

The third assumption has been discussed above. Most of the unemployed are labor workers or women who do not suffice for winter works. Technical employees are required and these are more difficult to get. Furthermore as they do get higher wages they enjoy an income that is supposedly directed to the unemployed, leaving these with a smaller part of the proposed expenditures.

Fourth, the on-site effects of investment can be directed more easily to the unemployed than the off-site repercussions. The off-site repercussions for machinery go to technical workers and very often to those of United States and Great Britain. The other repercussions effect like lumber will often go to other sectors of the economy that are enjoying plenty of winter work, in the wood cutting and processing, at that time of the year. Furthermore the off-site effects of public works is difficult to trace as such.

Fifth, the timing of public works implies a forecast of those areas which will suffer from winter

PUBLIC WORKS VERSUS SEASONAL UNEMPLOYMENT

83

unemployment. It also implies a forecast of the kind of work to be carried on in that region. It implies flexibility and planning along with a rapidity of action to start and finish these works on time. Wrong timing can do at times more damage than good to the economy.¹² This would be true in a case where unemployment is no more a problem and when the workers would be more usefully employed in other kinds of work. A carry over of a month or two of public works that are no more needed could even cause a shortage of employment in a specific region.

As all the above assumptions are unrealistic, it can be concluded that 500 million dollars would still be insufficient to give work to 300,000 unemployed for three months. In fact if this amount were given to the unemployed in the form of unemployment insurance the direct benefits to them would be much greater than public works.

¹²

Slighter, S.H., "The Economics of Public Works", The American Economic Review, Vol. 24, No. 1, March 1934, Part 5.

CONCLUSION

What should we think now of the efficiency of Federal public works to relieve unemployment in Canada? Here is a summary of the deductions derived from the above research.

Since the Great depression the economic thinking behind public works for employment has not changed much. The saying "Work, not dole should be given to the unemployed" is still true today. But during the decade following the Depression the policy of balance budget made it impossible to channel sufficient funds into large programs of public works. The change from the principle of balanced budget to that of deficit financing was welcome but too late.

The theory of deficit financing was further refined to include the "shelf-project concept". But this new revolutionary theory failed because of technical difficulties.

The "shelf-project concept" was replaced in 1955 by the "boiling pot" approach. It consists of keeping a backlog of public projects in constant review through a fairly accurate benefit and cost analysis so that projects are readily available for quick start if necessary. This approach is an improvement over the shelf-project concept but it was used very little in relieving seasonal

CONCLUSION

85

unemployment. It is felt however that "the boiling pot method" would be a very useful instrument against a major recession.

The main deduction to be derived from this study is that government officials do not believe that public works in Canada, as they are now, can efficiently relieve seasonal unemployment. Elements of flexibility, choice of work, shortage of engineers, and timing are lacking drastically. Repercussions effects are next to impossible to control and funds to finance large undertakings are still insufficient. These obstacles are real and cannot be overcome easily.

The most recent example of public works to relieve unemployment was initiated in Newfoundland by the Government now in power and this experience also proved unsuccessful. The undertaking involved approximately one million dollars of community stages to be built only in those settlements which suffered a catch failure in 1958. Wrong timing, lack of materials and lack of cooperation from the fishermen, resulted into the overlapping of this project with the 1959 fishing season.

Consequently, at present, in the Department of Public Works, little attention is given to unemployment problems when the projects undergo the benefit and cost analysis. In the Department of Labour, basic research on

CONCLUSION

86

unemployment problems in certain industries is revealing some interesting information on the seasonal pattern of unemployment in Canada. This research, if continued, will certainly contribute much to our knowledge of the unemployed and may lead to a more regional and effective policy concerning public works and unemployment.

Although the Government realizes that Federal public works in Canada have little relative value to relieve seasonal unemployment such facts cannot be disclosed to the public for political reasons. Instead the Government emphasizes "Let's Do It Now" Campaigns in an effort to help the people to help themselves.

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APPENDIX 1

LIST OF

The Acts of Parliament of the Dominion of Canada Dealing with Unemployment, 1930-1953. *

- "An act for granting of aid for the relief of unemployment", 21 George V, Chap. 1, September 22, 1930.
- "An act respecting unemployment and farm relief", 22-23 George V, Chap. 13, April 4, 1932.
- "An act respecting relief measures", 22-23 George V, Chap. 36, May 13, 1932.
- "An act respecting relief measures", Chap. 18, 23-24 George V, March 30, 1933.
- "An act respecting relief measures", Chap. 15, 24-25 George V, April 20, 1934.
- "An act to provide for the construction and improvement of certain public works and undertakings throughout Canada", Chap. 59, 24-25 George V, July 3, 1954.
- "An act respecting relief measures", Chap. 13, 25-26 George V, April 4, 1935.

*

Copies of these Acts of Parliament are among the personal documents of the writer.

APPENDIX 1

92

- "An act to assist in the relief of unemployment, the promotion of agricultural settlement and rehabilitation, and in the development, conservation and improvement of certain natural and other resources", Chap. 15, I, Edward VIII, May 7, 1936.
- "An act to assist in the alleviation of unemployment and agricultural distress", Chap. 44, I George VI, April 10, 1937.
- "An act to assist in the alleviation of unemployment and agricultural distress", Chap. 25, 2 George VI, May 25, 1938.
- "An act to assist in the alleviation of unemployment and agricultural distress", Chap. 26, 3 George VI, May 2, 1939.
- "An act to assist in the alleviation of unemployment and agricultural distress", Chap. 23, 4 George VI, July 12, 1940.
- "An act respecting the public works of Canada", Chap. 228, R.S., 1952.
- "An act to establish an unemployment insurance commission, to provide for insurance against unemployment, to establish an employment service, and for other purposes related thereto", Chap. 273, 1940, R.S. 1952.

APPENDIX 1

93

- "An act to amend the unemployment insurance act of 1952",
Chap. 337, R.S. 1952.
- "An act to amend the unemployment insurance act of 1940",
Chap. 51, 1-2 Elizabeth II, May 14, 1953.

APPENDIX 2

REPRODUCTION OF

"Let's Do It Now" Campaigns



Marshall-Wells Paints

Make up! Fix up!



If You Want a Job Done RIGHT



LET'S-DO-IT-NOW!

Why wait for Spring? In Winter with construction reduced, carpenters, plumbers, painters, electricians, plasterers and all those involved in building and finishing houses, apartments and business establishments, usually have fewer jobs on hand. In the Summer, when demands are heavy for these skilled workers, you may have to wait for your work to be done. You can help yourself and the community at the same time, if you don't wait for Spring but **DO IT NOW!**

In the Winter with construction reduced, the carpenters, the plumbers, the painters and decorators, the electricians, the plasterers and all those who are involved in building and finishing houses, apartments and business establishments usually have fewer jobs on hand. As a householder or as a business man or woman this can be to your advantage from several points of view. In the Summer, when demands are heavy for these skilled workers, you



Clean up! Fix up!

The Campaign is a Wonderful Success. The drive continues for the next several weeks. Keep up the good work. The drive continues for the next several weeks. Keep up the good work.

REMEMBER
Skilled and Unemployed

AVAILABLE
Now Weeks



Why wait for Spring? In Winter with construction reduced, carpenters, plumbers, painters, electricians, plasterers and all those involved in building and finishing houses, apartments and business establishments, usually have fewer jobs on hand. In the Summer, when demands are heavy for these skilled workers, you may have to wait for your work to be done. You can help yourself and the community at the same time, if you don't wait for Spring but **DO IT NOW!**

In the Winter with construction reduced, the carpenters, the plumbers, the painters and decorators, the electricians, the plasterers and all those who are involved in building and finishing houses, apartments and business establishments usually have fewer jobs on hand. As a householder or as a business man or woman this can be to your advantage from several points of view. In the Summer, when demands are heavy for these skilled workers, you



The Arthur Portney

THE PORT ARTHUR STORY

In making as wide a distribution as possible of the material contained in this brochure, we do so with one thought in mind, and that is to enable regional and local offices, local Advisory Committees, and Ad Hoc Committees to study the activity at the Lakehead and perhaps make use of some of the ideas that resulted in a successful campaign at that point.

In using the material from Port Arthur, we are not overlooking the excellent work done from coast to coast on seasonal unemployment last year. Many local offices, with the assistance of their Advisory Committees or Ad Hoc Committees, did an excellent job. Our selection of the Port Arthur report was made mainly because this area could be considered a typical local office set-up, and also because of what is perhaps more important -- the fact that it is located in what is probably the half-way point in our nation.

We are indebted to the Department of Labour Information Branch for the work they have done in reproducing in its entirety the Port Arthur story. We hope that those of you who receive a copy of this may find it valuable in your efforts to reduce seasonal unemployment this winter.

J. W. Temple
Director of Employment Service

THE PORT ARTHUR NATIONAL EMPLOYMENT SERVICE

"LET'S DO IT NOW"
J O B C A M P A I G N

A
COMPLETE RECORD
OF
ALL TYPES OF ADVERTISING DONE
IN THE
PROMOTION OF THE RECENT JOB CAMPAIGN
AT
PORT ARTHUR, ONTARIO

FEBRUARY, 1955.

UNEMPLOYMENT INSURANCE COMMISSION

Port Arthur, Ontario.
18 February, 1955.

Mr. W. Duncan,
Regional Superintendent,
Winnipeg.

Dear Mr. Duncan:

The following pages comprise a record of most of the publicity secured and the media used in carrying out a job campaign to alleviate unemployment in the Port Arthur area.

As you know, our reasons for conducting the campaign were as follows:

1. the number of applicants registered with us for work climbed to 19% of the area's paid workers; and
2. it was an opportunity to do a public relations job by assuming leadership in bringing the problem to the attention of the community.

In planning the campaign, we were careful to avoid any "scare" publicity that might offend businessmen or cause householders to refrain from expenditures. Nor did we base our appeal on the opportunity for humanitarian action. Rather, we emphasized the advantages to the businessman and householder of having certain work done during the slack season. This, we felt, would be more likely to motivate those concerned than other approaches.

Although the effects of the campaign are difficult to measure, we do know that, for the first time in the history of the office, the claim load not only ceased to rise during the ten-day drive, but decreased by over 100. Since, we registered 400 new claims during that period, this represented an actual gain of over 500.

Realizing that many persons would secure jobs that had not been listed with us, we questioned those claimants who advised they were returning to work, to determine the employer's name and the nature of the job. In many cases, they were able to tell us that their employment was a direct result of the campaign; in other instances, we ascertained this through employer contacts. By these means, together with our own placement statistics, we were able to establish that about 500 persons received jobs of various kinds and duration as a direct result of the campaign.

From a public relations standpoint the campaign was outstandingly successful. Through the media of radio, newspapers, pulpit and platform, everyone in the area was made aware of the issue. Not a day of the campaign passed without our receiving telephone calls and personal visits made for the purpose of commending the local office on its positive approach to alleviation of seasonal unemployment.

One of the most pleasing experiences of the campaign was the generous support received from local businessmen. Those we approached agreed, without exception, to participate. As a result, we were able to secure the following:

- 2 -

JOB CAMPAIGN SCHEDULE

FEBRUARY 3 Advisory Committee letter to Community organizations.

FEBRUARY 5 Newspaper front-page announcement of the campaign.
Radio news announcement including taped comment
by the L.O. Manager.
Newspaper appeal by Mayor F.O. Robinson for support
of the campaign.
Newspaper editorial outlining the seasonal unemployment
problem.
Full-page advertisement sponsored by local business.
N.E.S. advertisement announcing the campaign and including
a proclamation by Mayor F. O. Robinson.

FEBRUARY 6 Pulpit and bulletin announcements of the campaign by 20
local churches.

FEBRUARY 7 Newspaper front-page news item dealing with campaign progress.
Radio news comment dealing with campaign progress.
Full-page advertisement sponsored by local business plus
several individual ads.
News item in "The Notebook".
Radio spot announcements (5).

FEBRUARY 8 Newspaper front-page news item outlining campaign progress.
Radio news comment dealing with campaign progress.
Full-page advertisement sponsored by local business.
Newspaper editorial outlining the problem of seasonal
unemployment.
Radio spot announcements (5).

FEBRUARY 9 Newspaper front-page story on campaign progress.
Radio news comment dealing with campaign progress.
Full-page advertisement sponsored by local business plus
individual ads.
Radio spot announcements (5).

FEBRUARY 10 Full-page advertisement sponsored by local business plus
individual ads.
News item in "The Notebook".
Radio spot announcements (5).

FEBRUARY 11 Full-page advertisement sponsored by local business.
Radio spot announcements (5).

FEBRUARY 12 Newspaper front-page story on campaign progress.
Radio news comment dealing with campaign progress.
News item in "The Notebook".
Full-page advertisement sponsored by local business.
Radio spot announcements (5).

FEBRUARY 13 Pulpit and bulletin comment on the campaign by 20 local
churches.

FEBRUARY 14 Full-page advertisement sponsored by local business plus
individual ads.

FEBRUARY 15 Newspaper front-page story on campaign progress.

FEBRUARY 3

THE FOLLOWING LETTER, SIGNED BY THE CHAIRMAN
OF THE LAKEHEAD EMPLOYMENT ADVISORY COMMITTEE,
WAS SENT TO 30 CLUBS, ORGANIZATIONS OR ASSOCIATIONS.

LAKEHEAD EMPLOYMENT ADVISORY COMMITTEE
Port Arthur, Ontario,
3 February, 1955.

On February 7, the National Employment Service, acting upon a recommendation of the Lakehead Employment Advisory Committee, is initiating a Job Campaign in an effort to reduce the area's unusually large number of unemployed.

The campaign will comprise an appeal to the community, through the various advertising media, to do repair, redecoration, installation, and clean-up jobs, NOW, when men and materials are available, rather than wait until later when both will be in shorter supply.

Because of winter's effect upon much local industry, we cannot escape a degree of unemployment during this season. But this year, due to abnormal economic influences, the number of unemployed has considerably exceeded normal expectancy. According to National Employment Service records, there are 4,200 persons registered for whom no jobs are available.

Besides causing hardships to those directly affected, the present extent of unemployment is lowering the economic level of the entire area. In view of these things, the National Employment Service plans to spearhead a campaign to reduce unemployment.

To be successful, however, the National Employment Service Job Campaign must have the active support of the whole community. Therefore, if any member of your organization knows of some job in the home, the store, or the plant, which can be done NOW, please ask him to contact the National Employment Service at 5-6596 today.

We will appreciate your interest and support.

Yours truly,

R.S. Kirkup, Chairman,
Lakehead Employment Advisory Committee.

FEBRUARY 6

THE FOLLOWING LETTER WAS SENT TO THE MINISTERS
AND PRIESTS OF 20 LOCAL CHURCHES. MEMBERS OF
STAFF REPORTED THAT THE CAMPAIGN WAS GIVEN ORAL
MENTION FROM THE PULPIT AS WELL AS VERBAL NOTICE IN
CHURCH BULLETINS. A FEW SAMPLES OF SUCH BULLETINS ARE
INCLUDED HERE.

Port Arthur, Ontario.
1 February, 1955.

Dear Rev. Craymer:

On February 7, we are initiating a Job Campaign in an effort to reduce the area's unusually large number of unemployed.

The Campaign will comprise an appeal to the community, through the various advertising media, to do repair, redecoration, installation, and clean-up jobs, NOW, when men and materials are available, rather than wait until later when both will be in shorter supply.

Because of winter's effect upon much local industry, we cannot escape a degree of unemployment during this season. But this year, due to abnormal economic influences, the number of unemployed has considerably exceeded normal expectancy. According to our records, there are 4,200 persons registered for whom no jobs are available.

Besides causing hardships to those directly affected, the present extent of unemployment is lowering the economic level of the entire area. In addition--and this is, perhaps, most important of all--it occasions a situation favourable to the activity of those subversive elements at work in the community.

In view of these things, we plan to spearhead a campaign to reduce unemployment.

However, if the campaign is to be successful, we must have the active support of the whole community. It would help a great deal if you could see your way clear to make oral reference to the campaign on the Sundays of February 6 and February 13; and if you publish a Sunday service bulletin, will you please include a written appeal to the congregation for their support of the campaign.

We will very much appreciate your co-operation.

Yours truly,

Une campagne pour aider les chômeurs

S. H. le maire Wilfrid Hamel proclame que les quatre prochaines semaines seront employées à promouvoir la campagne des emplois d'hiver dans la région — 12,000 chômeurs saisonniers dans Québec, Montmorency et Portneuf.

Le chômage saisonnier affectait, au début de l'année 1955, quelque 12,000 hommes et femmes de la ville de Québec et des trois comtés adjacents à la Cité: Québec, Montmorency et Portneuf. L'obligation de trouver de l'emploi pour ces sans-travail retombe sur toutes les bonnes volontés et avec la conjugaison des efforts des organisations patronales, ouvrières et sociales, il y a lieu de croire que la plaie du chômage disparaîtra dans toute la mesure du possible. C'est pourquoi il me fait plaisir, disait ce midi, S. H. le maire Wilfrid Hamel, de proclamer les quatre prochaines semaines comme la période particulière destinée à promouvoir la campagne des emplois d'hiver dans Québec et la région.

Cette proclamation a été faite dans la salle du conseil de ville, ce midi, par le maire Hamel, en présence de la majorité des échevins, du gerant du bureau d'Assurance-Chômage à Québec, M. Stanislas Picard, des représentants des associations patronales, ouvrières et sociales, des journaux, de la radio et de la télévision et de plusieurs personnalités de la ville de Québec. M. Hamel a invité la population à faire exécuter des travaux au cours des mois de janvier, février et mars, afin de réduire aux

(Suite à la page 14, 2e col.)

plus infimes proportions le nombre des chômeurs.

Parmi les délégués, on remarquait également les membres du comité consultatif formé de quatre représentants patronaux et de quatre représentants ouvriers dont le rôle est de conseiller la Commission d'Assurance-Chômage dans les questions de placement et de chômage; M. Raymond Bissonnette, chef du placement et Robert Poulin, secrétaire du même comité dont le président est M.-J.-Marie Martin. Ce dernier n'a pu assister à la manifestation pour cause de maladie. On remarquait encore MM. Emile Castonguay, de la Chambre de Commerce, H.-W. Joly, des manufacturiers canadiens, section de Québec, Edgar Porter, des industries forestières, Jules Larocque, du conseil Fédéral des métiers et du Travail (Québec et Lévis), M. Joseph Parent, du conseil central des syndicats catholiques Arthur Massé, du CCT et Robert Belleau, de la Légion Canadienne; J.-B. Hurens, président du Conseil Fédéral, J.-M. Landriau, de la fédération américaine du Travail, Jean Champoux, et Alfred Lévesque, des Marchands Détaillants, Raymond Gérin, de l'Association Patronale du Commerce, Bernard Boulanger, du OMTC, ainsi que les échevins Jules Morancy, Joseph Conseiller, A.-H. Legaré, Henri Beupré, Damase Blais, Emilien Boissinot, Joseph Malte, Siméon Emond, Arthur Ju-



OUVERTURE DE LA CAMPAGNE DES EMPLOIS D'HIVER : S. H. le maire Wilfrid Hamel a proclamé ce midi à l'Hôtel de ville l'ouverture officielle de la campagne des emplois d'hiver patronnée par le comité consultatif du placement à Québec, en collaboration avec le bureau de Placement de l'Assurance-Chômage de Québec. On remarque autour du maire HAMEL la majorité des échevins, M. STANISLAS PICARD, gerant du bureau de placement de Québec, et les représentants des diverses associations patronales, ouvrières et sociales qui ont emboîté le pas pour faire un succès de cette campagne de quatre semaines en vue du soulagement du chômage saisonnier. (Photo du "Soleil")

blitudes des consommateurs qui contribuent à faire du chômage en saison morte. Le comité consultatif, dit M. Picard, cherche par tous les moyens à corriger cette situation afin d'améliorer le sort des chômeurs et éviter le coltage formidable de la main-d'œuvre.

A l'aide d'un tableau synthétique, M. Picard démontre que la période la plus creuse pour les demandes d'emplois est sans contredit celle des mois d'hiver. Dans l'hiver de 1953, les demandes ont monté jusqu'à 14,000 pres. cependant qu'au 1er janvier 1955, elles étaient d'environ 12,000, mais cette situation change de jour en jour, de mois en mois. Le bureau de Québec s'occupe de 70% des travailleurs dans Québec même et de 30% dans les trois autres comtés: Montmorency, Québec et Portneuf. Les disponibilités vont de 2 semaines à durée et plus. En terminant, M. Picard remercie tous ceux qui ont bien voulu répondre à la campagne et l'endosser entièrement et sans réserve. Il mentionne particulièrement l'Association des Marchands Détaillants du Canada, section de Québec, le Centre des Patrons Chrétiens, l'Association des Manufacturiers Canadiens Enr., la CTCC, l'Association du Camionnage du Québec, la Fraternité canadienne des employés de Chemins de Fer et autres transports, l'Association Patronale du Commerce, l'Association professionnelle des Industriels, la Chambre de Commerce de Québec, le Conseil Fédéral des métiers et du Travail (Québec et Lévis), le Jeune Commerce de Québec, l'Association Forestière québécoise Inc.

M. H.-W. Joly a ajouté quelques mots comme membre du comité consultatif et a invité à inaugurer la sixième campagne des emplois d'hiver à Québec.

L'hon. Wilfrid Hamel s'est dit heureux et content de constater tant de bonne volonté de part et d'autre pour chercher les moyens de corriger une situation qui peut se rectifier si tout le monde met l'épaule à la roue. Vous êtes de

Quebec Chronicle-Telegraph, Friday, January 14, 1955 3

Mayor Proclaims Four Week Period Devoted To Jobless

Mayor Hamel today proclaimed the next four weeks to be devoted exclusively towards the promotion of winter unemployment for the 12,500 jobless men and women in the city and district.

Proclamation was made at city hall during a special meeting of the city council with representatives of the Winter Employment Committee of the Unemployment Commission of Québec.

The committee groups a large number of trade and commerce organizations, labor unions and employers' associations. Each was represented at city hall when the campaign's program was outlined by Stanislas Picard, general director of the Unemployment Commission.

The problem was a seasonal one, Mr. Picard said, requiring the special committee to make a study of the labor market to correct the situation.

The jobless at present were partitioned as follows: 70 per cent in Québec City and the remainder in the counties of Québec, Portneuf and Montmorency. Nearly half of the number was unemployed for the past two weeks only while another 13 per cent was without work for 3 weeks. In March, it was expected that 20 per cent would be registered as unemployed for a 12-week period.

In his proclamation, Mayor Hamel urged manufacturers, merch-

number of unemployed to a minimum," the mayor said.

Mayor Hamel said the federal and provincial governments had already agreed to comply with this policy.

"The employment business is everyone's business," he said.

Resolutions of support from various organizations backing the campaign were tabled during the meeting by the following: Jean Champoux, president of the Québec district Retail Merchants Association; Arthur Bedard, president of the Centre des Patrons Chrétiens (Christian Employers' Centre); H.W. Joly, representative of the Québec branch of Canadian Manufacturers' Association; Marius Bergeron, director of the research department, C.C.E.; R. Blouin, general secretary of the Truckers' Association of Québec Inc.; Arthur Masse, deputy national president of the Canadian Brotherhood of railroad employees; Raymond Gérin, of the Association Patronale du Commerce (Employers' Trade Association); Lt. Col. Herve Baribeau, general president of the Professional Association of Industrialists; André J. Dolbec, president of the Québec Board of Trade; L.P. Belleau, Trade and Labor Federation of Québec and Lévis corresponding secretary; Charles H. Blais, president of Jeune Commerce; J.A. Brette, Québec Forestry Associa-

L'ACTION CATHOLIQUE, QUEBEC, SAMEDI, 15 JANVIER 1955

Campagne pour trouver de l'emploi durant l'hiver



ne campagne de quatre semaines a été lancée, à l'hôtel de ville hier midi, pour inciter les employeurs, les entrepreneurs, les hommes d'affaires, les commerçants à donner de l'emploi durant l'hiver aux quelque 100 personnes qui souffrent du chômage saisonnier, à Québec et dans le district. Cette campagne qui a été ouverte par le maire Wilfrid Hamel est organisée par le Bureau de placement de l'Assurance-chômage de Québec. Cette photo a été

prise lors d'une assemblée spéciale d'hommes d'affaires convoqués dans la salle du Conseil de ville. Un grand nombre d'associations ont donné leur adhésion. En plus de S. H. le maire et des échevins, on remarque M. Stanislas Picard, gerant du Bureau d'assurance-chômage de Québec, M. Ray Bissonnette, chef de placement, M. Robert Poulin, secrétaire du comité consultatif de placement. Ce dernier comité dont le rôle est de

conseiller la Commission d'assurance-chômage dans les questions de placement est formé de neuf membres dont le président, M. J.-M. Fortin, de quatre représentants des associations patronales et de quatre représentants des associations ouvrières: M. Emile Castonguay, gerant général de l'Action sociale Limitée, et représentant la Chambre de Commerce; M. H.-W. Joly, de l'Association des manufacturiers canadiens, section de Québec; M. Edgar Porter, de l'Association forestière de Québec et

Mme J. Beaulieu, du Bien-Etre des Immigrants, représentant l'élément féminin; M. Jos. Parent, des Syndicats catholiques; M. Jules Larocque, du Conseil fédéré des métiers et du travail; M. Arthur Massé, représentant le Conseil canadien du travail, et M. Robert Belleau, de la Légion canadienne. On remarque aussi des représentants de plusieurs autres associations québécoises. (Photo l'Action Catholique, Roger Bedard).

Quebec Chronicle-Telegraph, Saturday, January 15, 1955



Les nouvelles en résumé**Une coalition se forme à Québec dans le but de stimuler l'emploi**

Animer la saison morte. — La publicité dans les journaux. — Chimiste à l'université d'Ottawa. — Examen des véhicules.

Le maire de Québec, S. H. mon-
sieur Wilfrid Hamel, a inauguré
en des termes éloquents la
campagne pour les emplois d'hiver. Il y a actuellement 12,000
chômeurs dans la ville et les trois
comtés de Québec, Montmorency
et Portneuf.

Devant la majorité des éche-
vins, le gérant du Bureau d'assu-

rance-chômage à Québec, M. Stanislas Picard, des représentants
des associations patronales, ouvrières et sociales, des journaux
et autres médiums de publicité
ainsi que plusieurs personnalités
de la ville, M. le maire a proclamé
les quatre prochaines semaines
pour la campagne d'emploi. Le
maire Hamel a dit: "Vous êtes
de votre siècle, Messieurs, quand
vous posez le geste dont nous sommes témoins."

M. Stanislas Picard, gérant du
Bureau de placement, a rappelé
que Québec étant un port de mer
saisonnier, le problème de l'em-
bauchage devient lui aussi saison-
nier. Le climat et certaines habi-
tudes des consommateurs contri-
buent aussi à faire de l'hiver une
saison morte, tant qu'on n'y remé-
die pas.

M. Don R. Grimes, président de
l'Alliance des épiciers indépen-
dants, parle de publicité à Mont-
real, devant le club Vente-Pu-
blicité. "Il faut maintenir l'an-
nonce nationale dans les jour-
naux". Si les méthodes actuelles
disparaissent, le continent devien-
dra terne et la proie du chômage.

Afin de renforcer les gains éco-
nomiques, tant au Canada qu'aux
Etats-Unis, M. Grimes a fortement
conseillé l'augmentation des bud-
gets consacrés à la publicité.

Un chimiste anglais, le Dr Keith
J. Laidler, vient d'être nommé
professeur titulaire de chimie à la
faculté des Sciences de l'université
d'Ottawa. Né à Liverpool, il tra-

L'ACTION CATHOLIQUE, QUÉBEC, VENDREDI, 14 JANVIER 1955

Campagne pour promouvoir les travaux d'hiver

S. H. le maire Wilfrid Hamel a officiellement proclamé, ce di-
di, à l'hôtel de ville, une grande
campagne de quatre semaines du-
rant laquelle "tous les efforts dol-
vent tendre à promouvoir des tra-
vaux d'hiver".

Cette campagne est suscitée par
le comité consultatif du placement

du Bureau local de l'Assurance-
chômage.

La campagne est appuyée par
l'Association des marchands dé-
taillants, le Centre des patrons
chrétiens, l'Association des manu-
facturiers canadiens, la Confédéra-
tion des travailleurs catholiques du
Canada, l'Association du camion-
nage du Québec, la Fraternité cana-
dienne des employés de chemin
de fer et autres transports, l'As-
sociation patronale du Commerce,
l'Association professionnelle des
industriels, la Chambre de Com-

Le Conseil fédéré appui la "campagne des emplois d'hiver", qu'ouvrira le maire Hamel

Le Conseil fédéré des Métiers et du Travail de Québec et Lévis s'oppose à toute majoration du prix des billets d'autobus par le Québec Railway et, d'autre part, proteste de n'avoir pas été invité à exposer ses vues, comme l'ont fait les autres grands organismes publics, à l'Hôtel de ville, au sujet du renouvellement du contrat de transport urbain.

Par ailleurs, le Conseil fédéré a délégué son président, M. J.-B. Hurens, pour le représenter en 1955 dans le comité des directeurs de l'Exposition provinciale. De même, M. Hurens représentera le Conseil au banquet offert à M. Claude Jodoin à l'occasion de sa récente nomination à la présidence du Congrès des Métiers et du Travail du Canada. Ces agapes auront lieu à Montréal le 22 janvier prochain.

Sur l'initiative du Comité consultatif de Placement, une "campagne des emplois d'hiver" a été organisée, à partir du 15 janvier et durera un mois. Elle a pour but d'inviter les marchands, industriels, propriétaires et locataires à faire exécuter en janvier, février et mars certains travaux qui peuvent se faire tout aussi bien en hiver qu'en été. Les personnes qui font faire leurs menus travaux de réparations et de réparations en hiver peuvent, en effet, comploter sur une main-d'œuvre plus abondante et plus variée. Ces particuliers contribuent en même temps à atténuer le ralentissement saisonnier de l'emploi. On fait remarquer que l'industrie de la construction a trouvé les moyens de faire en hiver ce qui autrefois paraissait impossible. Cette campagne des emplois d'hiver sera inaugurée par une proclamation de S. H. le maire Wilfrid Hamel au cours d'une conférence de presse qui sera tenue vendredi prochain, à 11 heures du matin, à l'Hôtel de ville. M. J.-B. Hurens y représentera le Conseil fédéré de Québec. Cet organisme appuie vigoureusement cette initiative, rendue nécessaire à une époque où le chômage sévit durement à Québec.

D'autre part, une délégation de la Fédération provinciale du Travail (FAT-CMTC) conduite par son président, M. Roger Provost, s'est rendue hier auprès de l'hon. Antonio Barette, ministre du Travail, pour l'entretenir de certains amendements à la loi des Relations ouvrières. La Fédération provinciale du Travail présentera son mémoire annuel au gouvernement provincial le 20 janvier prochain.

La délégation du Conseil fédéré comprendra MM. J.-B. Hurens, Alfred Maheux, Jules Larocque, David Plamondon et Isidore Gariépy. Devant l'Assemblée, M. Victor

Trudeau, représentant du CMTC, a déclaré que des cours d'éducation ouvrière pour les officiers et membres affiliés seront donnés prochainement à Québec et dans les autres centres de la Province.

Enfin, M. J.-M. Landriault, organisateur de la FAT a exposé les avantages obtenus par les travailleurs dans deux firmes québécoises qui viennent de signer de nouveaux contrats collectifs: Franklin Glass et Hobbs, 5 à 7 cents d'augmentation du salaire horaire; augmentation substantielle à la St-Lawrence Céramique. De son côté, M. Médéric Laliberté, président du local de l'Union Typographique internationale, a souligné que Le Soleil Ltée vient d'accorder un intéressant contrat au personnel de ses ateliers d'impressions, qui ont obtenu une augmentation de 20 cents l'heure pour 1954 et 10 cents pour 1955.

Quebec Chronicle-Telegraph,

Wednesday, January 12, 1955

TLC Opposes Bus Rate Hike

The Quebec and Lévis Trades and Labor Council are strictly opposed to an increase in Quebec railway bus fares and furthermore protest because they were not invited to expound their views on the subject at city hall at the time the contract was renewed.

Besides, the Federated Council has delegated its president, J. B. Hurens to represent it in 1955, in the directors' committee for the provincial exhibition.

Mr. Hurens will also represent the Council at the banquet for Claude Jodoin marking his recent nomination as president of the Trades and Labor Congress of Canada. These celebrations will take place in Montreal on Jan. 22.

A consulting job-finding committee has undertaken a "winter jobs" campaign which is due to start Saturday Jan. 15 and last for a month. Its aim are to invite merchants, industrialists, proprietors and tenants to offer jobs that can be undertaken in either summer or winter in the months of January, February and March. People who wish to have repair jobs done in the winter time will help to solve seasonal unemployment.

The "winter job" campaign will be officially inaugurated by Mayor Wilfrid Hamel during a press conference Friday at city hall. J. B. Hurens will represent the Quebec Federated Council who strongly support the movement.

A delegation from the Provin-

**Le Soleil, Québec,
 mercredi 9 février 1955
 Conférence sur
 le chômage**

L'Association Canadienne des Consommateurs, comité provincial et comités locaux, en collaboration avec le comité consultatif du Placement, tiendra, demain à 2 h. 45 p.m., au Club Sportif de la Voirie, 130 Grande-Allée, une assemblée publique. Le R. P. Gilles-Marie Bélanger, o.p., directeur du centre de culture populaire de Laval, traitera de l'angoissant problème du chômage. L'entrée sera libre. Les dames spécialement sont invitées à venir se renseigner, car elles peuvent, par une collaboration intelligente, aider à améliorer la situation.

Winter Jobless In Quebec Said Worse Than Past Years

The fluctuations and problems of seasonal unemployment were the theme of a talk by Marius Bergeron, a city lawyer who spoke before the optimist Club yesterday.

Mr. Bergeron a delegate of the consulting job-finding committee of the "Winter Jobs" campaign, scheduled to get underway Saturday, said that the outlook for winter unemployment this year seems to be even worse than in former years in Quebec.

Since it is a danger to society as a whole, as well as to the welfare of workers and their families, it is necessary that adequate measures be taken immediately to control the situation before it gets out of hand, said Mr. Bergeron.

Winter unemployment in Can-

ada, he said is triple what it is in summer, due mostly to atmospheric conditions, and Quebec, because of its long and hardy winters ranks as the third province where unemployment is the highest each year.

15 PER CENT

In 1954, for example, 15,000 persons were unemployed in Quebec on a total working population of 100,000, at the highest period of unemployment in the year, that is during the months of March and April, making a percentage of 15 per cent.

National statistics in Canada, consider 4 per cent unemployment normal or inevitable, eight per cent is considered critical and 12 per cent alarming. The problem in Quebec would therefore be considered drastic.

The effects of unemployment, added the speaker, are multiple. They are costly to employers and the government. A total of 12,000 workers with an average salary of \$47 a week would cost the government two million and a half. Of this amount, four per cent would be paid through unemployment insurance.

SOLUTION

Solutions to the problem according to Mr. Bergeron would be: additional industries, a wider variety of manufactured products, more efficient workmanship and to counter-balance the effects of bad weather, government jobs should be divided among workers throughout the whole year instead of certain months only.

Another remedy would be that employers, proprietors or tenants have repair or renovation jobs executed during the winter months. They would gain by it too because the workers then are more varied and always available.

Introduced by Omer Barbeau, the speaker was thanked by Peter Bleau. President Paul Lambert presided at the luncheon.

L'ÉVENEMENT-JOURNAL, Québec, jeudi 13 janvier 1955

Au déjeuner du club Optimiste

**Me Marius Bergeron parle
 du chômage saisonnier et
 de ses problèmes.**

Le déjeuner hebdomadaire des membres du club Optimiste a eu lieu hier midi, au Château Frontenac. A cette occasion, les convives eurent le plaisir d'entendre Me Marius Bergeron, invité d'honneur, qui parla du chômage saisonnier et des problèmes qu'il présente.

Me Bergeron, qui était l'envoyé du Conseil consultatif du comité du placement, fut présenté à l'auditoire par M. Omer Barbeau, secrétaire du club Optimiste.

D'après le conférencier, le chômage saisonnier constitue, au Canada, un problème qui nécessite une réflexion et une étude sérieuse puisqu'il comporte un coulage de main-d'œuvre et un affaiblissement de la capacité de production qui se répètent tous les ans. Le chômage saisonnier survient régulièrement chaque année avec les changements nouveaux de

portent conjointement le fardeau de la plus grande partie du coût des prestations d'assurance-chômage, ordinaires et supplémentaires, payées aux chômeurs saisonniers; le gouvernement verse pour sa part un cinquième et se charge des frais d'administration.

En 1954, 65 p.c. des prestations d'assurance-chômage furent versées au cours des mois où le chômage est roi, soit les mois de février, mars et avril.

Voici, selon Me Bergeron quelques moyens de remédier aux effets néfastes à tous les points de vue, du chômage saisonnier: par des industries complémentaires, par une diversité plus grande des produits à manufacturer, par une main-d'œuvre plus mobile, tant au point de vue travail qu'au point de vue géographique, par des programmes de formation professionnelle. Outre ces considérations, il faudrait pouvoir obvier aux effets nocifs de la température par une répartition plus régulière, au cours de l'année, des travaux du gouvernement.

Un dernier remède à conseiller à tous les propriétaires: faire exécuter pendant la saison morte, les travaux décidés pour le printemps. Selon Me Bergeron, l'hiver de 1955 s'annonce sous des couleurs sombres.

M. Peter Bleau a remercié.

L'ÉVENEMENT-JOURNAL,

Québec, mercredi 9 février 1955

**Il parlera du chômage
 au Club de la Voirie**