

THE EVOLUTION OF

CANADIAN HOUSING POLICY

KEEPING TO THE PRIVATE MARKET:

THE EVOLUTION OF CANADIAN

HOUSING POLICY: 1900 - 1949

By

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## ABSTRACT

This dissertation traces the evolution of Canadian housing policy from 1935 to 1949 and examines the background to the origins of the housing problems which promoted the creation of these programs from the beginning of the 20th century. The basic housing problem, viewed as a disparity between what families needed in terms of acceptable shelter and what they could afford to pay without sacrificing other necessities of life, is shown to have reached major proportions in rapidly expanding Canadian cities in the boom period from 1900 - 1913. Such gaps were exacerbated by later war induced movements of population and slowing down of new residential construction as a result of the inflation of building supplies. The ensuing shelter shortage and labour unrest encouraged the passage of the first federal housing legislation in 1919. This program refused to accept the principle of subsidized housing. It attempted to provide low cost housing through maximum price ceilings on the cost of homes sold under the program. Consequently the homes built under the scheme were frequently of poor construction and many returned to the ownership of municipalities after the home price deflation, which took place in 1923. The program was discontinued and the revival of prosperity to the residential construction industry ended the interest of unions, architects, business groups, planners and many social work professionals in social housing.

The great depression of the 1930's brought a renewal of public interest in housing problems and of federal housing programs. This new concern of professionals, unions and certain business groups in the

housing problem created a backbench revolt of Conservative MP's in Bennett's government. The unanimous endorsement of the reformers' approach by the all party parliamentary housing committee led to the passage of the Dominion Housing act of 1935 by Bennett's government. This new DHA legislation, however, ignored the basic request of reform opinion for subsidized low rental housing and instead provided for joint government private lender mortgage loans which could only be afforded by the top twenty per cent of Canadian families in terms of income. Low rental housing was assigned by the DHA to an Economic Council of Canada which never met as it was abolished by King's government before any of its members could be appointed. Social housing was also shunted aside by the National Housing Acts of 1938 and 1944. These provided unworkable legislation which promised, but could not produce, limited dividend, low rental housing.

As a result of the necessities of the Second World War, opposition of the Department of Finance to publicly constructed rental housing was briefly set aside by the federal government. The protests of tenants kept such construction, first for munitions workers and later directed to returning veterans, as an important factor in the immediate post-war years. However this large scale program of social housing, would be replaced by a very low volume public housing effort in the NHA amendments of 1949. This legislation, which finally committed the federal government to the controversial principle of subsidized housing, would provide only a trickle of units until it was amended after 1964. Federal policy had discouraged social housing while encouraging the development of a housing industry dominated by large scale residential builders. It

was these large scale developers, fostered by federal interventions such as the Integrated Housing Program, that would largely shape future Canadian urban residential development.

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## Canadian Housing in Perspective

What is meant today by the housing shortage is the peculiar intensification of the bad housing conditions of the workers as a result of the sudden rush of population into the big towns; a colossal increase in rents, a still further aggravation of overcrowding in the individual houses, and for some, the impossibility of finding a home at all.

Frederick Engels, The Housing Question<sup>1</sup>

Engels' definition of the housing crisis as integral to the general impoverishment produced by the development of an industrial capitalist society also held that only a transition to a socialist economy could provide any real improvement in housing conditions for most workers. Engels' observations held true in the older developed nations of Western Europe until the upsurge in working class revolt after the First World War. In the United States, the important change would come only during the "social democratic tinge" of the later New Deal, at the very height of that nation's labour unrest.<sup>2</sup>

The difference between the housing policies of the Empires and bourgeois governments that Engels described in 1872 and those of European liberal democracies after 1918 and the United States after the dawn of the New Deal, was that housing policies had become a means of redistribution of income from higher to lower economic groups. This was accomplished by various means. Greater labour militancy in some states forced a "rationalization" of capitalism, eliminating pre-industrial land and housing speculators from the housing market by municipal ownership of future building land. Rent controls and public

sponsored construction caused working class housing to be increasingly the product of social enterprise, built according to specifications of health and comfort standards, rather than the need for a return on investment. Shelter subsidies for low income families became accepted, overtly redirecting part of the nation's income to those most in need of better housing. Indeed, the date of acceptance of a national program of subsidized rental housing is the clearest way to distinguish the transition, away from a market orientated thrust of government housing policy, to a socialized one concerned with promoting greater social equality and integration.<sup>3</sup>

The peculiar emphasis of Canadian housing policies on an assisted marketplace approach is best illustrated by the long delay in acceptance by the federal government of the principle of subsidized rental housing. The concept was only given a statutory basis with the passage of the 1949 amendments to the National Housing Act. Moreover, this was done in a manner to downplay the significance of the long delayed measure and minimize the public housing to be built under the new program. One of the pioneer Canadian advocates of subsidized housing, Humphrey Carver, has recalled how the 1949 legislation used the term "deficit" in lieu of "subsidy". This was done, Carver recalls, to imply there was "no positive intention to help low income families and that a deficit would only occur as the consequence of some administrative error".<sup>4</sup>

The inability of the federal government to develop an effective program of subsidized housing, meant that for the first fourteen years of its life, all housing programs of the Canadian state which were

assumed to be of a long term nature, would only be afforded by the top twenty per cent of Canadian families in terms of income. Consequently for 80 per cent of families during this era from 1935 to 1949, the only publicly assisted housing that could be afforded was provided by temporary programs. These included the spartan accommodation of Emergency Shelters and the more substantial homes provided by the munition workers' and veterans' rental housing programs of Wartime Housing. The latter's efforts were conducted on a large scale from 1941 to 1949. This pioneering achievement in Canadian social housing was abruptly terminated after 1949. Its housing stock was sold to tenants under the threat of eviction, or, disposed of on the private market and in some cases simply demolished. The experience of Wartime Housing was lost to the new forms of public housing which were constructed after the federal government finally accepted the principle of subsidized housing in 1949. For 14 years, these efforts proceeded at a slow pace, reaching the levels achieved by Wartime Housing only after the passage of amendments to the National Housing Act of 1964.

Housing policy analyst, D.V. Donnison, has characterized the basic thrust of Canadian housing policy as an "assisted marketplace" approach. This is characterized by the concentration of government revenues for programs which "confer their greatest benefits on those best able to solve their own problems". Under such an approach, "building may continue for years at an impressive rate without reducing the hardships of those in greatest need". In Europe, Donnison found that by the early 1960's such housing policies were carried out only in nations in the early stages of industrialization, ruled by repressive regimes, such as

Greece, Spain, Turkey and Portugal.<sup>5</sup>

Donnison found that the key distinguishing feature of social housing policies was a marked distinction between market housing for the higher income groups and social housing for the poor. This model was characteristic of Great Britain and the United States.<sup>6</sup> In the United States, the divisions between the two spheres have been especially sharp. Here public housing performed, especially after the mid-1950's, a "semi-welfare" function, a sort of modernized version of the Elizabethan or Victorian poorhouse. In 1957, one of the pioneers of subsidized housing in the United States, Catherine Bauer, expressed disappointment at the outcome of the program she helped inspire. Bauer observed that while American public housing estates "may be no more monotonous than a typical suburban tract...their density makes them seem much more institutional, like veterans' hospitals or old fashioned orphan asylums". Under these circumstances it became evident that "any charity stigma that attaches to subsidized housing is thus reinforced. Each program proclaims, visually, that it serves the lowest group".<sup>7</sup>

The problems Bauer saw as blighting the American public housing projects were shared in Canada. At one point, it was federal policy that public housing projects "should be based on economic and urban development considerations primarily and...the needs of the individual tenants should be secondary". Public housing would "be deliberately used to improve the community but only provide a bare minimum of housing for the occupants". Bauer's concerns of subsidized housing visually proclaiming that it served the poor became a positive policy goal. A second rate appearance would help to make it "clear that we are not

competing with private enterprise who we assume will be building a more attractive product intended for those who can afford it". Given such attitudes, it is not surprising that a CMHC Task Force on Low Income Housing, known popularly as the Dennis-Fish report, found that public housing projects in Canada had been plagued with "poor locations, poor designs, inadequate facilities, insensitive management, discrimination against problem families". Such problems were viewed as a result of "an attempt to engraft social housing programs on a profit making production-orientated market mechanism in which the producers conceive of housing as an artifact to be produced, rather than a service to be rendered".<sup>8</sup>

In putting forward their much later adopted proposals for ending new public housing construction, the many authors of the Dennis-Fish report recommended a move from "social" to what Donnison termed a "comprehensive" national housing policy. This conception was based upon the experience of the social democracies of Scandinavia and West Germany. Here, the Dennis-Fish report noted, "a new philosophy of government" had been applied "in the sphere of housing". This went beyond "regulating, supplementing, stimulating, or restraining the operations of an independent market". A responsibility was assumed of establishing national housing goals and mobilizing resources to meet them. In such states, housing policies at an early date went beyond concerns for increasing new construction. Here, shelter subsidies and rent controls addressed concerns for the affordability of the whole housing stock.<sup>9</sup>

The contrasting nature of national housing policies and the

impact of social forces shaping them can be seen most vividly in the examples of Sweden and the United States. These two nations represent polar opposites of Western industrial democracies in terms of the levels of class consciousness and the extent of trade union organization. Except for a few months during the summer of 1936, Social Democrats have controlled the national government in Sweden from 1932 to 1976.<sup>10</sup>

In the United States socialist or labour parties have counted themselves fortunate to have the occasional single congressman. The contrast in the degree of labour organization is equally as striking. Sweden's labour force has been at least seventy-five per cent unionized throughout the 20th century, contrasting to the current American low level of 27 per cent, representing a decline from the upsurge in union membership during the later stages of the New Deal. In housing policies the contrasts are also strong. As previously mentioned, in the United States the division between a residual "social" sector for the poor and a "market" sector for those who can pay their way is especially pronounced. Sweden is the strongest example of a society where the housing and property industry has been changed from an outlet for profitable investment to a social utility controlled by the users of the service and the workers in the industry. Its allied trade union, co-operative and social democratic movements have been strong enough to establish hegemony in the housing field.<sup>10</sup>

In Sweden housing has progressively been removed from the private market and has assumed a character similar to that of a social service or public utility. Here, between 85 to 90 per cent of housing is built on publicly-owned land. Over time land costs have fallen as a

component in the price of housing. Land costs now represent only five to ten per cent of the cost of a dwelling. Approximately half of Sweden's housing finance is taken from government revenue or the National Pension Fund. Various types of non-profit groups develop 58 per cent of the nation's annual housing production greatly reducing opportunities for speculation in housing property.<sup>11</sup>

The strong co-operative sector in Sweden has further reduced opportunities for speculation in housing by entering the building industry. Ten per cent of new residential construction in Sweden is produced through firms owned by building trades unions, and six per cent of housing is still built by the direct labour of the home owner. Municipalities are legally obligated to acquire and bank land sufficient for ten years of future development. Also, stringent sales regulations against speculation in residential properties are enforced. The taxation of all profits in transactions is used to finance municipal land acquisition.<sup>12</sup>

Swedish social reformism has meant the elimination or curtailment of many private interests such as land owners, private mortgage lenders and property speculators. During the national "historical compromise", developed in the years 1928-1932, the labour movement gained the ability to specify the details of national housing policy, in conjunction with allies among co-operatives, tenants' unions and the Social Democratic party. In order to retain the housing sector as an outlet for private investment, increased emphasis has been made in obtaining greater productivity in the housing industry. A 300 per cent increase in building productivity was achieved in Sweden from 1950 to 1970. Private

builders face competition from firms owned by building trades unions and are not the developers of most new rental housing, only contractors for largely public projects. This function is largely assumed by municipalities. By 1969, municipal building societies and companies developed 44 per cent of all housing units. Another 14 per cent were co-operative housing units.<sup>13</sup>

The comprehensive housing policies of the Scandinavian states have both minimized speculation and profiteering in housing construction and maximized the extent to which housing occupiers, either individually or corporately, own their own homes or have a voice in their management. Most housing is either built for home ownership (without speculation inflated land prices) or constructed by non-profit housing associations and co-operatives. Co-operatives span the whole range of aspects of the building industry. This includes the manufacture of prefabricated kitchens and bathrooms, the making of furniture, all stages of construction and the extraction of raw materials. Student housing has also evolved along co-operative lines. Unlike the British and North American patterns of university administered halls of residents, Swedish students are responsible for the design and construction of their housing and the management of the completed accommodation. By law, municipalities are required to provide day-care facilities, kindergartens and housing for the aged. Special attention has been focused on developing housing facilities adjusted to the varied needs and abilities of the elderly. As a result, subsidized pensioners' hotels, shopping assistants, home care attendants and daily telephone

checks have been developed. Rural communities were relatively quickly provided with piped water, drainage, modern heating systems, electricity, kitchen equipment and insulation.<sup>14</sup>

Although the strength of the non-profit housing sector is often viewed as the unique feature of the comprehensive housing policies of Scandinavian states, programs that encourage the provision of affordable and high quality housing for owner occupation are also integral to them. This includes moves toward the socialization of housing finance, as well as land. Policies of "homestead loans" provide low interest financing for houses built by their occupiers, in Sweden. Since the mid-1930's Sweden has provided low interest loans to agricultural workers for the cost of purchasing or building their own homes.<sup>15</sup>

Even more extensive moves to the subsidization of housing finance are present in the area of rehabilitation. Improvement loans, generally free of interest charges, have been established to provide sewerage, water and electrical installations for homes in rural areas. Similarly, generous provisions have been extended to providing repairs for the homes of the elderly and handicapped. Assistance to interior housing problems for such persons includes minor changes, such as the removal of door sills and fitting banister rails, to more major modifications. These include new kitchen and toilet facilities and the installation of home extensions, lifts, cranes and ramps.<sup>16</sup>

In Sweden shelter subsidies have been used to insure that housing meeting standards of quality set according to the needs of families, is affordable. The majority of the population, ranging from 70 to 90 per

cent, are eligible for shelter subsidies which, in Canada, have been restricted to the lowest twenty-five per cent of the population. These are given in various forms including tax-exempt rent rebates per child and special low interest loans for families with many children to buy their own homes.<sup>17</sup>

Housing for the elderly provides the best example of the pattern of evolution and close co-ordination of Swedish policies to ensure the responsiveness of its shelter supply to social needs. Legislation for national subsidies for shelter for the aged constructed by local authorities began in the period from 1937 to 1939. This was in addition to earlier provisions for old people's homes, which provided care for the elderly who were so infirm that they could not live on their own. Consequently, projects lacked an institutional character and had community facilities, such as recreation rooms and laundries. In order to provide for the elderly who prefer to live among younger families in ordinary housing, legislation in Sweden in the early 1950's allocated units for senior citizens in government assisted non-profit projects.<sup>18</sup> Later, Sweden abolished state loans and subsidies for building old people's homes and instead encouraged hotel like arrangements, involving the building of flats for the elderly. A wide range of housing facilities were developed for the elderly, appropriate to their varied aptitudes and needs for care. This is illustrated by the many names for senior citizen housing facilities, such as "service flat, pensioners' hotel, service building center".<sup>19</sup> The city of Goteborg has 300 service flats in special senior citizen projects and 200 other flats for old persons scattered in regular housing. Some 14,000 retirees and handicapped persons receive home help services.

Another 350 obtain meals-on-wheels delivery. Experiments have extended this to grocery orders by phone, so old persons can do their own shopping. Service flats for the elderly provide alarm systems for quick access to emergency services. In sparsely populated areas in Sweden, mailmen bring food from school kitchens to elderly people requiring such assistance.<sup>20</sup>

Swedish housing policy's transformation of the housing market was achieved by its allied labour, co-operative and socialist political movements over the past hundred years. In contrast, housing policy in other states, especially Great Britain, has experienced great vacillation corresponding to the ebbs and flows in their nation's trade union movements. The degree of class consciousness among Swedish workers is particularly pronounced. Although in Great Britain, opinion surveys have found that 41 per cent of manual workers felt unions had too much power, in Sweden this feeling was shared by only five per cent. Also British workers tended to regard their better paid working class counterparts as being more affluent than themselves, while in Sweden this feeling was directed to employers and members of the upper class. Some 52 per cent of Swedish workers surveyed in 1976 felt the major aim of trade unions should be to encourage greater social justice, or, to fight for socialism. Only two per cent of British workers surveyed at the same time felt that this should be an important goal of their unions.<sup>21</sup>

In part, the outlook of Swedish workers has been shaped by the educational activities of their trade union organizations. The Workers' Educational Association of Sweden, an integral part of the Confederation

of Trade Unions, dominates the provision of adult education in the nation. Annually, over 650,000 students take its courses. One third of these courses are in the social science field. These often highlight the achievements of national labour organizations. This continued the traditions of adult education built up by the Scandinavian agricultural co-operative movement on the democratic principles of Bishop N.F.S. Grundtvig. Study circles associated with such courses aim to transfer interest created by them into personal work.<sup>22</sup>

The contrast between the degree of class consciousness and labour organization, so evident between Great Britain and Sweden, are more pronounced between Sweden and the United States. Consequently their housing policies have evolved in radically different ways. A measure of social housing would be achieved in the United States during the New Deal, at the same time Swedish workers had established firm hegemony over housing policies as part of a social compromise to establish policies of full employment by public works and comprehensive social insurance.

The evolution of American housing policy was determined in part, by the later date of its acceptance of municipal building codes and standards. In Europe and Great Britain application of such codes made workers' self built housing more difficult and drove away private investment in housing. The impact of rent controls, imposed throughout Europe during World War Two had a similar tendency to make the production of unsubsidized working class housing more difficult.<sup>23</sup>

The building of a home by an American worker on inexpensive land on the urban fringe often posed its own hardships on those that chose such a course, but it did provide a safety valve to reduce class conscious political pressures on housing issues. This was a way in which low paid workers could escape exploitation by real estate managers and mortgage lenders. As late as 1944, American public housing advocate and administrator, Nathan Straus, observed the last forms of this self-built housing by low income workers. He noted that the only new homes being built for the lower third in income of urban families were "shacks" erected in communities he felt still were "without adequate building codes".<sup>24</sup>

The idea of the enforcement of building codes did not become significant in the United States until the beginnings of the 20th century. Its implementation repeated the European experience of such legislation by making the new housing constructed under its provisions too expensive for the poor. This contributed to increased overcrowding in the remaining "old bylaw" flats. The advocates of the code enforcement school, led by Lawrence Veiller, showed little interest in the then popular European ideas of promoting low cost housing by building new communities through public land assembly. No application was made in the "Progressive" era of the ideals of the Garden City movement to new industrial cities such as Gary, Indiana.<sup>25</sup>

American reformers, lacking the checks posed by the powerful European labour movement, suggested remedies for urban ills in the early 20th century. Daniel Burnham's ambitious 1909 plan for Chicago confined its remarks on housing to the observation that, unlike the situation in

Europe, persons removed for street improvements would not have to be rehoused at public expense. In America, the unaided private market would painlessly provide new homes, he believed. After another Chicago reformer, Jane Addams, had acquired a block of property from a slum landlord, she soon concluded that the homes were beyond improvement and proceeded to demolish them. The tenants had to be evicted by the legal process, regretting the loss of their homes that could not be repaired within the economics of the private marketplace. The one European idea readily borrowed by the United States in the housing area was zoning. In this field, begun in 1885 in Modesto, California, to restrict Chinese laundries, from upper class residential districts, the comprehensiveness of planning exceeded that of Europe. Zoning was primarily used to keep the poor out of affluent districts.<sup>26</sup>

Veiller attempted to characterize the 1924 housing legislation of the British Labour government as "nothing more nor less than public charity on a gigantic scale...even more unsound than that of the Socialist government of Vienna".<sup>27</sup>

Although ideologists of Veiller's code enforcement school attempted to promote a doctrine of social housing as being alien to "Americanism", social forces quite similar to those which realized the concept in Europe would be successful during the American New Deal. While conservatives, such as Veiller, depicted the European social housing innovations as dangerous to American free enterprise, socialistically inclined experts, such as Catherine Bauer, successfully cited such programs as models for America. Writing in her influential book, Modern Housing, Catherine Bauer saw that the same social forces

that had brought social housing to Europe, "the workers and the consumers", would bring it to America. Bauer proved to have as significant an influence on housing matters in the New Deal as Veiller did in the "Progressive era". Her career in the period focused on stimulating the interest of the American labour movement in housing. One of the pioneering American New Deal social housing projects was the American Federation of Housing Workers' Carl Mackley Houses in Philadelphia. This was part of the 1933 Public Works Administration's limited dividend projects carried out by non-profit groups. Bauer was hired by the Hosiery Workers to help other unions learn from this pioneering achievement. Her success was marked by her position as Secretary of the American Federation of Labor's Housing Conference. Organized labour fully supported the efforts of Senator Robert Wagner to achieve a permanent federal housing agency to promote social housing. It was viewed as providing both jobs and pleasant homes for workers. Labour's support was vital in sustaining Wagner's 1937 legislation, which was vigorously attacked by private real estate and home building interests. Public housing can be seen as part of the broader social contract embodied in the later New Deal, which included collective bargaining rights and social security.<sup>28</sup>

Canadian housing policy's evolution fits into the broad contours of the experience of Sweden and the United States. Canadian and American working class movements shared a common inability to organize important sectors of the unskilled, industrial labour force until the coming of the great depression. The slower development of labour organization in Canada during the depression reduced pressures for an

effective program of subsidized, low income housing. This contributed to the presence of a large scale public housing program as part of the New Deal and its absence from the belated reform agendas of both King and Bennett. An upsurge in labour organization during the Second World War coupled with increased popular support for the socialist CCF party, encouraged the adoption of a program of subsidized shelter through the temporary activities of Wartime Housing Limited. The momentum of labour militancy increased in the immediate post-war years and was accompanied by the veterans' rental housing program and the continuation of national rent controls. Federal acceptance of subsidized housing was recognized in 1949, as necessary in view of plans to secure the termination of these programs fostered by the climate of awakened working class organization and consciousness during the 1940's.

Canadian political leaders and civil servants have not tended to anticipate future demands for innovations in housing policy. These have only been made in response to important shifts in public opinion. During the upsurge in labour unrest following the First World War, a short-lived housing measure was introduced. This quickly was withdrawn after the decline in the labour movement by the early 1920's. The ensuing period from 1923 to 1931 saw a remarkable absence of interest in housing as a problem to be addressed by public policy, on the part of trade unions, architects, planners and social workers. This ended with the coming of the great depression, which saw an increased interest in social housing by these groups and enlightened elements of the construction industry. This concern prompted the Canadian government to produce the Dominion Housing Act of 1935 which

fostered an "assisted marketplace" approach to housing problems. Ignoring the concerns which had led to public pressure for housing legislation, federal policies assisted building homes for upper income groups to stimulate employment. This pattern of assistance for the middle class and only a smokescreen of unworkable provisions for low income housing was repeated in the National Housing Acts of 1938 and 1944.

Although widespread social pressures played an important part in shaping Canadian housing policies, these were in themselves, products of individual actions and concerns. The actions of the participants would inevitably be constrained by the balance of social forces at a particular moment. The key actor in these changes would be the Deputy Minister of Finance from 1935 to 1952, W.C. Clark. Clark, not facing the pressures of highly organized and class conscious labour movement, would have a free hand in shaping housing policies along the manner desired by his intellectually close associates in the Dominion Mortgage and Investment Association during the 1930's and in the early stages of the Second World War. This changed, however, with the upsurge in labour strength which accompanied the rapid growth of the CCF. Federal policy came forth with rent controls and a program of publicly constructed rental shelter for war workers. Clark would work to curtail the development of this trend to the socialization of the housing market, but much of this would be undone in the wake of public protests over the laxness of rent controls in the summer of 1946. This in turn sparked an ambitious 10,000 a year unit program of rental housing construction for veterans and the creation of the Central

Mortgage and Housing Corporation. Although these moves to the socialization of housing were wound down by 1949, this was accomplished only after the federal government accepted the principle of subsidized public rental accomodation, so long opposed by W.C. Clark and other senior civil servants in the Department of Finance. Although failing in his battles on this issue, Clark won the achievement of a long time dream, the government encouragement of large scale private residential builders who would plan entire communities. Their activities would be crucial to shaping the form of urban Canada since the Second World War.

## Footnotes to Chapter One

- 1) Frederick Engels, The Housing Question, Translation of Second German Edition, (New York: International Publishers), facsimile by University Microfilms International, Ann Arbor, 1978, p. 21.
- 2) Ibid., passim; Engels' work was divided into three parts, which neatly outlined three approaches to the housing problem, reformist socialist, capitalistic and revolutionary. The reformist Proudhonist ideas he critiqued, with their emphasis on the abolition of ground rent and interest share the basic outlines of the housing policies of post World War One European social democracies with their stress on land banking and the removal of housing finance from the realm of profit making lending institutions. The "bourgeois" or capitalist solution to the housing problem, which refused to make any transfer of income to the working class, Engels described as Hausmannization - a process the second half of the 20th century would come to call urban renewal. With considerable insight, Engels observed that "no matter how different" the reasons for such displacement of workers might be, the result was "everywhere the same; the scandalous alleys and lanes disappear to the accompaniment of lavish self-praise from the bourgeoisie on the account of this tremendous success, but they immediately appear somewhere else". In 1872, Engels observed how some of the worst areas he described in his 1844 accounts of the condition of the English working class had been redeveloped but that the terrible conditions he described were "not abolished" but merely "shifted elsewhere" (emphasis Engels'). In his critique of the proposals of reformists Engels gave the vision of a solution of the housing problem through a revolutionary "abolition of the antithesis between town and country", which could only be achieved by "the abolition of the antithesis between capitalists and wage workers". Engels' own vision for the resolution of the housing problem was far more sweeping than has been achieved in either the social democracies of Western Europe or the Communist nations of the East. It was premised on the notion of sustainable agriculture, where human wastes would not be "poured everyday into the sea" but used to replenish the soil. With a world view similar to contemporary environmentalists, Engels saw that the ending of the division between town and country was "becoming more and more a practical demand of both industrial and agricultural production". In making this analysis, Engels acknowledged his debt to the earliest socialist "Utopian" writers, Fourier and Owen.
- 3) The impact of the housing policies of the pre-World War One European labour and social democratic parties is best summarized in Catherine Bauer, Modern Housing (Boston: 1934, Houghton Mifflin Company, 1934). Bauer keenly noted that although these governments had "little desire or power to socialize anything as a theoretical objective", they "represented a large and powerful body of voters who needed housing, who demanded good housing,

and who realized that private enterprise would never do the job", (p. 122). For a more recent analysis of the impact of social democratic reformism, see S.S. Duncan, Housing Reform, The Capitalist State and Social Democracy (Sussex: Department of Urban and Regional Studies, University of Sussex, 1978). A good overview of U.S. housing policy can be found in Peter Marcuse, "The Myth of the Benevolent State: Notes Towards a Theory of Housing Conflict" in Michael Harloe ed. Urban Change and Conflict (York: Urban Change and Conflict CES Conference, Centre for Environmental Studies, Planning and Development Publications, 1977).

- 4) Humphrey Carver, Compassionate Landscape (Toronto: University of Toronto Press, 1975), pp. 109-111, Michael Dennis and Susan Fish, Programs in Search of a Policy (Toronto: Hakkert, 1972), p. 374
- 5) D.V. Donnison, The Government of Housing (Harmondsworth: Penguin, 1967), p. 90.
- 6) Ibid., pp. 50 - 100.
- 7) Donnison, op. cit., p. 96; Catherine Bauer, "Dreary Deadlock of Public Housing", Architectural Forum (May, 1957) cited in Samuel Bass Warner, The Urban Wilderness (New York: Harper & Row, 1972), p. 240. The decline in architectural quality in American public housing described by Bauer was closely linked to its becoming more accessible to lower income groups such as welfare recipients. This trend to high rise and lower income level public housing was also shared in Great Britain and Canada. See for Great Britain, Gil Burke, Housing and Social Justice, (London: Longmen, 1981), p. 115. In Canada, the first high rise structures were for public housing. See James Lorimer, The Developers (Toronto. James Lorimer and Company, 1978), p. 144n. In the United States, the medium income of all public housing tenants was 44 per cent below the national average; by 1957 it was 58 per cent. See mark J. Gelfand, A Nation of Cities (New York: Oxford University Press, 1975), pp. 281, 282.
- 8) Letter Robert Winters to Stewart Bates, June 8, 1956; Letter to Stewart Bates, February 12, 1957, cited in Michael Dennis and Susan Fish, Programs in Search of a Policy, pp. 173, 174.
- 9) Ibid., p. 372.
- 10) Eric Einhorn and John Logue, Welfare States in Hard Times, (Kent: Kent Popular Press, 1980), p. 35.
- 11) Duncan, op. cit., pp. 28, 29.
- 12) Ibid., pp. 28-32; For a good account of Swedish land policy see H. Darin-Drabkin, Land Policy and Urban Growth (Toronto: Pergamon

Press, 1977), pp. 309-346. Darin-Drabkin found that land prices in Stockholm rose at a lower rate than any of the industrialized nations he studied (including Germany, France, Italy, Spain and Israel) despite the high rate of GNP increase in Sweden and the Stockholm, region's heavy population growth.

- 13) Duncan, op. cit., passim.
- 14) Alfred J. Kahn and Sheila B. Kamerman, Not for the Poor Alone (Philadelphia: Temple University Press, 1975), pp. 82-89, pp. 152-171; John Greve, Voluntary Housing in Scandinavia (Birmingham: Centre for Urban and Regional Studies, 1971), passim; For an interesting examination of how Swedish housing policy even in the 1930's relied on financial incentives rather than coercion in the area of low income housing see Elizabeth Denby, Europe Re-housed (London: George Allen & Unwin, 1937), pp. 48-97. Denby contrasted the payment of shelter subsidies in Sweden with the segregation of problem families in Italian and Dutch housing projects of this period.
- 15) George R. Nelson, (ed.), Freedom and Welfare: Social Patterns in the Norther Countries of Europe (Ministries of Social Affairs of Denmark, Finland, Iceland, Norway, Sweden, 1953), pp. 290-310.
- 16) Ibid., pp. 295-302; Ernest Marcussen, Social Welfare in Denmark (Copenhagen; Det Danske Selskab, 1980), pp. 165, 166.
- 17) Nelson, op. cit., pp. 300-305.
- 18) Ibid., p. 301.
- 19) Kahn and Kamerman, op. cit., pp. 127-144.
- 20) Ibid., p. 145
- 21) Richard Scase, Social Democracy in Capitalist Society (London: Croom Helm, 1977), p. 48.
- 22) Ibid., pp. 86-98.
- 23) Peter Manniche, Living Democracy in Denmark (Westport: Greenwood Press, 1952), pp. 124-127, 118-143; Walter Korpi, The Working Class in Welfare Capitalism (New York: International Library of Sociology, 1978), pp. 80-89.
- 24) Nathan Straus, The Seven Myths of Housing (New York: Alfred A. Knopf, 1944), p. 11.
- 25) Sutcliffe, Towards the Planned City, pp. 88-125.
- 26) Ibid.,

Marcuse, op. cit., pp. 399-404; Veiller's comments against European socialist and labour housing policies were cited favourably in the influential Russell Sage Foundation's Regional Plan for New York, written under the direction of Thomas Adams. Adams attempted to assert that the housing problems of New York city were not caused by "real poverty". Consequently, he attacked proposals for public housing in America as "a form of socialism and not of charity" (Adams' emphasis). Adams even went so far as to warn of "the subversion of American principles and traditions" which public housing entailed. Much of American author Lewis Mumford's work was a reply to the British Adams' criticisms of socialized housing. In The Culture of Cities, Mumford noted that an "active trade union and co-operative movement" were the most important factors in obtaining adequate housing for a nation, following the examples of European social democracies. Mumford's ideals would later triumph over the Veiller school in the New Deal, due in part to the work of his close associate Catherine Bauer. See Thomas Adams, "In Defence of the Regional Plan of New York", The New Republic, pp. 207, 208, July 6, 1932; Lewis Mumford, "The Plan of New York", The New Republic, June 22, 1932, p. 141; Thomas Adams, Wayne P. Heydecker, "Housing Conditions in the New York Region" Buildings Their uses and the Spaces About Them (New York, Russell Sage Foundation, 1931), pp. 274-292, 297, 298; Lewis Mumford, The Culture of Cities, (New York: Secker and Warburg, 1938), p. 471.

- 28) Gelfand, op. cit., pp. 133-147; Suzanne Stephens "Voices of Consequence: Four Architectural Critics" in Susan Torre (ed.) Women in American Architecture; A Historic and Contemporary Perspective (New York: Watson-Guption, 1977), pp. 136-138.

The Emergence and Recognition of a  
Canadian Housing Crisis (1880 - 1913)

The emergence of housing problems as a matter of political concern evolved along lines similar to those of other western industrialized nations. As in other such societies, housing became the subject of political debate during an upsurge in working class organization and unrest. One product of this rise of the labour movement in the 1880's was the federal government's Royal Commission on the Relations of Labour and Industry. It estimated in 1889 that in the previous decade rents had increased by 20 to 25 per cent. During these years other commodities had actually declined in price.<sup>1</sup>

One of the leaders of the era's working class protest, pioneering journalist and social reformer, Phillips Thompson, told the Royal Commission on Labour and Industry that:

Whatever advances may be made in the way of increases of wages by combinations or strikes, these are offset and more offset by the constant tendency to increased value for the land and consequent advances of rent. The population has increased but with increased population comes increased competition in the different classes, not only among the laboring class proper, but among tradesmen in a small way and even in a large way. The only real gainers by the increase of the size of the city are the men who hold land for speculation or for rental.<sup>2</sup>

Although the Royal Commission ignored the Georgite recommendations of the single tax and land nationalization favoured by some in the era's labour movement, some political leaders at the provincial level responded favourably by introducing measures to increase

the security of rental tenure, such as the Ontario Landlord and Tenant Act of 1887.<sup>3</sup> In the meantime, the report of the Royal Commission justified inaction at the federal level by predicting Canadian housing problems would vanish by new "rapid and cheap" methods of urban transit.<sup>4</sup>

The Royal Commission on the Relations of Labour and Capital observed how Canadian housing conditions continued to be more favourable than those in the United States and Europe where industrialization was more advanced. This view was shared by a pioneer critic of Canadian housing conditions, Sir Herbert Ames, in his 1897 study of Montreal. However, the very factors Ames cited to illustrate how Montreal's housing conditions were better than those in similar British and European industrial centers, would be diminished within the next decade. Ames showed insight by measuring the extent of Montreal's housing problems by two related factors. These were overcrowding and the share of workers' income expended on shelter. Ames noted the exceptional areas of overcrowding such as Griffintown. Here, the average of persons per room was 1.13, and only 3-4 rooms per family. Likewise, in numbered district 24, "a family of five or more persons will average but four rooms". However, such areas were exceptional. The city's average was 5.02 rooms per family, which Ames stressed compared favourably to the "best district" of Glasgow Scotland, which had only four. Ames drew continual comparisons between Montreal and Glasgow to convey a sense of Montreal's success in housing its workers. This was in spite of his frustration with his upper class colleagues' habit of "discussing the slums of London, the beggars of Paris and the

tenement house evils of New York", while knowing as little of the housing problems in their midst as "that of the natives of Central Africa."<sup>5</sup> In Montreal, Ames found that the average in working class districts was "one person to each room". Despite some "instances of overcrowding", Ames observed that "not more than one home in fifty will have, what is for Glasgow an average, that is two persons per occupied room".<sup>6</sup> Ames' evidence also showed that the avoidance of overcrowding was not purchased by heavy sacrifices from workers' budgets. The average share of family earnings for rent in the working class "city below the hill" was only 16 percent, the ceiling for the "very poor" 25 percent.<sup>7</sup> Later generations of Montrealers would be unable to achieve Ames' objectives in terms of the quality and affordability of housing for lower income groups, until a program of subsidized housing was finally undertaken over fifty years later.<sup>8</sup>

Laurier 'Prosperity' and the Emergence of a  
Canadian Housing Crisis'

The rapid increase in settlement, the building of two new transcontinental railways, massive immigration, the opening of new mines and the expansion of industry all helped produce vast quantitative changes that made Canada, as the title of the leading historical monograph of the period puts it, "a nation transformed".<sup>9</sup> However, the impact of this boom on the nation's housing conditions is usually overlooked. An increasing proportion of the work force became faced with a cruel choice; to either accept housing that was inadequate by virtue of being overcrowded, poorly serviced, or below minimal building code and sanitary standards, or to pay so much for shelter that other necessities of life would be sacrificed.

The best indication of the magnitude of the housing crisis in the years 1900 to 1913 can be seen in the estimates made that compare the cost of shelter with those of wages. According to Department of Labour estimates, rentals increased by 62 percent across Canada from 1900 to 1913, while wages had only advanced 44 percent. The overall inflation rate had been 38 percent.<sup>10</sup> These figures underscore the nature of the dramatic change in the housing situation of wage earners in this period. However, they also obscure housing conditions in urban centers experiencing rapid growth, because of the data's aggregate nature. The total figures were moderated by the influence of areas that the boom of the period passed by. For example, rentals in largely rural and slow growing Prince Edward Island

increased by a relatively low 30.5 percent. The federal Department of Labour characterized P.E.I.'s capital, Charlottetown, as being "stationary" in terms of population growth. It experienced "little or no increase" in rents from 1900 to 1913.<sup>11</sup> The Department of Labour found similar situations in Owen Sound, Chatham and Woodstock Ontario. In regards to the latter the department concluded that its growth had "been so gradual that no housing problem exists."<sup>12</sup> Rents in Woodstock from 1900 to 1913 rose by only 20 percent. Likewise, in Chatham, rents were found to be low as factories had been established only "in the last few years".<sup>13</sup>

Most major Canadian cities experienced increases in shelter prices that exceeded the national average. This was particularly true of the largest Canadian municipality of the period, Montreal. Here, in working class districts, rents soared from the \$6 to \$7 a month, recorded by the Royal Commission of the Relations of Labour and Capital in 1889, to \$12.00 to \$14.00 in 1913. This 100 percent increase came at a time when the wages of the city's most skilled workers rose by only 35 percent.<sup>14</sup> Various documents provide useful illustrations of the impact of this decrease in housing affordability. By 1905, Montreal's health inspectors added a new category to their reports, the "dark room" without natural light or means of direct ventilation. In 1908, Elzear Pelletier, Secretary of the Provincial Board of Health, noted the emergence of "white mice architecture" caused by the conversion of single family homes into multiple units. He also observed residential structures placed on damp soil and even "upon land filled with garbage, without covering the ground with concrete".<sup>15</sup> Bryce M. Stewart, in his examination of the five largest Canadian

cities, depicted Montreal as undergoing by far the worst changes in housing conditions by comparing results obtained through the 1901 and 1911 census.<sup>16</sup> Montreal, which had a population of 267,730 in 1901, saw an increase to 470,480 in 1911. The number of dwellings, however, had actually declined in the period from 36,503 in 1901 to 35,677 in 1911. This caused an increase in the number of persons per dwelling unit from 7.6 to 13.3. While the census figures of the period are marred by confusion between dwellings and houses, studies of the Federal Department of Labour similarly noted that the city's housing conditions had "degenerated" as a result of a 50 percent increase in rents from 1909 to 1914. This resulted in doubling up "of families in the same apartment or house, overcrowding and ill health".<sup>17</sup>

Toronto, the second largest Canadian city of the era, like Montreal, experienced a deterioration of housing conditions above the national average. These trends can be described with more precision from the greater abundance of historical studies dealing with housing in the era. One contemporary examination was conducted by Professor James Mavor of the University of Toronto's Department of Political Economy. He examined 68 homes lived in by Toronto workmen, none of which received more than ordinary repairs. Mavor found that rentals between 1897 and 1906 had increased by 99 percent, while other items in workers' budgets had only risen by 30 percent.<sup>18</sup> This massive rent rise was sustained. Homes, which in 1906 rented at \$12.00 to \$15.00, commanded \$20.00 to \$22.00 by 1914. These trends meant greater economic pressures on Toronto's workers. The \$10 to \$20 jump in the price of unsanitary dwellings in working class districts from

1900 to 1913 helped produce an increase of rent as a share of a fully employed labourer's wage from 22.8 to 35.0 percent. Although rents had risen by 100 percent, wages for Toronto's labourers had increased by only 32 percent.<sup>19</sup>

Labour Gazette correspondents reported how Toronto rents for six room dwellings in workingman's districts with sanitary conveniences rose from \$12.00 to \$14.00 a month in 1900, to \$23.00 to \$27.00 monthly in 1913. For homes without such facilities the rate of increase was slightly greater, being from \$10.00 to \$20.00 for the same period.<sup>20</sup> Phillips Thompson reported in November of 1905 how Toronto's housing problems were about to be intensified "with the approach of winter". He found that during the summer months "large numbers of families found temporary accommodation in sheds, tents and disused streetcars, but the cold weather will compel them to seek better housing".<sup>21</sup> A 1911 investigation of housing conditions in six Toronto districts by the city's Board of Health, revealed that 2,137 houses were inhabited by more than one family, while 198 families dwelled in a single room. Some 447 persons lived in basements, 22 of these in cellars. One basement was found to house twelve persons. In lodging houses, of which 41 were found in Toronto, 10 to 30 men were found to be "crowded into a small house, three, four, six men or even more in one small room." One tenement housing six families and used partly as a factory had one tap with a pail under it, to provide water for 40 persons.<sup>22</sup> By November 1913, Toronto's public health officer, Charles Hastings, reported that since the 1911 study, conditions "have become greatly aggravated". By 1914, the city's

health department found that over 9,000 residences were overcrowded. In 714 houses dwelt 9,439 persons. Hastings observed that "eight to ten families are today living in an ordinary 10 or 12 roomed house. Families of five, six and as many as ten are living in single rooms, interior dark rooms, damp cellars and basements".<sup>23</sup>

Toronto provides the best evidence of a pattern of the escape from doubled up housing, crowded tenements, basements, and lodging houses that many North American workers sought in the early decades of the 20th century. Various American studies have illustrated how workingmen found homeownership on the suburban fringe through by-passing the "formal economy" of mortgage loans, high land prices and real estate fees, by building their own homes on cheap land. This process, while achieving home ownership, paid a price in such factors as long periods of dwelling in partially completed homes, enduring inadequate water and sanitary facilities and, most significantly, accepting the presence of boarders to pay for shelter. As many as 28 boarders in a modest one and half story house with a full basement and two sheds, was frequent.<sup>24</sup> In Toronto, James Mavor estimated that in 1901 and 1902 more than 10,000 wooden shacks were built by workmen in response to the rapid rise in rents. Workers, by building outside of the Toronto municipal boundaries, could save money not only by lower land prices, but by building below the city's fire code regulations.<sup>25</sup> Dr. Charles Hodgetts, medical advisor to the Public Health Committee of the Commission of Conservation, observed how "in these conditions a worker or members of his family would die in the making of a home--victims of unsanitary housing."<sup>26</sup> The Toronto

Globe saw such trends in a favourable light, reflecting the prevailing opinion of the period. The Globe admitted that such self help home builders "may tent and sleep in the open air" and that these areas would create "a hundred problems of sanitation and fire regulation". Despite such problems, the system still was viewed as a success since it did give "hundreds of Canadian mechanics and laborers and many an immigrant a little space on which to live---to call home."<sup>27</sup>

TABLE 1.1

Summary of Department of Labour Findings of Housing Conditions in Selected Canadian Communities Undergoing Rapid Growth (excluding Montreal and Toronto) 1900-1913.

<u>LOCALITY</u>	<u>RENT INCREASES</u>		<u>COMPARISON</u>		
	(dollar and percentage) 6 Room House working class district		(of Rent Levels) with Toronto in 1913		
	SANITARY	%	UNSANITARY	%	
QUEBEC CITY	\$10 - 18 \$ 8 - 10 \$1.50 -\$3 per room	80.0% 20.0% 100.0%	N/A		(-20%)
SHERBROOKE	\$12 - 20	80.0%	N/A		(-20%)
QUEBEC PROVINCE		71.0%		61.7%	N/A
WINDSOR	\$10 - 20 \$20 - 30	100.0% 50.0%	\$ 5-20	200.0%	(-15%)
HAMILTON	\$10 - 18	80.0%	\$ 8-14	71.7%	(- 5%)
KINGSTON	\$10 - 40 \$7.50-16	40.0% 123.0%	\$ 4-10 \$ 6-12	40.0% 100.0%	(- 5%)
ONTARIO		63.6%		58.6%	N/A
HALIFAX	\$ 9 - 12 \$ 9 - 30	33.3% 232.0%	\$ 9-12	33.3%	(-20%)
AMHERST	\$10 - 18	80.0%	\$ 6- 9	33.3%	(-25%)
FREDERICTON	\$ 9 - 12	33.3%	\$ 5 - 8	60.0%	(-50%)

TABLE 1.1 Continued

Summary of Department of Labour Findings of Housing Conditions  
in Selected Canadian Communities Undergoing Rapid Growth  
(excluding Montreal and Toronto)1900-1913.

<u>LOCALITY</u>	<u>RENT INCREASES</u>				<u>COMPARISION</u>
	(dollar or percentage) 6 Room House working class district				with Toronto in 1913
	SANITARY	%	UNSANITARY	%	
NOVA SCOTIA		57.4%		46.9%	N/A
NEW BRUNSWICK		49.3%		53.3%	N/A
WINNIPEG	\$15 - 30 \$18 - 35	100.0% 143.0%	N/A		(20% )
REGINA	\$20 - 35	150.0%	\$10-25	150.0%	(30%)
EDMONTON	\$25 - 35 (1905-1913)	40%	\$12-25	40.0%	(40%)
MANITOBA		78.1%		150.0%	N/A
SASKATCHEWAN		137.5%		150.0%	N/A
ALBERTA		125.0%		65.0%	N/A
VANCOUVER	\$12 - 25 \$15 - 30	40.0% 100.0%	\$10-17 \$12-20	70.0% 80.0%	(-5%)
VICTORIA	\$15 - 27 \$12 - 25	40.0% 40.0%	N/A		(5%)
BRITISH COLUMBIA		151.4%		164.7%	N/A

Source; Report of the Board of Inquiry into the Cost of Living: 2 vols.  
(Ottawa 1915, King's Printer) 1:457-499.

Small and medium sized Canadian cities participating in the massive growth in the Laurier boom experienced marked declines in their working class communities' housing conditions. Windsor's massive rent increase was accompanied by a trend toward poorer quality construction. Frame houses with concrete block foundations became the norm for working class homes.<sup>28</sup> Heavy rent increases took place in even small towns such as Orillia and St. Jean, Quebec, which were experiencing rapid urban growth. Rent increases in Peterborough forced families to move into boarding houses.<sup>29</sup> Booms in real estate in Port Arthur, Fort William and Sault Ste. Marie caused rents to rise "all round".<sup>30</sup> In Trenton, Nova Scotia, after the Eastern Car Company opened its factory, rents rose by 40 per cent and "all kinds of buildings had to be used as dwellings".<sup>31</sup> In Moncton, after railway shops were constructed in 1907, rents increased at a rate of 50 per cent a year.<sup>32</sup> In Halifax, a rapid rent increase in working class homes took place after some 250 families were displaced for new grain terminals. This demolition's impact on the local property industry was praised by the media, civic and real estate elite on the grounds that "everything in the shape of acreage within the peninsula" now "traded at prices largely in excess of previous years".<sup>33</sup>

The nation's business elite was divided on the question of the consequences of the decline in working class housing conditions experienced in the boom. Business leaders in western Canada were largely indifferent, making few initiatives in either company housing or limited dividend housing corporations. In eastern and central Canada, manufacturers frequently intervened to provide better quality

and less expensive housing to moderate wage demands. This was done in Stratford and London, communities experiencing heavy rent increases.<sup>34</sup> In Port Hope, a deputation of workers asked their employers to enter the housing business.<sup>35</sup> Of course, such interventions would be at the expense of other business groups, which sought to maximize returns on real property. Sometimes, this would be done through a degree of organization comparable to the arrangement of a cartel. In London, the Real Estate Protective Association controlled 60 per cent of the community's supply of rental shelter. It required all tenants renting from its members to sign a standardized year long lease.<sup>36</sup>

Business indifference to housing price escalation in Western Canada emerged, in part, because real estate was one of the leading businesses in the region. Manufacturers were fewer and failed to stake out a separate sense of values from the predominant "booster" spirit of the period, which equated civic well being with rising real estate prices. Calgary, a city of 26,000 persons in 1912, had 2,000 real estate agents. These operated out of 443 real estate firms. Saskatoon, with a similar population, had 267 real estate firms.<sup>37</sup>

Rents in western Canada were the highest in the country. In the prairies, these rents were not compensated for by higher wages, although some relief was experienced in British Columbia. Vancouver labourers' wages did rise from 25 to 37 cents an hour from 1891 to 1914. Although Winnipeg's rents were 25 per cent more than Vancouver's, wages there in this period only rose from 20 cents to 27 cents. Winnipeg's rents were 20 per cent above Toronto's in 1913.

The situation in other prairie cities was more severe. Regina, Moose Jaw and Saskatoon all had rents 30 per cent above Toronto's. Edmonton, in 1913, had the most expensive housing in Canada, with rents averaging 40 per cent above those of Toronto.<sup>38</sup>

The severity of western housing conditions was increased by the inability of the "informal economy" of workers' self-built housing to function effectively, due to the lack of low priced land which workers could purchase within a reasonable travel range of their place of work. A great radius of expensive lots rendered this impossible. Both Calgary and Edmonton had 250,000 vacant lots, enough to house the city of Toronto. Calgary, in 1914, had 26,763 vacant lots which were fully serviced with sewers and watermains, enough to house all of its existing population at a density of two persons per acre.<sup>39</sup> The city of Calgary assessed one grazing ranch inside the city limits at \$1,100 an acre. This forced its sale to an English investor at \$1,500 an acre and a few lots were later sold on it for \$4,920 apiece. By 1921, the remaining property became a ranch again, valued at \$50 an acre.<sup>40</sup> In Saskatoon, land on the fringe of the city limits that was sold at prices of \$10,000 a lot in 1913, remained vacant until 1976.<sup>41</sup> In Vancouver, typical housing lots in 1900 sold for \$100 to \$200; by 1913, lots on its most distant fringe could not be bought for less than \$600.<sup>42</sup> Labour leaders estimated that 50 to 75 percent of the city's workers lost their homes after the 1913 depression.<sup>43</sup>

High shelter costs forced hardships on western workers. Some Calgary workers briefly lived in tents and shacks. In 1912, 2,500 persons,

approximately ten percent of Edmonton's population, lived in tents. Others were housed inside a curling club.<sup>44</sup> The Labour Gazette noted a typical Winnipeg response to rising rents and stable wages; tenants would sublet rooms. Often a vicious circle began as landlords would increase rents after discovering sub-letting. Overcrowding became so severe that boarders would sleep in fold out couches in houses of ten rooms that would be sublet by ten families. In such conditions, Winnipeg workers would turn to more crowded lodging houses, where twelve occupants often lived in 13x12x7 foot rooms.<sup>45</sup> In 1913, houses in Edmonton's working class districts rented for \$40 a month. Under such conditions, even the budgets of skilled tradesman with children who could not add to the family income would be strained.<sup>46</sup> In Victoria, sub-letting became common after a massive increase in rents arising from a real estate boom in 1912 that saw homes change ownership two or three times a month at increasing prices.<sup>47</sup>

A most detailed examination of the relation of prairie shelter costs and wages has been made for Saskatoon for 1913. Here, only skilled workers such as plumbers, painters, bricklayers, and masons could pay \$35 rental for a six room house. Such accommodation would be without water or sewer facilities on the outskirts of the city. Any more luxurious housing would exceed the one quarter income for shelter deemed desirable by the social welfare statisticians of the era. This was beyond the means of unskilled workers. Those with wages from \$15 to \$20 a week would have to pay 50 percent of their income for shelter.

Similar predicaments faced women workers. The highest paid female teachers in the city earned only \$21.00 weekly, the public health nurse \$25 and stenographers from \$14 to \$20. Women employed in garment making on the piece work system averaged only \$12 weekly. As rooming cost \$6.00 weekly, this would often absorb 60 percent of a single female worker's income. One Baptist minister complained that "in case after case high rents prevent marriage". Labourers lived in rooming houses for \$2 monthly, with 20-30 men in one room.<sup>48</sup>

The spending of vast sums on municipal public works in western cities in this period, to service the speculative schemes of the property industry, was accompanied by a neglect to extend services to working class areas. For example, 60 percent of the houses in Regina's Germantown district, a foreign ghetto, lacked such basic facilities as access to sewers and watermains. In Winnipeg, less than half the dwellings in its working class North End had water and sewer connections.<sup>49</sup>

In the central city, the speculative activities of financial institutions and the real estate industry caused a havoc for working class housing conditions, comparable to that which ensued on the fringes of prairie boom towns. In the central city, the contradictions of "prosperity" were most apparent; with skyscrapers soaring above the most wretched housing conditions of urban Canada. Here, enormous increases in land prices squeezed out both workers' homes and grocery stores in favour of commercial land uses.<sup>50</sup> In the atmosphere of "boosterism", a dispassionate study of the transition from residential

to commercial use was not published until 1918, five years after the collapse of the real estate boom. This report was written for Toronto's Bureau of Municipal Research by the era's most eminent housing and planning authorities, such as Thomas Adams and Charles Hastings. It examined 147.2 acres of downtown Toronto undergoing conversion from residential to commercial use. In the "majority of cases", the report found, land values in the district had "tripled... and in many cases, quadrupled". Land on the corner of College and Elizabeth Streets, valued at only \$95 a foot in 1909, was worth \$1,000 per foot by 1917. The study described how new non-residential land use had reduced the number of residential dwellings in the district, consequently increasing overcrowding. Buildings in the area declined from 1,761 to 1,656. The proportion of these classed as residential dropped from 76.6 percent to 63 percent. This caused about 450 to 600 persons to be displaced. The resulting overcrowding in the remaining shelter was shown by an increase in the average number of persons per room from six to eight. This the report admitted, was "an understatement".<sup>51</sup>

The former homes of workers were now used for "the erection of several large modern buildings including an extension to the Toronto General Hospital". Land speculators interested in converting the area to commercial use, "with the chance of at least doubling the money invested", chose not to "repair dwelling houses which do not pay".<sup>52</sup> Tenants, likewise, hesitated "to ask for repairs for fear of eviction". The report presented a grim description of ill repaired

doors, vermin infestation, falling plaster, boarded windows and fire hazards.<sup>53</sup>

Although effectively analyzing the cause of deteriorating housing conditions, the "ward" survey's recommendations also explain the lack of effective action taken in order to counter such trends. Despite the survey's cataloguing of suffering, no call was made in the report to stabilize the residential character of the area, enhance tenants' security of tenure, or provide alternate housing. The tendency of the largely Jewish residents with "a superficial knowledge of our laws and standard of living" to not leave the district, but to "manage to crowd into some other dwelling in the vicinity" was disparaged.<sup>54</sup> A long chart of family histories focusing on the deficient character of the inhabitants such as single women "frequenting dance halls", "staying out late at night" and married women continuing to "entertain men in the house", was appended to the report. A "Plea for a Canadian Standard of Housing" complained that "the foreigner, with his low standards of living, is usually found" ignorant of "Canadian ideals of housing". The "foreign element" also was seen as composing most Torontonians diagnosed as "feeble-minded".<sup>55</sup>

While the report broke from the norms of the period to call for taxation to discourage land speculation, it failed to depart from the areas of social control and cosmetics, in terms of the recommendations it made which were carried out by government. New laws were requested to combat "the sign menace". The school system was urged to inculcate "high standards of living and citizenship" to the dangerous immigrant masses. Also, stronger laws to give public health authorities more

power to raze deteriorated housing were recommended. This served to accelerate the process of transition to commercial use which the reports disregarded but which innovative taxation proposals were intended to reverse.<sup>56</sup>

#### The Failure of Housing Reforms 1900 - 1914

The origins of housing reform lay in pragmatic attempts by organized labour to obtain better housing and by employers who saw housing reform as moderating labour's wage demands. This did not sustain housing agitation. By 1911, when the housing crisis had deepened to the extent that middle class opinion was aroused, the remedies that resulted flowed more from concerns of social control than from a practical effort to obtain better housing. The reforms suggested by public health authorities served to aggravate housing conditions. Those put forward by the proponents of limited dividend housing were ineffectual, serving primarily to frustrate demands by organized labour for municipal housing projects. This deadlock helps explain the receptivity of many Canadians to the land use planning remedies popularized by Thomas Adams.

Except among manufacturers concerned with the state of their workforce, the deterioration in housing conditions drew little concern among the nation's elite in the first decade of the twentieth century. In 1906, the Toronto Globe observed that the worsened housing conditions of workers in growing cities were simply a price of progress. It stated that although a "mechanic" in a "village or town"

could have a garden or "grass plot" together with "his parlor, dining room, kitchen and hall, with four or five bedrooms", all this would have to be abandoned as part of the price workers should expect to pay for city life. Consequently, no public action to combat housing problems was needed.<sup>57</sup>

Social work professionals adopted a laissez-faire attitude by equating housing problems with tenants' moral deficiencies. Dr. W. Bowman Tucker of the Montreal City Mission argued that "good houses", parks and gardens were being destroyed by the "depraved and untaught". Persons "with...no aptitude for the slum", would simply convert "it into purity and health". Rather than getting people out of the slum by building new, spacious affordable homes, one only needed to get "the slum out of the people".<sup>58</sup> H.D. Dwight, President of the Great Northwestern Telegraph Company, in 1905 wrote that "these people who are living families in a single room or two are the kind of people who as a rule don't intend to live any other way". Insensitivity was also shown by the directors and designers of the Toronto General Hospital to the hardships their expansion plans created for the poor of "the ward". The Hospital's board concluded that the destruction of homes inhabited by "Hebrews and Italians of the lowest order" would be a valuable public service, as it would eliminate dwellings "the existence of which had become a public reproach".<sup>59</sup> When they did not stand in the way of "progress", workers' homes were largely ignored.

Faced with escalating rents, labour leaders began to go beyond their nineteenth century remedies of land nationalization as a cure for housing ills. As early as 1904, James Simpson was sent by Toronto

Trades and Labour Council to a City of Toronto housing conference. This did result in causing the city council to establish a committee to study the matter. In 1904, Toronto unions in a variant of single tax doctrines took part in a successful referendum to grant tax exemptions on homes assessed below \$700. However, only 7,000 of the 21,000 Toronto homes in this category were worker-owned.<sup>60</sup>

In 1904, a joint meeting between representatives of the Bankers Association, the Employers Association (tied to the Canadian Manufacturers Association), the Board of Trade and the Toronto Trades and Labor Council, discussed the formation of an Artisans' Dwelling Company. The meeting agreed that under present by-laws (made to ensure fire protection), building low cost housing in Toronto was impossible and that high rents could cause a labour shortage. Supporters also included Goldwin Smith who was willing to donate land for the project.<sup>61</sup> However, this early attempt at limited dividend housing broke down due to conflicts between labour and the manufacturers. The Toronto World in January 1906, reported that the scheme collapsed "because at that time there was a clash between local employers and their men, and the former were not in a generous mood".<sup>62</sup> In 1906, Smith attacked a Trades and Labor Council proposal for municipal housing noting the "violent opposition" his moderate philanthropic proposal had encountered. Similarly, Herbert Ames argued against municipal housing on the grounds that Montreal had "no right to take chances with people's money".<sup>63</sup> In 1907, a jewelry manufacturer, Thomas Roden, presented a plan for a limited dividend company that

would build 1,000 workingmen's homes. Roden believed that employers' efforts to secure a "contented staff of employees" would be ruined if they continued to "be at the mercy of rapacious landlords". Although the CMA appointed volunteer directors to the project, interest ended with the depression of 1907, as it did with similar proposals in Galt and Maisonneuve. As previously noted, manufacturers had their own building schemes for their employees across the country.<sup>64</sup>

The early failure of efforts of labour and manufacturers to secure municipal or limited dividend housing was to prove most unfortunate, for subsequent moves were made in a great part out of protestant middle-class desires for social control over an intimidating immigrant population. In 1911, an editorial in the Toronto News found "the fracas on Agnes Street, in which foreigners flashed razors, knives and revolvers...emphasizes the fact that it is against the product of the slums that society maintains its police protection, its public prisons and workhouses".<sup>65</sup> The News, edited by Sir John Willison, who became a leading housing reformer, also expressed fears that diseases from slum areas would move into the more affluent districts. Likewise, Reverend W.J. Withrow warned that tuberculosis "creeps stealthily into our mansions".<sup>66</sup> S.W. Dean of the Toronto Methodist Union announced that "either the church must destroy the slum or the slum will destroy the church".<sup>67</sup> This attitude of social control received its clearest expression in an 1911 article in Industrial Canada, the voice of the Canadian Manufacturers Association. It warned that "out of the slums stalk the Socialist with his red flag,

the union agitator with the auctioneer's voice and the Anarchist with his torch".<sup>68</sup>

The social control aspects of housing reform were intensified by the influence of the public health movement. This was not unique to Canada; as the same analysis has been applied in British and American historical studies.<sup>69</sup> While the unsanitary and overcrowded housing conditions noted in the seminal 1911 Toronto housing survey, conducted by Medical Health Officer, Charles Hastings, have received careful attention by historians, many of his ideological assumptions have been overlooked. Hastings' analysis was not simplistic. His report noted the land problems. Hastings believed that wage earners could not afford to pay more than one-fifth of their incomes on shelter. He therefore admitted that workers could not pay enough in rents to live in a healthy manner on land worth more than \$100,000 to \$150,000 an acre.<sup>70</sup> Hastings advocated Henry Vivians's (a British M.P., who had recently toured Canada) approach of tenant co-partnership. This was a variation of limited dividend housing, but with tenant participation. Hastings chose to promote co-partnership housing because it did not challenge the economic status quo. His report stressed, "Lord Brassey, Sir John Brunner, Mr. Rothschild, and many other financial and commercial leaders, have already approved these methods; and these names are a guarantee that Mr. Vivian's methods have been conceived, and are being carried out, on thoroughly sound business principles".<sup>71</sup> Hastings likewise would cite financial magnates in opposition to municipal housing, quoting Andrew Carnegie's advice that

"it is all right to give a lift to those who really require it, but the man who wants to be carried is not worth carrying at all".<sup>72</sup> Although Hastings' report noted the role of land prices in relation to housing quality and observed that the worst tenement in the city was "owned by a Toronto trust company", his career would not be spent in confrontations with the city's property industry, but in conflict with its poor immigrant population. Hastings went so far as to blame "the foreign element" for the "exorbitant rents", that they endured. Also, he made the standard admonitions against immigrants whose "ideas of sanitation are not ours".<sup>73</sup>

Prior to Hastings' report, public health reformers had tried to regulate the poor to solve housing problems. At first these measures had come to naught. In 1903, Toronto Medical Health Officer Charles Sheard reported that seven labouring men slept in an ordinary sized bedroom and "fourteen or sixteen Italian families were accommodated in a small house in the St. John's Ward". Pronouncements were followed by raids on rooming houses by public health officers. This was stopped by the city solicitor on the grounds of illegality.<sup>74</sup> Subsequent provincial acts enabled public health authorities to enter any structure at any time and require each lodging occupant to be given 400 cubic feet of space. However, judges only would convict with nominal fines.<sup>75</sup> By 1912, the Public Health Act was amended to give the city Medical Health officer the power to placard homes and the Provincial Board of Health the power to demolish.<sup>76</sup> Arising from fear of immigrant workers, these new powers were given to health

authorities across Canada. In Winnipeg, inspectors boasted that with "the whole-hearted support of ...Police Magistrates" they were able to meet the "overcrowding evil by dint of stern repression and frequent prosecutions". In Vancouver and New Westminister, oriental shacktowns were destroyed on public health orders, without concern for their inhabitants.<sup>77</sup> Lieutenant Colonel C.N. Laurie, Public Health Officer for Port Arthur, commented on how immigrants "mostly ignorant and careless of the first principles of sanitary protection", looked upon "the health officers as their natural enemies, whose aim and desire is to interfere and to make life unpleasant for them".<sup>78</sup>

The public health movement was a close part of the Canadian urban "progressive" movement which shared with its American counterpart the strengthening of middle class social control. Methods used included the restriction of the municipal franchise and weakening of working class political power through attacks on ward representation.<sup>79</sup> Closely allied to public health reformers, the schemes of the city beautiful supporters, though largely remaining on paper, called for clearance of working class housing from the central city.

In this fashion, the Toronto Civic Art Guild urged a Dominion Square complex between the City Hall and Osgoode Hall, which would remove "buildings of no consequence".<sup>80</sup> The Guild viewed the foremost cause of the city's housing difficulties as "the foreigner who comes to us with little or no conception of sanitation and low standards of living". These had "to be educated and safeguarded by regulations".<sup>81</sup> Similar concerns dominated another typical

progressive reform organization, the Halifax Civic Improvement League. The League highlighted a successful campaign with the local chapter of the Council of Women to place 100 window boxes along "the part of the city strangers see first". It also heralded "the erection of a fence in the rear of the engine house in Grafton Park, to prevent thoughtless citizens--the kind who are NOT of the Uplifter class--from making a path of their own across the grass". The "uplifters" also lamented how visitors' eyes first came up "the unsightly backyards and fences" Halifax's working class communities.<sup>82</sup> The Montreal Civic Improvement League likewise focused its efforts on empowering a Metropolitan Parks Commission, to build "squares, promenades, boulevards, thoroughfares" and paid little attention to housing conditions.<sup>83</sup>

Despite knowledge as to how the property industry encouraged slum conditions, public health reformers concentrated on measures that would enhance the power of their profession and not threaten the dominant economic interests of society. Dr. Charles Hodgetts, head of the Commission of Conservation's public health committee, observed that "we are receiving in Canada people of many nationalities, both European and Asiatic, many of whom come simply to make money and are willing to live like swine to make it".<sup>84</sup> Ethel Hurburt, of Montreal's Royal Victoria College, stressed the need for women sanitary inspectors to deal "with what may be termed the domestic part of hygiene, rather than with its sanitary appliances".<sup>85</sup> Hamilton's public health officer, James Roberts, wrote the "the respectable poor" had no "difficulty in

obtaining small houses at a low rent, because they keep them clean and in good repair". Only the "drunken, lazy and improvident", subject to "inherent depravity", experienced housing problems. As an example of this individual, Roberts cited a mother of small children who made "the rounds of no less than five moving picture shows on a Saturday afternoon". To remedy this situation, Roberts urged that a battalion of housing inspectors check the homes of the poor once a month, so as to systematically go "looking for trouble". The social control nature of the recommendation is all the more significant in that it followed a long description of the ills of Hamilton urban development, described as "calculated to yield large returns of interest on small expenditure of capital...with no thought as to the number of houses per acre, of the construction of such houses with references to health, comfort or the rearing of families".<sup>86</sup>

The consequences of public health reformers' attitudes to housing was witnessed in rapidly growing Toronto. The public health department's response to the conditions described in Hastings's 1911 report actually served to exacerbate them. Of the six hundred cellar dwellings discovered by the report, five hundred were closed. Of the 2,000 unsanitary dwellings discovered, 390 were closed and 100 were torn down. These actions only caused housing conditions, as Hastings admitted in a November 1913 report, to "have become greatly aggravated". Based on his studies of overcrowding, Hastings estimated another 10,000 low rental dwellings were needed in Toronto.<sup>87</sup> He and his department continued to work in the opposite direction.

J.S. Schoales, Chief of the Division of Housing and Industrial Hygiene, reported that after the 10,000 shortage was identified:

we commenced a crusade against all overcrowded dwellings and lodging houses. Families were notified under threat of prosecution to remove, and advised to double up in single houses rather than live as they were. Several were summoned to court remands given from time to time in order to procure other places.

By 1915, Schoales noted that 1,007 houses were closed, of which 500 "have been pulled down and new buildings substituted; factories, apartments, stores and dwellings".<sup>88</sup> Schoales account illustrates how the health department's intentions were primarily related to considerations of a cosmetic nature. The demolitions of his department removed unsightly structures which depressed property values. The new factories, stores and higher priced residential dwellings built on the former slums did not add to Toronto's limited supply of low rental housing. Hastings showed his attachment to the visual appearance of Toronto over the welfare of slum dwellers. In his February 1914 report, Hastings gave no indication if the residents of the demolished homes had experienced any improvement in their housing conditions. Only a statement on the allegedly superior use that had been placed on the land from which the poor were displaced was made. Hastings told the Board that:

For more than a year we have condemned a row of places on King Street occupied by foreigners and a disgrace to the thoroughfare. Only recently we succeeded in getting them closed up, after the owner and occupants were summoned to court on different occasions. They are now being torn down to be replaced by more sanitary and pretentious dwellings.<sup>89</sup>

Hastings viewed certain immigrant groups as inherently unsanitary. This view was held most strongly against the Gypsies and was apparently

shared by public health authorities across Canada. These people were viewed as prone to "sleeping and living like animals". The Board of Health was told by Hastings that with the aid of the police he had "succeeded in having the whole of this class deported".<sup>90</sup> Hastings also feared the "influx of Bulgarians and Macedonians coming in from some place". These would "live on the cheap, work out all day, crowd into the houses at night, bring the muck of the streets into their rooms, drink beer, play cards, and sleep in clothing worn during the day in closed rooms". Hastings made use of a Macedonian priest in "an effort to teach these people better methods of living" and he printed instructions in the Macedonians' press. Unlike Roberts, who castigated the poor for wastefully spending their money in cinemas, Hastings denounced them for their thrift in securing low cost shelter. He complained that the "Bulgarian and Macedonian always has money and you never find him in debt. He always pays his way".<sup>91</sup> Such respect for the work ethic did not spare these people from surveillance. At one point Hastings told the Board of Health how his attention was directed at:

The Bulgarian and Macedonian quarters, 114 of which have been inspected and 72 at midnight. Fourteen lodging houses and restaurants have been condemned, four closed and fines to the amount of \$200 imposed on owners and occupants since the first of March for the ruinous, filthy conditions found.<sup>92</sup>

Hastings battled with overcrowded lodging houses. Midnight raids were conducted to determine violations of the space regulations. One such raid, accompanied by a closure order, was held against "the so-called Workingman's Lodgings on Frederick Street". Here "the conditions were disgraceful--overcrowded, no ventilation, windows and

doors closed, filthy--some fifty men were overcrowded, lying on floor in benches". At these lodgings, "the lowliest type of humanity were to be found", taking advantage of the low prices of five to twenty-five cents a night. One of the lodgers, when questioned by the Health officials, replied that "its is better here than on the streets all night, or in the Police Station".<sup>93</sup> Hastings' proposals to help the immigrant poor got nowhere as a consequence of the opposition of higher authorities. He urged that the former General Hospital and Trinity College buildings be used as municipal lodging houses. Nothing came of these recommendations.<sup>94</sup> This pattern of the approval of repression and rejection of positive reforms suggested by public health reformers to assist immigrant workers gives some indication of immigrants' powerlessness in Canadian society.

Public health departments also used gentler methods of education to deal with foreign immigrants. Terry Copp has described the Montreal Child Welfare Exhibit of 1912 as epitomizing the "romanticism" of this approach to urban problems. The exhibit featured a model kitchen and living room, "furnished with hand made furniture", and noted that seeds were distributed to children so they could plant flowers in their yards.<sup>95</sup> The Toronto public health department created a special municipal housekeeping branch, a sub-division of its housing division. Hastings believed:

It is questionable if the placing of these people in new, clean houses would materially decrease death rates, or improve social conditions unless their methods of living were changed, as I am afraid that the sow that was washed would soon return to her wallowing in the mire--hence the extreme importance of the education work of the women inspectors.

As a result of these efforts, Hastings reported that between "seventy-five and a hundred backyards in these slums districts that were formerly filled with all sorts of filth and truck, have during the past summer, contained flowers and vegetables". Now one could see "Mrs. Hogan's cabbage patch if you care to take a walk through the ward in the summer".<sup>96</sup>

Canadian public health reformers, unlike American 'housers' such as Lawrence Veiller, did not dogmatically adhere to a "negative" approach. Hastings, after all, supported limited dividend housing. However, the thrust of "positive" reform in Canada would produce meager results. Legislatures would enthusiastically back proposals for regulating the life of the immigrant poor, but the same impulse was less generally applied to the powerful interests that comprised the Canadian property industry. The inability of limited dividend housing projects to improve the housing conditions of low income groups, based on the past performance of these schemes in Europe and North America, was noted by Montreal architect Percy Nobbs. However Nobbs and most of his colleagues, with the apparent exception of Vancouver architect MacKay Fripp, were unwilling to take the economics of sanitary housing to the logical conclusion of public subsidies for non-profit projects.<sup>97</sup>

Impetus toward acting on limited dividend proposals came from the national tour of a leading British housing reformer, Henry Vivian M.P. This had been arranged in part by the Governor-General Earl Grey, who saw housing and co-operative innovations as means by which class

saw housing and co-operative innovations as means by which class conflicts could be lessened. Vivian's speeches, in September and October of 1910, left a profound impact on many audiences. Most noteworthy was Vivian's Halifax presentation. One "Uplifter", a member of the Civic Improvement League, recalled how the speech had given Halifax a "black eye". Vivian's talk began with a series of slide presentations of several Canadian cities which ended with a slide that "he characterized as disclosing one of the foulest housing conditions he had ever witnessed". None in the audience could correctly identify the Halifax location of the "foul tenement". The "audience was surprised and shocked" and left with a feeling that "something ought to be done".<sup>98</sup>

Added to Vivian's prodding was the response of workers to the reformers' uplifting zeal. Halifax Uplift Bulletin no. 104 recorded how a "working man" complained "to one of the Uplifters" of "the utter impossibility to get ordinarily attractive or wholesome places" at affordable rents.<sup>99</sup>

The interest in limited dividend housing was stimulated by Vivian's visit led to the 1912 amendments to the Nova Scotia Town Planning Act. This proved to be the first government legislation in Canada to positively assist housing construction. The legislation permitted municipalities to guarantee the bonds of limited dividend housing projects. Although four projects were proposed, all in the Halifax area, no housing was produced under the legislation. Labour union leaders in Halifax denounced one Alderman Whitman as a "ring

leader" of real estate interests on the city council that fought publicly aided housing projects.<sup>100</sup> Quebec passed similar legislation to Nova Scotia sponsoring limited dividend housing. Only one small project at Point-Aux-Trembles, a suburban community outside Montreal, was constructed under it.<sup>101</sup>

Only Quebec, Nova Scotia and Ontario enacted legislation for limited dividend housing. Elsewhere opposition, or, indifference from business elites prevented the passage of such enabling legislation. In Saint John, proposals for limited dividend housing did not get past the preliminary drawing stage. Prominent citizens took the attitude that "intemperance was the main cause of the housing evil". In Winnipeg, the first report of the city planning commission recommended that the city take positive action to promote housing construction. Such recommendations were so coldly received by the Winnipeg city council that it refused to pay for the printing of the report.<sup>102</sup>

Ontario passed limited dividend housing legislation shortly after Nova Scotia, which was similarly inspired by the shock of reformers after Vivian's tour. The pioneer leader of limited dividend housing legislation in the province, Frank Beer, a philanthropist and manufacturer, persuaded the Ontario premier to pass the legislation, primarily on the basis of the threat the continued housing shortage posed to immigration. Although the act was only implemented in Toronto, attempts were made to apply it elsewhere in the province, particularly in Hamilton. Here, however, the act's restriction on dividends to six per cent was seen as too unrenumerative by potential

investors. They wished the ceiling raised to eight per cent. Also, the prospective backers, who included the City Board of Trade and the Hamilton Branch of the Canadian Manufacturers Association, were discouraged by the fact that the best potential sites for such a project were all held by speculators or "tainted by industrial gases".<sup>103</sup>

In Toronto, the only Canadian city that produced a significant limited dividend housing project, such shelter was seen by enlightened businessmen and social reformers as an adroit compromise with the vigorous demands for municipal housing by the city's labour movement. In 1911, the Toronto District Labor Council drew up a plan for the erection of 2,400 units of municipal housing in a garden-city suburban development. The council estimated that such a project would lower housing costs by 40 percent. One council delegate, with keen insight into the business values that ruled the politics of the day, observed that the Labor Council had better elect some members to the provincial legislature if such a plan were to be adopted. The plan had the city buying land on which homes from six to eight rooms could be built for workingmen to sell or lease at cost plus interest charges.<sup>104</sup> Labour in Toronto campaigned against the limited dividend Toronto Housing Company primarily because, as Toronto Trades and Labor Council spokesman James Simpson noted, it was viewed as "clear evasion of municipal responsibility". The Labor Council accepted its municipal committee's recommendation to endorse "a municipal housing scheme independent of philanthropic schemes and as free as possible from

control by individuals who are not in sympathy with organized labour in its fight for better economic conditions and shorter hours of labour". William Glocking, past president of the TTLC, described the Toronto Housing Company as a "pure real estate proposition". Joseph Gibbon, president of the Toronto Street Railway workers complained that its projects would not help those who really needed better housing accommodation.<sup>105</sup>

Both the achievement and failure of the Toronto Housing Company can be seen in the testimony of Arnold M. Ivey, President and founding director of the firm, to the 1935 Parliamentary Committee of Housing. Ivey recalled how in 1913 "we found there was a housing problem...and we endeavoured to solve it, but we were unable to do it; we could not build for the lower wage earners". However, the company had been able to "attack the problem at a higher level", by surpassing the standards of the commercial developments of the day.<sup>106</sup> Indeed, the corporation was able to build to an innovative and attractive design, more characteristic of the manner of English garden cities, than the grim "Octavia Hill" philanthropic developments of the era. Heat and continuous hot water was provided by a central steam plant for all flats and each unit had its own door to the street to avoid the objectionable shared stairway of tenements. The units were built in an English cottage fashion with half timbered gable ends, wooden verandas and Georgian pine trim; all were placed in a U-shaped manner, which opened at the street to enclose a centralized grass court. Despite such achievements, the problem of the gap between low incomes and

decent housing was not solved; for although its rents of from \$19 to \$39 monthly were around the average rent of \$25 paid by workingmen making \$15 a week, they were above the means of low income earners.<sup>107</sup>

In spite of the surge of interest in both municipal and limited dividend housing, much of the public health establishment remained committed to a "negative" approach based on the enforcement of building and sanitary regulations. This treated housing as an extension of the problems of unsanitary factories and workplaces. Such a view was particularly strong in the Commission of Conservation's public health committee headed by Dr. Charles Hodgetts. With Hodgetts holding the view that Canadian housing problems were primarily being caused by immigrants living like "swine" because of their greed, the Commission's remedies were largely repressive. It worked on model laws to enable health authorities "to condemn, and, if need be destroy the house which is not a home."<sup>108</sup> Likewise, in its scholarly publication Conservation of Life, it reprinted in all seriousness under the title "How to Deal With Slums", the recommendations of public health Dr. A.K. Chalmers of Glasgow. The health authorities of Canadian cities were urged to "be properly led" by Chalmers' recommendations that:

They (slums) have got to be destroyed. What happens to the inhabitants is not the question...Those in authority have one thing, and one thing only to do--they must destroy. My advice is; Do it, and watch what happens. Don't be frightened by this consideration or that. Do it and watch the results.<sup>109</sup>

The public health committee of the Commission of Conservation embodied Chalmers' demolition approach in its draft planning act which

was presented to the May 1914 Toronto Town Planning Conference. The conference which became bitterly divided on the proposed legislation marked the beginning of the newer urban planning orientation favored by Thomas Adams. Adams attended the conference as part of a Canadian tour shortly prior to his appointment as Town Planner Advisor to the Canadian government. In response to the hostility engendered by the replanning of central urban areas, Adams pointed to the 1909 British town planning legislation which focused on the regulation of new suburban development. He emphasized that "the evils that have been created--while these are important--might wait a little".<sup>110</sup>

Adams' opinions have been analysed as part of a switch in urban reform interests from the city beautiful, with its stress on impressive projects to embellish urban core areas, to a more scientific approach to planning that attempted to solve definite social ills such as high housing costs. Planning historian Walter Van Nus has indicated this approach emerged as a result of the fiscal crisis facing Canadian cities after the collapse of the era's real estate boom in 1913.<sup>111</sup>

Van Nus' analysis makes some useful contributions to our understanding of the shift in the thinking of urban planners in 1913, but it does not take into account the frustrations experienced by both public health reformers and philanthropic limited dividend companies to ease the housing crisis of the era. With shelter problems mounting, despite the applications of such remedies, municipal housing advocated by the labour movement became a more attractive proposition. Also, the

moderate reform agenda itself, of razing slums and organizing new housing companies, had proven difficult to administer in face of the many private interests such proposals would injure. In such circumstances of deadlock, suburban planning regulation offered a way out of seemingly insoluble urban problems. The call for Adams that went out from such organizations that sought better housing conditions for workers without altering private property relations was inspired by his success as manager of the First Garden City Company, which built the town of Letchworth. This was seen as establishing that carefully regulated suburban housing developments could provide the solution to difficult housing problems. Among those urging Prime Minister Robert Borden to obtain Adams from the British government were the Canadian Manufacturers Association and the Hamilton Board of Trade, which had previously demonstrated concern over the impact of deteriorating housing conditions on their workers. Borden also received requests from the Canadian Public Health Association, the National Council of Women and the Imperial Order of Daughters of the Empire to obtain Adams' services. These were typical of the era's moderate social reform organizations, which seemed to latch on to Adams as offering hope when so many other remedies had failed, or, could not be applied.<sup>112</sup>

The sudden interest in land use planning, after the collapse of a real estate boom, denoted a growing sense of maturity in Canadian society which had risen above both the turn of the century view of a housing crisis as an economic asset and the later somewhat hysterical

efforts at social control over the immigrant poor. This new maturity, did prove to be sufficient to press the Canadian government to obtain Adams' services. However, it was not as would be shown during the rejection of his advice for munitions workers' housing during the First World War, sufficient to achieve the implementation of his ideas. Also, the excitement generated by his arrival contributed to an expectation that the simple application of technical expertise would solve housing problems, without requiring any transfer of national income to lower economic groups. Adams would encourage such thinking in the Canadian public and among the new planning profession he would nurture. But most significant for the future was the fact that the list of Adams' supporters did not include financial and real estate organizations, whose activities would be viewed as nationally damaging in Adams' research studies into Canadian land use patterns. The social tension present in the years 1913 to 1921 would encourage such moderate reformers as Thomas Adams, whose planning proposals promised social peace and more efficient economic development. In the more conservative political climate of the later 1920's, which was coupled with a return to prosperity for the real estate industry, Adams' skills would be viewed as a luxury the nation could afford to be without. Also, the planning profession he nourished would lose much of the critical sense he encouraged, in an effort to survive in an era in which the values of the private market had forcefully returned.

**FOOTNOTES TO CHAPTER TWO**

- 1) The Royal Commission of the Relations of Labour and Capital, ed. Gregory Kealey (Toronto: University of Toronto Press, 1973), p. 39.
- 2) Testimony of Phillips Thompson to Royal Commission on Relations of Labour and Capital, cited in, Bryan Palmer, Culture and Conflict, (Montreal: McGill - Queen's University Press, 1979), p. 118.
- 3) John C. Weaver and Michael Doucet "The North American Shelter Business, 1860 - 1920" in Business History Review, Summer, 1984, article proofs.
- 4) The Royal Commission on the Relations of Labour and Capital, op.cit., p. 10.
- 5) Herbert Ames, The City Below the Hill, Introduced by P.F.W. Rutherford, (University of Toronto, Press Edition, Toronto: 1972) pp. 61,62.
- 6) Ibid., pp. 111-112.
- 7) Ibid., p. 112.
- 8) For a good picture of the problem of the conflict between what was deemed an acceptable minimum standard of shelter and what working class families in Montreal could afford see Montreal Board of Trade, Civic Improvement League, Report on Housing and Slum Clearance for Montreal (Montreal: Montreal Board of Trade, 1935) Public Archives of Canada, Record Group 19, Department of Finance Papers, RG19, Vol. 706, File 203-1A. passim; This most major survey of Montreal's housing conditions since Ames' 1890 study found the problems of overcrowding and lack of housing affordability which were largely absent from the city then a serious social problem and as a solution recommended publicly subsidized low rental housing. Although made in 1935, it would be over 20 years before such shelter would come to Montreal.
- 9) Craig Brown, Ramsey Cook, Canada, 1896 - 1921, a Nation Transformed, (Toronto: McClelland and Stewart, 1974), passim.
- 10) Canada, Report of the Board of Inquiry into the Cost of Living, 2 vols. (Ottawa: 1915, Kings' Printer) 1: 483, 511.
- 11) Ibid., 1: 463, 482.
- 12) Ibid., 1: 488.
- 13) Ibid., 1: 485.

- 14) Marc H. Choko, Crises Du Logement a Montreal (1860-1939), (Montreal) Editions cooperatives Albert Saint Martin, 1980), pp. 30, 40.
- 15) Copp, op.cit., pp. 25, 70-76.
- 16) Choko, op.cit., p. 23. Using more reliable data Andre Cousineau, Montreal sanitary engineer estimated the density increase to be from 3.7 persons to 1905, to 4.6 to the census 10 per cent of Montreal families were sharing their lodgings with one or more additional families.
- 17) Ibid., Report of the Board of Inquiry, 3, op. cit., 1: 483.
- 18) John Weaver, Shaping the Canadian City, (Toronto: Institute of Public Administration, 1977), p. 26.
- 19) Andrew Eric Jones, The Beginnings of Canadian Government Housing Policy, 1918 - 1924, (Ottawa: Centre for Social Welfare Studies, Carleton University, 1978), p. 3; Skilled workers also felt the pinch, the average share of a carpenter's wage that went to rentals grew from 19.4 per cent in 1905 to 23.3 per cent in 1913.
- 20) Report of the Board of Inquiry, p. 1:482.
- 21) Labour Gazette, November, 1905, p. 498.
- 22) Charles J. Hastings, Report of the Medical Health Officer Dealing with the Recent Investigation of Slum Conditions in Toronto, July 5, 1911, pp. 8, 9, 10.
- 23) Annual Report of the Toronto Board of Health, 1913, May, p. 101, November, p. 247.
- 24) Oliver Zunz, The Changing Face of Inequality: Urbanization in Detroit, 1880 - 1920 (Chicago, 1932), P. 400.
- 25) Shirley Spragge, The Provision of Workingmen's Housing: Attempts in Toronto, 1904 - 1920, (Queen's University, M.A. Thesis, History, 1974), pp. 92-94.
- 26) Charles A. Hodgetts, Unsanitary Housing, (Ottawa: Commission of Conservation, 1911), p. 31.
- 27) Globe editorial cited in John T. Saywell, Housing Canadian: Essays on the History of Residential Construction in Canada, (Ottawa: Economic Council of Canada, Discussion Paper No. 24, 1975), pp. 123, 124.
- 28) Report of the Board of Inquiry, 1: 488.
- 29) Ibid., 1: 487.

- 30) Ibid., 1: 483, 484.
- 31) Report of the Board of Inquiry, op.cit., p. 482.
- 32) Ibid., p. 482.
- 33) Melvin Clarke, "Halifax the Great National Port", Halifax Herald, December 31, 1913; Report of the Board of Inquiry, 1: 472.
- 34) Report of the Board of Inquiry, 1: 486, 487.
- 35) Labour Gazette, November 1905, p. 498. Phillips Thompson reported that the employees of the Standard Ideal Sanitary Company, "waited upon their manager complaining of their inability to find suitable housing accommodation and asking his assistance", Labour Gazette, Oct. 1904, p. 378.
- 36) "The Housing Problem in Canada", op. cit., p. 378.
- 37) Alan Artibise, "In Pursuit of Growth" in Gilbert A. Stelter and Alan F.J. Artibise (ed) Shaping the Urban Landscape, (Ottawa: Carleton University Press, 1982), pp. 134, 135.
- 38) Report of the Board of Inquiry, 1: 463, 481; M.C. Urquhart and K.A.H. Buckley eds. Historical Statistics in Canada (Toronto: MacMillan, 1965), pp. 88, 87.
- 39) A.J. Dalzell, Housing in Canada, 2 vols., (Toronto: Social Service Council of Canada, 1927), 1: 14, 15, 19, 20, 23, 24, 27.
- 40) A.J. Dalzell, Housing in the North American Continent, PAC, Dalzell papers, MG28, File 1-27, Vol. 16, pp. 6-13.
- 41) Don Kerr and Stan Hanson, Saskatoon: The First Half Century, (Edmonton: Ne West, 1982), p. 111.
- 42) Norbert MacDonald, "C.P.R. Town: The City Building Process in Vancouver", in Gilbert A. Stelter and Alan F. Artibise ed. Shaping the Urban Landscape, (Toronto, Macmillan, 1982), p. 404.
- 43) Testimony of Fred W. Walsh, Secretary Vancouver Metal Trades Committee to Royal Commission on Industrial Relations, Vancouver evidence, pp. 535-537.
- 44) Warren Caragata, Alberta Labour: A Heritage Untold, (Toronto: James Lorimer, 1979), p. 45.
- 45) "The Housing Problem in Canada", op.cit., p. 379; Artibise, Winnipeg, pp. 239-244; Walter Van Nus, The Plan Makers and the City, (University of Toronto, Ph.D. dissertation, 1975), p. 27.
- 46) Caragata, op.cit., pp. 43-47.

- 47) Report of the Board of Inquiry, 1: 490.
- 48) Kerr and Hanson, op.cit., pp. 125-130.
- 49) Artibise, "In Pursuit of Growth", p. 136.
- 50) Weaver, Shaping the Canadian City, p. 13.
- 51) Bureau of Municipal Research, What is "The Ward" Going to do With Toronto, (Toronto: Bureau of Municipal Research, 1918), pp. 20, 32.
- 52) Ibid., pp. 19, 23.
- 53) Ibid., pp. 23-31.
- 54) Ibid., p. 38.
- 55) Ibid., pp. 39-54.
- 56) Ibid., pp. 58, 74, 75. The author, Rev. Peter Bryce stressed that the "Canadian ideals of housing" should be communicated to "the foreigner", "upon his arrival in Canada".
- 57) Globe editorial cited in Saywell, op.cit., pp. 123, 124.
- 58) Dr. W. Bowman Tucker, "Eliminating the Slum, How the Montreal City Mission is attempting it", The Canadian Municipal Journal (1913): 314.
- 59) Wayne Roberts, Studies in the Toronto Labour Movement, 1896 - 1914, (University of Toronto Ph.D. dissertation, History, 1978), pp. 367, 371.
- 60) Gene Howard Homel, James Simpson and the Origins of Canadian Social Democracy, (University of Toronto Ph.D. thesis, History, 1979), p. 45; Copp, op.cit., p. 49.
- 61) Roberts, op.cit., p. 401.
- 62) Homel, op.cit., p. 56.
- 63) Spragge, op.cit., pp. 83, 84.
- 64) Thomas Roden, "The Housing of Workingmen", Industrial Canada (1907); 253-255; King Papers Memorandum and Notes, Public Archives of Canada (PAC), 1898-1921, pp. 8597-8602.
- 65) Paul Adolphus Bator, Slums and Urban Reform in Toronto, 1910 - 1914, (University of Toronto, MA paper, 1973), p. 15.
- 66) Roberts, op.cit., p. 370.

- 67) Ibid., p. 371; The Toronto News on April 12, 1911, warned its readers that slum residents "move around with other people...get into stores" and that such behaviour could be seen as "the explanation of some of the scarlet fever signs", cited in Bator, Slums and Urban Reform, p. 15.
- 69) For the United States see Barbara Ehrenreich and Deirdre English, Complaints and Disorders: The Sexual Politics of Sickness, (Old Wesbury, New York: The Feminist Press, 1973), pp. 62-67; Ehrenreich and English note that public health in New York City was originally a police function.
- 70) Hastings, op.cit., p. 32, Hastings admitted that "people living on land as costly as this (\$20,000 to \$80,000 an acre) must do so at the expense of their habitation by building on every possible foot of such land and by crowding men into every available inch or space". Despite such an understanding Hastings placed as a prior recommendation building by-laws and regulations to inspect the facility of such housing which he admitted were "almost impossible" to keep "within the sanitary regulation". This slim hope of regulation inspired much more activity than Hastings' plans for rehousing.
- 71) Ibid., pp. 30, 31.
- 72) Charles Hastings, "Suggestions for the Housing Problem", Industrial Canada, 13 (1912): 69.
- 73) Hastings, Report of the Medical Officer Dealing with the Recent Investigations of Slum Conditions in Toronto, p. 8, Report of the Board of Health, 1914, February - April, p. 64. Hastings saw landlords as catering to the demands of foreign workers. His views of the housing problems of foreign workers in being rooted in their own depraved tastes was shared by the Toronto elite. Even the populist Toronto Star on June 15, 1912 wrote that foreign workers were "disposed to be content with lodgings that seem miserably cramped to those who are accustomed the freedom and space of America". The more conservative Mail and Empire on July 5, 1911, condemned the "refusal of the foreign element to move away from the central districts". Both cited in Bator, Slums and Urban Reform in Toronto, pp. 4, 22, 23.
- 74) Paul Adolphous Bator, "Saving Lives on the Wholesale Plan": Public Health Reform in the City of Toronto, 1900 - 1930, (University of Toronto, Ph.D. dissertation, History, 1979), pp. 192, 193.
- 75) Ibid., p. 193.
- 76) Ibid., p. 197.
- 77) Weaver, "Tomorrow's Metropolis", p. 407.

- 78) Lt.-Col. Laurie, M.P.' M.O.H., Port Arthur, Ontario, "Sanitary Work among the Foreign Population", The Public Health Journal, 1913, pp. 455-457.
- 79) Weaver, "Tomorrow's Metropolis", op.cit., passim, Artibise, Winnipeg, p. 38-58; In Winnipeg this amounted to giving plural votes; a former mayor had over 60 votes in 1910; non-property owners were not enfranchised.
- 80) "Proposed Civic Center" in Civic Guild Bulletin, 1911, Cauchon Papers, Public Archives of Canada, PAC, MG 30, C105, Vol. 10: The close relationship between public health and the city beautiful movement can be seen in the proposals of Hasting's predecessor Dr. Sheard, to level all of St. John's ward (a slum district) for a park. This was proposed as an alternative to the early (1907) limited dividend housing scheme advocated by Goldwin Smith, unions and some manufacturers. It epitomizes how much of the reform sentiment of the era was an attack on lower social economic classes that could not afford to live up to middle class living standards. Rather than receiving financial assistance, the poor would be displaced and regulated so as not to pose a threat or visual discomfort to the upper classes. Until the beginnings of the Canadian welfare state in the midst of widespread labour and social unrest in the years immediately following the First World War this pattern of reform would prevail. A new trend to financial aid would emerge with Mothers Allowances (circa 1916-1919), old age pensions (1926) and finally unemployment insurance (1941). Resistance to this "subsidization" principle in housing was particularly strong. It was not accepted by expert opinion in professional circles till the 1930's. In fact the one major addition to the welfare state, family allowances, was accepted by the Federal Government in 1944, largely as an alternative to subsidized housing. For an examination of these phases in the evolution of the Canadian welfare state see, Neil Sutherland Children in English Canadian Society; (Toronto: University of Toronto Press, 1976), passim. Sutherland notes that by 1925 institutionalization of children had dropped dramatically in Toronto, as a result of such early welfare state measures as Mothers Pensions, Ibid., p. 240. See also Veronica Strong-Boag's "Mothers' Allowances and the Beginning of Social Security in Canada" Journal of Canadian Studies Spring 1979: 24-33 and her Ph.D. dissertation reprinted as The Parliament of Women; The National Council of Women in Canada, 1893-1929, p. 252. (Ottawa: National Museum of Man, Mercury Series, History Division, Paper No. 18). The role that upper class concerns for social control played in delaying the adoption of Mothers' Allowances is evident in the hostility to the scheme shown by social reformers before the First World War. Elizabeth Shortt claimed it would place a "premium on degraded women getting rid of their husbands", while Carrie Derrick, maintained that that such aid unless accompanied by new legislation "such as restriction of marriage, separation of the

unfit and regulation of the home...would simple encourage idle, shiftless and irresponsible men and women to marry". Such attitudes are reflective of upper class belief that the poor were responsible for their plight, that greater social control, not financial assistance was what they needed.

Sheard's significance as a typical "Progressive" reformer can be seen by his initiation of efforts to give public health authorities eviction powers, which were refused until the sensation created by the report of his successor Charles Hastings. In his early support of slum clearance and regulation of the lives of the poor, Sheard appears as a sort of "John the Baptist" of the progressive movement. See Spragge, op.cit., p. 76.

- 81) "For Better Housing" Civic Guild Bulletin, 1911, PAC, MG 30, C105, Vol. 10.
- 82) Halifax Uplift Bulletin Scrapbook, Public Archives of Nova Scotia, MG 373, H1. Bulletin No. 1, July 5, 1910.
- 83) Copp, op.cit., pp. 85, 86.
- 84) Bator, Saving Lives on the Wholesale Plan, p. 69.
- 85) Ethel Hurblett, "Work for Women as Sanitary Inspectors", April, 1912, pp. 172-175.
- 86) Dr. James Roberts, "Insanitary Areas", The Public Health Journal, April, 1912, pp. 177-182.
- 87) Annual Report of the Toronto Board of Health, November, 1913, p. 247, May, 1913, p. 101.
- 88) J.S. Schoales, "The Importance of Housing Inspection", The Canadian Practitioner and Review, (3) 1917, pp. 103-111.
- 89) Annual Report of the Toronto Board of Health, 1914, p. 64.
- 90) Ibid., May, 1914, p. 112.
- 91) Ibid., March, 1913, p. 113.
- 92) Ibid., January, 1913, p. 70.
- 93) Ibid., November, 1913, p. 249.
- 94) Ibid., August 12, 1913, p. 247; Paul Bator, "Health and Poverty in Toronto, 1910 to 1921", Journal of Canadian Studies, Spring, 1979: 43-48.
- 95) Copp, op. cit., p. 86.

- 96) Annual Report of the Toronto Board of Health, 1913, November, p. 251.
- 97) Perry Nobbs, "The Statistics of Housing and Co-partnership Schemes", The Public Health Journal, (1912) August, pp. 451-453; Mackay Fripp, "Speculations on the Problem of Housing the Working Classes in Vancouver", Engineering and Contract Record, 28 (1914): 1278. Fripp's article was the only call for subsidized shelter in Canada from any expert until 1932.
- 98) W.B. Wallace, The Housing Problem in Nova Scotia: An Evil, Its Growth and Its Remedy, (Halifax: 1919), p. 5.
- 99) Halifax Uplift Bulletin Scrapbook, op.cit., Bulletin No. 104.
- 100) Shirley Spragge, "A Confluence of Interest: Housing Reform in Toronto, 1900 - 1920 in The Usable Urban Past, ed. Alan F. Artibise and Gilbert Stelter (Toronto: Carleton Library, 1979), p. 254, Halifax Citizen, November 15, 1919.
- 101) Copp, op. cit., p. 83; Edward W. Reynolds, "Some Phases of Canada's Housing Problem" Industrial Canada 19 (1918): pp. 54-57.
- 102) Artibise, Winnipeg, p. 278; "The Housing Problem in St. John, N.B.", Labour Gazette, 13 (1913): 1171, 1172.
- 103) Shirley Spragge, "The Toronto Housing Company: A Canadian Experiment", Paper presented at 1975 Canadian Historical Association Conference, Edmonton, 1975), p. 28; John C. Weaver, Hamilton: An Illustrated History (Toronto: James Lorimer, 1983), p. 107.
- 104) Spragge, The Provision of Workingmen's Housing, pp. 114, 115.
- 105) Bator, Slums and Urban Reform in Toronto, pp. 42, 43; Homel, op.cit., pp. 661-667.
- 106) Parliamentary Committee on Housing, Minutes of Proceedings and Evidence of Special Committee on Housing, (Ottawa: King's Printer, 1935), pp. 181-200.
- 107) Spragge, "The Toronto Housing Company", pp. 22-24.
- 108) "Sanitary Conditions Essential to Healthy Homes", Conservation of Life, 1 (1914): 19, 20.
- 109) Dr. A.K. Chalmers, "How to Deal with Slums", Conservation of Life, 1 (1914): 19, 20.
- 110) Alan H. Armstrong, "Thomas Adams and the Commission of Conservation", Plan Canada, 1 (1959), p. 21.

- 111) Walter Van Nus, "Fate of the City: Beautiful Thought in Canada", in Stelter and Artibise, The Canadian City, p. 225.
- 112) Ibid., p. 226.

The Failure of Planning Remedies to Reverse  
Canadian Housing Problems, 1913-1930

Adams' arrival marked an eclipse for the sharp social control measures favoured by public health administrators as a solution to housing problems. This shift, however, from the profession of public health to land use planning, continued to treat housing ills as problems that could be solved by the application of technical expertise, without necessitating any transfer of income toward lower socio-economic groups. The new planning profession nurtured by Adams would display a broader and usually more humane outlook than those who favoured regulating the lives of the poor. This did not exempt the profession from a tendency to exaggerate the impact of the use of their skills on housing conditions. Adams and his fellow planners never came to acknowledge the meaning of the era's statistical summaries, which demonstrated that most working class families had incomes too low to afford the minimum quality and quantity of housing which their own standards recognized. Such an affordability problem would continue even if the most imaginative and skillful use of the planners' techniques had succeeded in reducing the costs of residential land to zero and had eliminated waste in servicing. This outlook encouraged a neglect of the relationship between housing standards and incomes, contributing to the major defects in the temporary federal housing program of 1919 and the subsequent abandonment of government intervention.

Thomas Adams' Impact on the  
Canadian Planning Profession

Thomas Adams gave both the strengths and the limitations of his outlook to the new Canadian planning profession he shaped. A lifelong British Liberal, Adams was remarkably free from the religious, ethnic and racial prejudices which characterized public health and city beautiful reformers. However, Adams' liberalism was also to cause him to disregard the economic indicators that would in any way tie housing problems to the exploitation of one class by another. This would encourage the misreading of ratios between shelter costs and incomes which resulted in the flawed 1919 federal housing intervention, the consequences of which would do much to discredit government housing assistance.

Given the contrasting views of public health reformers, Adams' freedom from ethnic prejudice is remarkable. He was very bitter toward the social control experiments of his day, and ironically observed in regards to slum dwellers that:

After we have permitted them to become degraded, after we have allowed dwellings to be erected in which their sense of decency cannot be kept, we organize educational campaigns and preach at them and expect them to respond.<sup>1</sup>

Instead of blaming immigrant workers, Adams placed the root of the Canadian housing crisis in the tendency of Canadian cities to regulate urban development primarily to ensure maximum returns to land speculators. He believed that through careful design and the control of land speculation suburban housing prices would decline to an extent

that slumowners would be forced to lower their rents and improve their properties as a result of this stiffened competition. Adams went so far with this approach as to propose that Canadian municipalities provide free land to persons undertaking to erect a house for their personal use.<sup>2</sup> Adams' views on the need to restrict land prices to encourage home ownership were shared by the Canadian planning profession he nurtured, including his various assistants such as Horace Seymour, A.J. Dalzell and Alfred Buckley. Their work focused on the enormous waste to Canadian society cause by land speculation. Typical of their findings was Adams' conclusion that if Ottawa was built at optimal densities it would need only 15 square miles for the next 50 years of growth. However, already 65 square miles of land had been already subdivided into vacant lots. This loss of valuable recreational and agricultural land made it impossible to install sewers and caused long distances for children to go to school. It was created in Adams' view, by the machinations of "absentee owners, whose sole interest is in securing the profits of speculation". They financed their speculation "by trying to artificially control distribution and cultivate a few acres of vacant lots". Adams estimated that three cities in western Canada had such a speculative radius of 48,000 acres each.<sup>3</sup> In addition to encouraging more compact urban developments, Adams urged more narrow streets, built to the natural contours of the land. He also sought to have "real estate operators. . . carry out their own local improvements before local development", abandonment of the rectangular grid in street layout, and planning legislation for municipalities to be passed by provincial governments.<sup>4</sup>

Adams' task was made difficult by the fact that his own studies showed the Canadian urban fringe already had enough vacant lots for 50 years. Consequently, he was placed in the proverbially unhappy position of locking the barn door after the animals had fled. Adams also evaded the whole housing crisis that emerged from the findings of the Department of Labour statisticians, the relationship between workers' incomes and the cost of decent accommodation in the rental market. This was brought out in a Montreal Child Welfare Committee exhibit of 1912. It estimated that unskilled workers continuously employed could not support a family of five, even on its model family budget, except by accepting "unsanitary quarters, sometimes below street level".<sup>5</sup> This weakness in Adams' analysis was grasped by some contemporaries. Louis Simpson commented in the 1918 edition of Industrial Canada that while the Commission of Conservation had drawn "useful" attention to "the suicidal speculation in building lots", it had ignored the more fundamental question of how Canadian workers were to be "housed in comfort, under good sanitary conditions, and at a cost of fuel that will not be too onerous, having regard to the wages paid them".<sup>6</sup>

Despite the limitations on his work pointed out by industrialist and urban reformer, Louis Simpson, Adams' views were in advance of what Canadian governments were prepared to accept. This is most clearly seen in his isolation in urging an emergency wartime housing program. Canada during the first world war had no program of constructing housing for workers in war related industries, in contrast to both Great Britain and the United States. As early as January 1915, Adams urged the adoption of an emergency wartime housing program.<sup>7</sup> To

garner support he toured several provinces and cities. However, the limited moves toward government assisted housing in most Canadian municipalities actually terminated due to the war's inflation of housing costs. Despite myths of "Maritime conservatism", the sole exception to this rule of war induced inaction was Halifax. Here, as a result of the intensified housing shortage caused by the war, renewed efforts were made to secure a limited dividend housing project, spearheaded by the Civic Improvement League. Its prospectus illustrated the gravity of Halifax's housing situation, asking:

If the reader can imagine the discomfort a family endures living under a common roof with several other families and being limited to the common use of a single convenience and drawing water from a common tap in the hallway, he has only a partial view of the problem. He needs to know something of the cold drafts, the foul odors, the dark rooms, the plumbing frozen in the winter time.

The housing company aimed at building fifty double cottages on three acres of land it purchased on the slope of Fort Needham, to supply "a snug four-roomed house with running water, electric light, sanitary conveniences and something on the way of amenity for a rental of not more than about \$160 per year". Justice J.P. Wallace recalled how its efforts did receive "support from some of the younger businessmen of the city", but the project became one of the many victims of the Halifax disaster.<sup>8</sup>

After the end of the 1913-1915 recession caused by the war's absorption of surplus economic capacity, residential construction costs soared and housing production plummeted. Private capital feared to invest in housing, in anticipation of the expected price deflation after the war. Adams estimated that "the building of houses to-day will probably

involve a total cost of from 30 to 60 per cent above that of houses that had been built immediately before the war". He concluded that when "erected under such adverse conditions, private residential construction would cease".<sup>9</sup> This observation was born out by the fact that only 59,900 non-farm dwelling units were constructed from 1915 and 1918, some 500 less than the production for the single year 1913. This shortage was aggravated by demolition; even its supporter for public health reasons, Charles Hastings, estimated that in Toronto from 1913 to 1918, of the 1,600 homes demolished, only one per cent had been replaced. The Ontario Housing Committee, formed in 1918, found that the number of habitable homes had declined by five per cent since 1914. By May of 1918, Hastings estimated that, "there are over 5,000 families in this City requiring sanitary dwellings which cannot be had". In Winnipeg, a 1918 Health Department survey found that in an eighty-two acre district inhabited by "a good class of English speaking Canadians", some 122 houses had been subdivided for multiple family use. Consequently some 125 rooms were "too dark for occupation", while the sharing of water closets and sinks among eight families was common.<sup>10</sup>

Adams was candid in his castigation of the Canadian government. He reported favourably on British and American wartime government housing efforts and added that "It is therefore somewhat strange...that so far no federal, provincial or municipal government has initiated any housing scheme."<sup>11</sup>

Prior to 1919 only one reference to housing can be found in the index of Hansard. Even it was not related to the wartime shortage, but

to legislation protecting minors from parental vice. Adams warned that, "If we are now short of houses to provide for newlyweds and industrial workers, what will be the situation when great numbers of soldiers return?"<sup>12</sup>

Poor housing could not be ascribed to personal inadequacy under conditions of war induced shortage. The journal Social Welfare lamented how "men earning a good living wage, with earnest capable wives, are being forced to accept shelters that are degrading to human life, and certainly damaging to home life". It feared a "national disaster" from the numerous advertisements to rent to couples "without children." Social conflict over housing was also emerging as newspapers frequently indicated where neighbours attempted to prevent evictions caused by what the social work journal described as "the inability of tenants to meet exorbitant rent increases".<sup>13</sup>

#### The Road to Housing Legislation:

1918-1919

Adams was not alone in calling for public housing action. Thomas Roden warned his colleagues in the Canadian Manufacturing Association that "it was that condition that brought about the downfall of Russia, the indifference of the guiding classes to these conditions".<sup>14</sup> The Toronto CMA regarded the nation's housing crisis as a "menace" to the "industrial, social and political welfare of the whole country".<sup>15</sup> On May 28th, 1918, the Toronto CMA was joined by representatives of organized labour, the Great War Veterans Association and the Board of Trade in a delegation that met with Ontario

Conservative Premier, Sir William Hearst. The delegation requested that the province fund a conference to deal with Ontario's housing problems. Hearst took the view that more immediate results would be achieved by the formation of an Ontario housing committee, to be nominated by the delegation. This was done on June 9, 1918. The committee included veteran housing reformers such as Thomas Roden, G. Frank Beer and Sir John Willison who served as chairman.<sup>16</sup>

The Ontario housing committee found compelling evidence of housing shortages throughout Ontario. Its survey of Toronto, which excluded the notorious "Ward", found that 54.9 per cent of dwellings were occupied by more than one family. High rents had driven low wage earners with dependent families to resort to sub-letting to pay for shelter.<sup>17</sup> In Windsor, 500 families were found to be doubled up. Severe housing pressures were also found in Brantford and Sault Ste. Marie. Sixty municipalities called for provincial housing assistance. In Stratford 300 houses were deemed to be "unfit for human habitation", while another 400 considered as "out of condition". Employers complained that housing shortages made it difficult to obtain workers.<sup>18</sup>

Hearst quickly took action on July 17, 1918 in his announcement of a \$2,000,000 housing scheme. In doing so he stressed the need for additional assistance from the federal government. The \$2,000,000 would be lent by the province to municipalities at five per cent, which would be repayable over twenty years. Municipalities were to lend this money for homes for sale or rent that did not exceed \$2,500 in price.<sup>19</sup>

Given the wartime inflation of building costs, the \$2,500 price ceiling announced by Hearst was unrealistic. This figure emerged as a result of the housing committee's concern with social control. The committee viewed the provision of better housing for workers than they enjoyed before the war as encouraging labour militancy and class conflict. Beer told Hearst that his housing program "must be made a tonic". He cautioned that his government should "not encourage a standard of living that may not be justified by subsequent events". To do so would "add to labour unrest". Instead, the government housing program should actually be designed to teach workers to face "a lower level of living comforts".<sup>20</sup>

The Ontario Housing Committee in September, 1918, told the federal government that because the war had so disrupted the residential construction industry, housing should become a federal responsibility. The committee pointed out that Ontario's own 1913 legislation had become inoperative since war bond drives had dried up available sources of capital. It also stressed the increased price in an Ontario workingman's home "from \$500 to \$800". As a minimal figure the committee recommended that the Canadian government lend \$10,000,000 through a Federal Housing Board. This board would also "distribute responsibility and ensure speedy action," by "provinces, municipalities and employers of labour".<sup>21</sup> Calls for federal action were also made by November of 1918 by the newly formed Canadian Construction Association, representing a variety of industries involved in the building trades.<sup>22</sup>

Prime Minister Sir Robert Borden's Unionist cabinet was divided on the housing question. Ontario Provincial Conservative leader, Sir William Hearst, obtained the support of federal Liberal Unionist Ministers such as Privy Council President N.W. Rowell and Immigration Minister J.A. Calder.<sup>23</sup> Rowell warned that there was "less respect for law and authority" than ever in Canada, and that without an adequate program to deal with the unemployment problem, no one could "foresee just what might happen." The Department of Labour warned that returning veterans would be far more militant than the pre-war unemployed.<sup>24</sup>

The principal opponent of any federal housing action was the powerful Conservative Minister of Finance, Sir Thomas White. White abandoned his opposition due to his fear of the social situation in the first winter after the war. That such fears were reasonable is not only demonstrated by later events such as the Winnipeg General strike, but by the increasing incidence of industrial disputes in the later war years. White's reasoning was similar to that shared by the British and European governments who embarked on housing programs to avert revolution at this time. It was also embodied in other reforms of the Unionist government such as Dominion aid to vocational education and the Employment Service Act, which created the first national network of labour exchanges.<sup>25</sup>

The federal government's commitment to a housing program was announced at the Federal-Provincial Conference, begun on October 26, 1918, to discuss post-war adjustments. On the November 3, 1918, final day of the conference White was still holding to the view that housing

was a municipal function. This was likely done to test the extent of provincial support for federal participation. In response, Premier Hearst argued that housing was a "war" and "national" problem, especially in view of the additional accommodation that was a "necessity for the returned soldier". Hearst also favourably described the national munitions' workers housing projects of Britain and the United States. He stressed the need to encourage residential construction to prevent unemployment after the war's end. In response to White's acceptance of federal lending to provinces for home construction, Hearst obtained his agreement for the federal government to make these loans at five per cent. This was below prevailing market rates. Hearst pointed out that Ontario's plan had the province lend at this subsidized interest rate to compensate for abnormally high construction costs. Hearst was surprised how White, serving as Acting Prime Minister, agreed to his suggestions at the conference, "without consultation with his colleagues other than those who surrounded him at the table".<sup>26</sup>

White kept his commitment and eleven days after the conference, on May 3, 1918, a federal housing scheme was established by Order-In-Council. It followed the agreement of federal loans to provinces at five per cent and provided \$25 million for this purpose, to be repaid over twenty years. The money would come from the war appropriation and would be spent under the terms of the War Measures Act to avoid immediate parliamentary approval. A second Order-In-Council passed on December 12, 1918, gave responsibility for refining the federal scheme to a five man Cabinet Housing Committee

chaired by Newton Rowell. Thomas Adams served as the committee's secretary and played a critical role in the formulation of its "general scheme" which was announced by Order-in-Council on February 20, 1919.<sup>27</sup>

Adams had earlier sought a more ambitious approach to housing problems with the federal cabinet. He outlined an integrated program of "housing, local transportation and land development". This would have been administered by a federal board that was envisaged as working with provinces and municipalities in building new towns, national highways, veteran farm settlements and in directing the production of materials for the reconstruction of post-war Europe. A minimum \$40 million federal contribution to this scheme was recommended by Adams. This proposal clearly lacked the political wisdom of Hearst's plan for meeting immediate housing problems which threatened to cause social unrest.<sup>28</sup>

Despite the fact that his personal plans for post-war reconstruction were rebuffed, Adams was able to bring the imprint of his outlook to the federal housing program. It accepted his basic approach of encouraging home ownership among workers by lowering land costs. At this time Adams was so committed to such a solution to housing problems that he wrote that since, "the habit of home ownership has become so ingrained in Canada...it is best to encourage it in preference to renting".<sup>29</sup> Many changes on the February 20, 1919, Order-in-Council, showed the influence of his thinking. A new objective, unmentioned previously by the Cabinet, was Adams' cherished goal of placing "within the reach of all workingmen, particularly

returned soldiers, the opportunity of acquiring their own homes at actual cost of building and land acquired at fair value, thus eliminating the profits of the speculator". The provinces were urged to make "statutory provision...for a cheap and speedy method of compulsory taking of land for housing purposes". On such "acquiring of land at its fair value and at a cost that working men can afford to pay" was said to rest the "success of the housing movement".<sup>30</sup>

The federal-order-in-council also sought to encourage workers to benefit from its scheme, by imposing cost ceilings on homes to be financed with its funds. More realistic than Hearst's ceilings, these were \$3,000 for four or five roomed frame houses, \$3,500 for five and six roomed frame homes. Brick, stone and concrete homes were to be limited to \$4,000 and \$4,500 for the same respective categories.<sup>31</sup> Adams shared the opposition of Hearst and the federal cabinet to the heavily subsidized rental projects being undertaken in Britain and Europe. He favourably cited the Edinburgh City Engineer's view "that the Canadian project is on sounder economic lines than the proposed housing schemes in Britain". Despite his praise of the government program, Adams admitted that it had been adopted only for such expedient reasons as the post-war housing shortage, pending unemployment and "the desire to assist in avoiding industrial unrest".<sup>32</sup>

The parliamentary debate on the federal housing scheme took place in May 1919. Social unrest had by then led to an unanimity of the need for housing intervention by the federal government. Critics focused on the inadequacy of the program in relation to the nation's housing needs

and the inability of workers to pay for the houses that would be constructed under it. Liberal opposition member, Isaac Pedlow, pointed out that the affluent members of parliament would all be eligible for benefits of the government scheme.<sup>33</sup> Long time housing reformer Sir Herbert Ames, dropped his earlier opposition to public housing, and stressed the need for a rental housing program geared to low income families. Ames argued that Montreal workers could not "live three, four or five miles out in the suburbs in the beautiful little homes you propose to build for them, many of them being night workers as well they must live in the centre of the city near their work."<sup>34</sup> J.R. Wilson a member from Saskatoon, perceptively pointed out that the legislation would place the burden of risk on municipal governments that could afford it the least. He correctly anticipated that municipalities would be burdened with debt from the scheme, after post-war deflation had reduced building prices. Wilson read out a resolution of Saskatchewan municipalities urging Dominion government to "assume all responsibility in funding housing schemes, the municipalities being made responsible only for administration". Likewise the Union of Canadian Municipalities requested that the interest rates under the plan be reduced to three per cent.<sup>35</sup>

The Operation of the First Federal Housing Scheme,  
1919-1924

Many of the problems in the parliamentary debate had been earlier evident in the operations of the federal scheme. Ontario, having

worked closely with the housing cabinet committee from its inception, had its plans approved on February 20, 1919, only two days after the final federal Order-in-Council. Ontario had never spent any of the \$2 million Hearst allocated to housing on July 17, 1918. Consequently it combined this sum with its \$10,750,000 share of the federal program and made the combined amount available for municipal borrowing.<sup>36</sup> The Ontario plan was orientated to home ownership. Section 10 of the Ontario Housing Act which implemented the scheme, prohibited the use of its funds for rental construction without the permission of the Ontario Director of Housing.<sup>37</sup> This Act followed Adams' suggestions that municipalities be given broad powers for expropriation so as to discourage land speculation. Secretary to the Ontario Housing Commission, C.B. Sissons, epitomized the confidence of Hearst, Adams and other backers of the project that there would be "no reasons for denying to the humblest city workers of the future the charms of Rosedale without its inconveniences".<sup>38</sup>

The one per cent cutting of interest rates below prevailing levels and the elimination of land speculation simply did not go far enough to deal with the problems created by the war induced inflation of residential construction costs. The cost formulas for model homes were too optimistic. This was brought to the Ontario governments' attention by Toronto building contractors Ansell and Ansell. This company noted the superficiality of the plans for homes prepared by the Ontario Housing Committee. One indicated such luxuries that "the householder may never enjoy" such as "the position of the piano and the stool", but ignored the more necessary kitchen chimney. Other model

plans ignored practicality. In one, coal from a cellar would be dragged through the dining room. In another, a fireplace was located between two doors. The ensuing drafts would cause dust and ash to be "wafted about everytime the doors are used". One model plan for a home estimated to cost \$2,500, could only be built for \$3,200.<sup>39</sup> Ontario Housing director, J.A. Ellis, agreed that these objections were "well founded". Consequently Ellis appended to the Housing Committee's report "a short circular pointing out that the plans are in no sense compulsory, and that all parties can prepare their own plans" for submission to himself for approval. Also Hearst raised the ceilings for cost construction to \$4,000 for frame houses. This was done against Adams' objections that it was "not desirable to encourage the erection of frame houses on dear land...in large cities".<sup>40</sup> Despite the Ontario government's increasing realism on the subject of price ceilings it was still lacking hard information to indicate exactly what a home meeting its desired minimal standards would cost. No revised list of housing plans was published after Ansell and Ansell's critique.

The failure of the Ontario government to encourage rental housing reduced its housing plan's support among labour leaders. Sir John Willison told Ellis how "the Labour people object very much to no provision being made for renting houses". They viewed this "as another effort to tie them down and prevent the freedom of movement on their part that they claim necessary". Some labour spokesmen urged government assistance for a "co-operative scheme to help a group of workmen who want to own their own homes". Ten St. Catharines' workers asked for "some cheap money" to aid their efforts in forming a co-operative

society whereby they could purchase the land and go ahead with their buildings. While Willison saw the need for provision for such a plan "to satisfy the reasonable labour men," no such changes to encourage co-operative attempts at home ownership were made.<sup>41</sup>

Willison and Rowell also failed in efforts to expand the scope of the Ontario plan to meet the needs of unmarried men and women. In March 1919, Willison and Rowell urged Hearst to amend the Ontario Housing Act to include provision for the province to make loans directly for hostels or public boarding houses to "YMCA's, WCTU's or other charitable organizations which pay no dividends and are carried out entirely for philanthropic purposes."<sup>42</sup> This scheme met the same negative response as those proposed for rental and co-operative self-help housing made by labour leaders.

Despite its shortcomings that tended to limit the federal-provincial's scheme benefits to the affluent and the limited impact the plan had on inflated building costs, substantial opposition to the plan emerged from realty and financial interests in many communities across Canada. The very benefits of the plan in slightly reducing interest rates and land prices would make it subject to attack by business groups.

Nowhere else was realty opposition more manifest than in Toronto. Sir John Willison, no stranger to Toronto's elite circles, told Hearst the opposition to the federal-provincial scheme came from "the real estate interests and speculative builders" that "control the City Hall".<sup>43</sup> The refusal of the city to participate in the Ontario Housing Act led to the passage by Drury's Farm-Labour government, on

the advice of the previous Hearst ministry, of a special bill giving Toronto City Council the power to borrow money for its own housing scheme. The city council's action had been vigorously opposed by veterans' organizations and the Toronto District Labor Council that supported the city's utilization of the Ontario Housing Act. The Labor Council even pressed for the adoption of a guild socialist home building scheme.<sup>44</sup> The directors of the Toronto Housing Commission, appointed by the city council to administer its scheme, formed a roster of the very vested interests hostile to the application of the Ontario Housing Act. They included Herbert Hale Williams, president of two realty companies and a director of a bank and insurance company, business magnates Sir John Eaton and Sir James Woods and Frank Ross who served on the advisory board of a mortgage corporation. This municipal housing commission stated that housing did not "lie within the compass of municipal duty". The commission did lend money for 236 homes valued at between \$3,600 to \$3,900. The Commission charged five per cent interest on loans. A ten per cent downpayment was required and loans were amortized for 25 years.<sup>45</sup>

The Toronto Housing Commission's moderate accomplishment could have been easily achieved through the Ontario Housing Act. The role of commercial interest in making this legislation inoperative is evident from the very reasons given by the housing commission for terminating its own existence. The Toronto Housing Commission reported how it was "manifestly unfair for the City to loan money at five per cent which is costing the City approximately six per cent for which they must ask the

public to pay the difference in taxes". The commission neglected to point out that this one per cent difference would have been saved by Toronto taxpayers simply by participation in the provincial program.<sup>46</sup>

The class conflict over housing sparked by the Ontario Housing Act, so evident in Toronto, was also played out in smaller Ontario communities. Hearst's papers preserved one controversy that arose in the town of Trenton. Trenton borrowed \$200,000 from the province after the urging of the Trenton Trades and Labour Council. This caused the Trenton Board of Trade to write a letter of protest to Ontario Housing Director J.A. Ellis. In reply Ellis advised that they should not complain to him but "should fight the matter out in the Town Council".<sup>47</sup>

British Columbia proved to be the province where the federal housing scheme enjoyed the greatest popularity. Only B.C. spent 100 per cent of the monies allocated. The B.C. government showed speed for participation similar to Ontario and passed its Better Housing Act in March, 1919. Over half of B.C.'s original \$1,362,000 housing loan was spent by municipalities within a year of the Act's passage.<sup>48</sup> The B.C. government and the province's local municipalities, veterans' groups and labour organizations became the most determined advocates of an expanded federal housing program. In the spring of 1921, Prime Minister Arthur Meighen received telegrams from the provincial government, the Nanaimo Council of Women, the New Westminister Great War Veterans Association, the Prince George Mayor and Board of Trade, and both the Vancouver University Club and Trades and Labour

Council.<sup>49</sup> New Westminster member of parliament who supported this movement, Meighen replied that housing was a municipal duty and that the federal government had "sufficient to look after now without taking on burdens that should be carried by others".<sup>50</sup> Meighen saw federal housing efforts as simply postponing the transition to a reliance on private enterprise that nation would experience after receiving a dosage of "the sufferings incidental to inflation". He characterized the housing crisis of the period as an indication of prosperity observing how:

It is true that there is a need for more houses in this country at the present time and I do not think we should regret that fact. It is an indication that our population is probably advancing, and the census returns may show results not disappointing.<sup>51</sup>

Despite Meighen's opposition, pressures from municipal, labour veterans' groups and the CCA resulted in a reversal of his position when he announced a new \$6,250,000 housing grant to be lent on the same terms as the 1919 scheme. British Columbia, Manitoba and New Brunswick all used up their share of the \$6,250,000 additional federal funding within a year.<sup>52</sup>

In contrast with B.C., New Brunswick and Manitoba, which used virtually all the federal funds allocated, Alberta and Saskatchewan declined to participate in the federal program, forfeiting \$1,625,000 and \$2,135,000 respectively. Their municipalities were already in heavy indebtedness from the reckless spending of the pre-1913 depression years and so could ill afford to increase their debt burden with further borrowings from their provincial government. Saskatoon City Commissioner, C.J. Yorvath, told the Royal Commission on Industrial Relations that the Dominion government should assume the

cost of subsidizing home construction that would inevitably occur when deflation took place in supplies for residential construction.<sup>53</sup>

Testimony received by the Royal Commission also showed how Saskatoon continued to have one of the worst housing shortages in the nation. Workers paid rents of \$15 per room and \$65 a month for a modest house. Conditions of two and three families living in two or three rooms were reported as common. The Reverend Hugh Dobson, Field Secretary of the United Church of Canada, charged that opposition to the federal housing program came from "a great many intelligent people", who feared it would "interfere with the income of land they hold at the present time."<sup>54</sup>

Moose Jaw Mayor, S.A. Hamilton, indicated that the housing problems were "causing a lot of unrest and discontent amongst the working people in this City and every other City in the West".<sup>55</sup> Also in Moose Jaw, W.E. Stephenson of the Trades and Labour Council testified that it was:

almost impossible for the average working man to come into the City with his wife and family and get a five or six room house, to live in. Consequently there were a great many families that had to have their furniture stored; one second hand dealer stored the furniture of twenty families.

Stephenson supported the federal housing program, estimating that by its reduction of interest rates from eight to five per cent, \$700 to \$800 would be saved on the cost of a \$4,200 home. Hamilton confessed also how the city's working class district lacked water and sewer connections, being hastily erected in the pre-depression boom years. The Mayor estimated that to "modernize" these two and three room homes with modern sanitary equipment would cost half as much as the present

value of the dwellings.<sup>56</sup>

Another by-product of the earlier boom in western cities was a state of fiscal crisis as vacant lands were forfeited by their owners for non-payment of taxes. The city of Edmonton ended up being the property owner of 43% of the land within its city limits while carrying an annual debt burden of \$10 million per year. Edmonton had to curtail as an essential civic service as garbage removal to pay its debts. In 1921, Regina lost \$518,000 in revenues from tax defaults, while Saskatoon faced a loss of \$1,425,000 and Calgary \$5,852,000. By 1925 Saskatchewan municipalities were paying 43% of the revenues in debt service; while in Alberta it was 32 per cent.<sup>57</sup>

Efforts were made to persuade Meighen to circumvent provincial and municipal opposition which was making the federal program inoperative in Alberta and Saskatchewan. The Calgary Trades and Labour Council asked the Prime Minister to administer the housing fund "directly through the Receiver-General's Office." Brigadier-General Griesbach, a Conservative MP, suggested to Meighen that where provincial governments declined to borrow money, the Dominion lend to municipalities or special boards such as the Land Settlement Board. Griesbach said that such action was a political necessity to save the Conservative party's political fortunes in Edmonton which had been damaged by the government's refusal to grant veterans a cash bonus. Meighen in reply to Griesbach said that he was "strongly against going any further" in regards to federal incursions into provincial authority.<sup>58</sup>

Manitoba was settled earlier and seems to have suffered less from the extravagance of the pre-1914 boom and as a result showed itself to

be one of the most active provinces in the federal housing scheme. Like Ontario it added its own provincial money to the amounts borrowed for housing by municipalities. Proportionally its provincial share was far greater; \$1 million was added to \$1,175,000 in federal loans. This was just one dollar short of the ceiling. Pressure came from Manitoba veterans' groups to expand the federal program in 1921, at the same time as in B.C. The original 1919 loan had been all used up by 1920, a rate faster than any other province. Some 17 municipalities participated under the scheme. In Winnipeg, 712 houses were constructed. Unlike most municipalities, Winnipeg escaped indebtedness after the deflation of 1923. Its success, however, was helped by the city's lack of pretensions to the scheme being for workingmen's housing. Winnipeg only gave loans to applicants who had acquired a lot on which they would arrange a house to be built for their personal use. Winnipeg's housing inspector, Alexander Officer, recalled how the city's housing commission lent only to "white-collar men...who had standing salaries, who could afford to say, 'I will take this place and have a home built on it'".<sup>59</sup>

Quebec developed its housing plans with the same "garden suburbs" vision as Ontario and experienced similar frustrations. In Montreal and Quebec City as in Toronto, disputes arose out of the contention that the scheme was unworkable in heavily populated metropolitan centers. These disputes in Quebec and Montreal, however, appear more sincere and specific than those which led to the separate Toronto housing bill. They centered on the demand that federal monies be lent for the building of duplex houses, occupied in part by the building

owner, who would rent the remaining portion.<sup>60</sup> Montreal had one of the worst housing problems in Canada; the Canadian Municipal Journal estimated that rents had risen by 50 to 75 per cent between 1916 and 1919. A January 1921 housing conference was held in Montreal. It was sponsored by the Civic Improvement League and attended by such varied groups as the Tenants' League, Proprietors' League, Montreal Builders' Exchange, Quebec Retail Playgrounds Association and both the Montreal Council of Women and the Catholic Women's League. The conference concluded that the federal scheme had "proven a complete failure and had brought constructive effort in this field to a complete deadlock". It called for \$20 million in government assisted housing for the province of Quebec alone, for both ownership and rental purposes. In response, Provincial Treasurer, Walter Mitchell, maintained that "home building would have to rely upon private capital and initiative."<sup>61</sup>

Although Montreal did not participate, some 28 Quebec municipalities did lend funds for the construction of 2,100 homes. The Quebec program got off to a slower start; only \$60,000 was lent by the end of 1920. By 1924, however, this level had reached \$2,971,000 and Quebec was the only province still lending monies under the federal scheme. However, 15.2 per cent of the funds allocated were never spent.<sup>62</sup>

The Maritimes' participation in the federal housing scheme was quite uneven. New Brunswick, like Manitoba and B.C. borrowed virtually all the money allotted to it, a total of \$1,526,000. Prince Edward Island spent only 12.3 per cent of its allocation. This was not done until 1923. It involved borrowing only \$50,000 for a few houses in Charlottetown. Nova Scotia did not become involved until 1921. The

province borrowed \$1,537,000, only 72 per cent of its federal allocation.<sup>63</sup> In May 1921, Meighen received a cable from the Great War Veterans of Nova Scotia urging that the Soldier Settlement Board make housing loans because fewer than 75 veterans had been able to benefit from the federal scheme, "owing to the refusal of the big majority of towns not adopting the scheme thus causing hardship".<sup>64</sup>

Almost half of Nova Scotia's borrowings under the federal housing program were lent by the Halifax Housing Commission. The 187 homes aided by this effort accounted for 70 per cent of the new housing production of the city.<sup>65</sup> Halifax highlights many national trends such as the wartime and post-war housing shortage and the rise and fall of a militant and radical labour movement.

Trends in Halifax toward class conflict around housing, had intensified from the December 6, 1917, explosion which killed 1,635 persons and left 10,000 homeless. Its physical impact sent out shock waves that helped form a new basis for political and social conflict. Most shortages caused by the disaster would be temporary in contrast to housing. The Halifax Labor Council adopted a resolution urging that the Mayor request all persons to report landlords who had taken "advantage of conditions created by the explosion".<sup>66</sup> Such pressure led to the incorporation of rent controls in the federal Halifax Relief Commission Act. Relief Commissioner, W.B. Wallace, found that various attempts at evasion were made. These included an effort by a landlord to double the rent and evicting a family headed by a father "seriously ill from heart trouble". Also, landlords tried to increase rents for repairs done by

tenants to their explosion damaged homes, which were partially paid for by the Relief Commission.<sup>67</sup>

The conservative spirit in which Halifax's civic elite approached the disaster is apparent from the council's opposition to Thomas Adams' appointment to the federal relief commissions. The city council viewed Adams as a "faddist", whose appointment would "be a serious loss to the city", especially because of his penchant for altering streets, sewers and water lines.<sup>68</sup> Not appointed to the Commission, Adams did serve it as a planning expert. The housing designs developed by Adams and approved by the Commission were a compromise with the demands of conflicting classes in the city. In mid-June 1918 the Commission agreed to construct "frame houses of a somewhat cheap type", intended for "some of the poorer class of homeless", as a buffer to protect the more affluent residential sections and adjacent railway yards and industries. This low income district was followed by the 326 hydrostone row houses, designed for the more affluent who might eventually purchase their homes. In turn this middle income housing faced larger homes, built for private ownership by the new Fort Needham park, assisted by subsidized rates of interest on mortgages by the Commission.<sup>69</sup>

By its mandate the Relief Commission could only deal with the accommodation of those rendered homeless by the disaster. Outside its scope fell a deteriorating housing situation, caused by such factors as an influx of war related workers, returning veterans and large construction projects such as the completion of railway terminals and the expansion of the Imperial Oil refinery. The population pressures on

the very slowly expanding housing stock are evident from the 1918 Halifax Directory which had 650 more names than the previous year, despite the explosion's casualties. Moreover, not even the massive efforts of the Relief Commission over several years provided the same quantity of housing that the disaster destroyed.<sup>70</sup>

In Halifax, opposition by the business community and most middle class opinion to the federal housing scheme helped to galvanize labour's class consciousness and political action. In early December 1919, the Labor Council passed a motion thanking Reverend Armitage for being "the only clergyman to come out bodily on their behalf" on the housing issue. Its paper later observed that it "was not surprised to know that the landlords are against the housing act, but it was a shock to the citizens to find the so-called social workers against the proposal to build homes for working people".<sup>71</sup>

Halifax's participation in the federal housing program came about only because the city's labour unions and veterans' organizations had turned the issue into a class-conscious political campaign. This campaign culminated in the election of three aldermen on a joint labour-veterans slate pledged to bring the benefits of the federal scheme to Halifax.<sup>72</sup> Similar features emerged as housing became a political battle in communities across Canada. The advantage of the federal scheme in securing lower interest rates and land prices would make it appear as a liability among certain sectors of the property industry. While national leaders might view petty real estate concerns as insignificant when compared to social peace, this view was not necessarily held by affected business groups at the local level.

The labour movement's decline in Halifax reflected national trends. Independent labour political activity would cease by the mid 1920's. The only significant victories in the area of housing by the city's labour movement was its defeat of an effort to turn the Halifax Housing commission over to the management of a trust company. As many home owners defaulted in the Maritime depression, the commission rented out the properties until Halifax's Second World War boom saw the homes sold off to the highest bidder.<sup>73</sup>

National Discussion of Housing Issues in a Period of Recovery:  
Interest Groups and Politicians  
(1921-1930)

The common conflicts so marked in communities as different as Toronto, Trenton and Halifax, received similar play at the national level. Here the two contending parties were the newly formed Dominion Mortgage Investment Association and the National Joint Industrial Board, which represented the Canadian Construction Association and the Building Trades unions.

Two years after the DMIA, the CCA was founded, with a definite liberal corporatist ideology similar to its American counterpart headed in the 1920's by Franklin D. Roosevelt. Unique among business organizations in Canada in its day, the CCA sought to work closely with trade unions. An early Canadian call for the creation of this body, quoted from a statement from its American counterpart which stressed that "Labor must be permitted to exchange sufficient of its wage for

what it requires to keep it in contentment". Founding member and former President of the CCA, Joseph M. Pigott, recalled the views and critical role of its first President, J.P. Anglin, President of the Montreal Builders' Exchange. Pigott recalled how Anglin believed in co-operation with organized labour, quite a novel approach among construction employers. Employers had previously regarded labour leaders as dangerous "agitators" to be kept away from employees and treated "with the frigid aloofness they deserved". Anglin was instrumental in the formation of the National Joint Conference Board, where an equal number of contractors and labour leaders met under federal government auspices.<sup>74</sup> In January 1921, the board produced a plan for a National Housing Board that would float a \$250 million loan. This would be used to make loans for 30 years for 85 per cent of the value of a home, repayable monthly in both principal and interest. Loans would also be made for duplex and triplex houses. Special efforts were urged to help workers build their own homes and legislation was recommended "to prevent speculation or any other measure of exploitation on land, houses or materials."<sup>75</sup> Although the plan would be administered by loan companies, they soon made clear their opposition when a bill, loosely based on this proposal was introduced into the Commons by H.L. Hocken, a labourite and former Toronto Conservative Mayor.

Hocken's bill was attacked most vigorously in the Commons by Hume Cronyn. A Conservative MP, Cronyn was General Manager of the Huron and Erie Mortgage Corporation, on the Board of Directors of Canada Trust and the Mutual Life Insurance Company and President of the Dominion

Mortgage and Investment Association. He was in a very good position to have his views prevail because he chaired the Parliamentary Committee of veterans' re-establishment, which was receiving requests for an expanded housing program.<sup>76</sup> Cronyn made it clear that he believed it would be "a grave mistake" for the Dominion to "enter the lending business". Although Hocken's scheme gave loan companies a one per cent interest commission as payment for the administrative cost of handling the transactions, the total seven per cent rate of the federal loans would still be "distinctly below the present market rate in a good many provinces."<sup>77</sup> Cronyn also feared the principle of public loans would be extended to other areas of the economy. Mortgage lenders were aided in their critique of government intervention at this time by smaller, solely residential builders who remained outside the CCA. J.P. Carswell, who replaced Anglin as President of the CCA, noted the prevalence in these years of building by "the real estate agent who saw a chance in the period of inflated residential prices to make a few dollars...who know nothing and care less for the larger problems which confront the Association".<sup>78</sup>

Also important to the failure to expand the federal housing program was a "rural" ideology, depicting urban social problems as the product of idleness encouraged by big city life. Liberal Edward Walter Nesbitt, a "general agent", from Oxford county argued that the source of Canadian housing problems was migration to urban centers "where there seems to be the greatest frivolity". Although George Boyce was both a Conservative MP and provincial Orange Lodge Grand Master like Hocken, he used arguments similar to Nesbitt's against his housing

proposal. Boyce felt it would "be very beneficial to our young men" if cinemas and theatres in Canada were closed down to encourage savings for home purchase. Such simplistic views equating the poverty faced by young men in urban Canada with a fondness for pool halls, motion pictures and jazz music was remarkably widespread among federal politicians in this period.<sup>79</sup>

After the election of 66 Progressive MPs in the 1921 general election, ruralist sentiments increased. While some members of this group had socialist views and later emerged as the farm-labour "Ginger Group", the majority did not. Instead, this "moderate" faction took the view that causing greater hardships in cities would make agriculture more viable, particularly by promoting a cheap and pliable farm labour force.<sup>80</sup>

Newly elected Prime Minister W.L.M. King's negative approach to housing was consistent with the general conservative direction of his ministry. King was under intense pressure from business groups to avoid expensive welfare measures at a time when the countervailing influence of the Canadian labour movement was particularly weak.<sup>81</sup> Of even greater significance was the impact of his central political objective to woo moderate western progressives into the Liberal party. With their overriding concern to maintain a glutted farm labour market, these men seen by King as "liberals in a hurry" were in no rush to obtain improved social legislation. T.A. Crerar, national Progressive leader, told King that "rigid economy" in government would be a strict condition of his support. Federal Finance Minister W.S. Fielding responded with a promise for a "great slashing" of public

expenditures.<sup>82</sup> In keeping with this promise, housing, labour exchanges and federal grants in aid for relief were quickly terminated by King's government. King told provincial premiers that instead of "looking to the State for aid in every emergency", a self-reliance should be encouraged.<sup>83</sup>

King also cut back the civil service in a manner which crippled its ability to analyse urban problems. Continuing the conservative trend established by the short lived Meighen administration's abolition of the Commission of Conservation, Thomas Adams' contract as planning advisor to the Dominion government was not renewed. The government lost its recently acquired ability to determine the extent of unemployment. Both the National Employment Service's journal Employment and the town planning branch of the Department of the Interior's publication Town Planning and Conservation of Life (inherited from the Commission of Conservation) were discontinued. Following Adams into American exile would be the founder of the short lived national labour exchanges, James Bryce Stewart, and unemployment statistician and future czar of the Canadian civil service, W.C. Clark.<sup>84</sup>

The Prime Minister's statement on the termination of federal loans to provinces for housing would be virtually the last reference to housing in parliamentary debates until 1932.<sup>85</sup>

This eight year silence in parliament corresponded to the revival of the residential construction industry created by the long awaited collapse of the boosted prices of the war. In 1935, the National Construction Council recalled how:

The housing (under the Act of 1919) was initiated at a time when there was a shortage of labour and materials resulting in abnormally high cost of building. The housing was not for the lowest income groups but for those who could invest a small equity. In many cases the houses were occupied by those who could have afforded better homes and for whom no financial assistance was necessary. When the housing shortage was taken up, values declined: with the result that those who had purchase the houses erected under the 1919 Act found that their equity, which was very small, had been wiped out and that they were paying more per month than they would have to pay to obtain the same accommodation on a rental basis in houses built when prices were lower. The result was that in some municipalities it was necessary to repossess some of these houses. During the past few years many of those who purchased these houses have been unable to meet their payments or to keep the houses in repair.<sup>86</sup>

Consequently, municipalities became heavily burdened with debt. The 171 houses built by the city of Ottawa resulted in a debt in excess of \$322,000. London, Ontario, was likewise, by 1935, in debt to the tune \$150,000 for the construction of 169 houses. Nor were such effects confined to Ontario. Typical was the assessment of Percy Nobbs of Montreal who told the 1935 Commons committee that, "The mess is still to be found all over the province."<sup>87</sup>

The failure of the city of Ottawa's housing scheme is significant as it was depicted by Thomas Adams as a model for the nation. Adams was deeply involved in the planning of the Ottawa Housing Commission's Lindenlea subdivision, which he saw as the epitome of a 'garden city' working class Rosedale. Adams' planning principles were followed in the purchase of a large 22 acre site, which was one-third given to parks and streets, the rest to 169 building lots.<sup>88</sup> His planning procedures, however, were helpless against the corruption of many involved in the scheme and the economics of the price ceilings he

himself established. Although Adams opposed direct federal housing subsidies, the city of Ottawa would be forced to subsidize his model project, albeit in an indirect and wasteful manner.

An investigator appointed by the municipality found how builders, in order to meet federal price ceilings during a time of inflated construction costs, often "had to leave off such things as verandas, front steps, double windows and various other things".<sup>89</sup> In other instances even worse expedients were employed and the resulting homes became structurally unsound. One city inspector recalled how:

It was found out -- I think simply by digging around the foundation -- that the house was simply standing on the bare ground, it had not a foundation, or at least none worthwhile, the result was that the house became a menace, even to the public because it was tending to fall apart.<sup>90</sup>

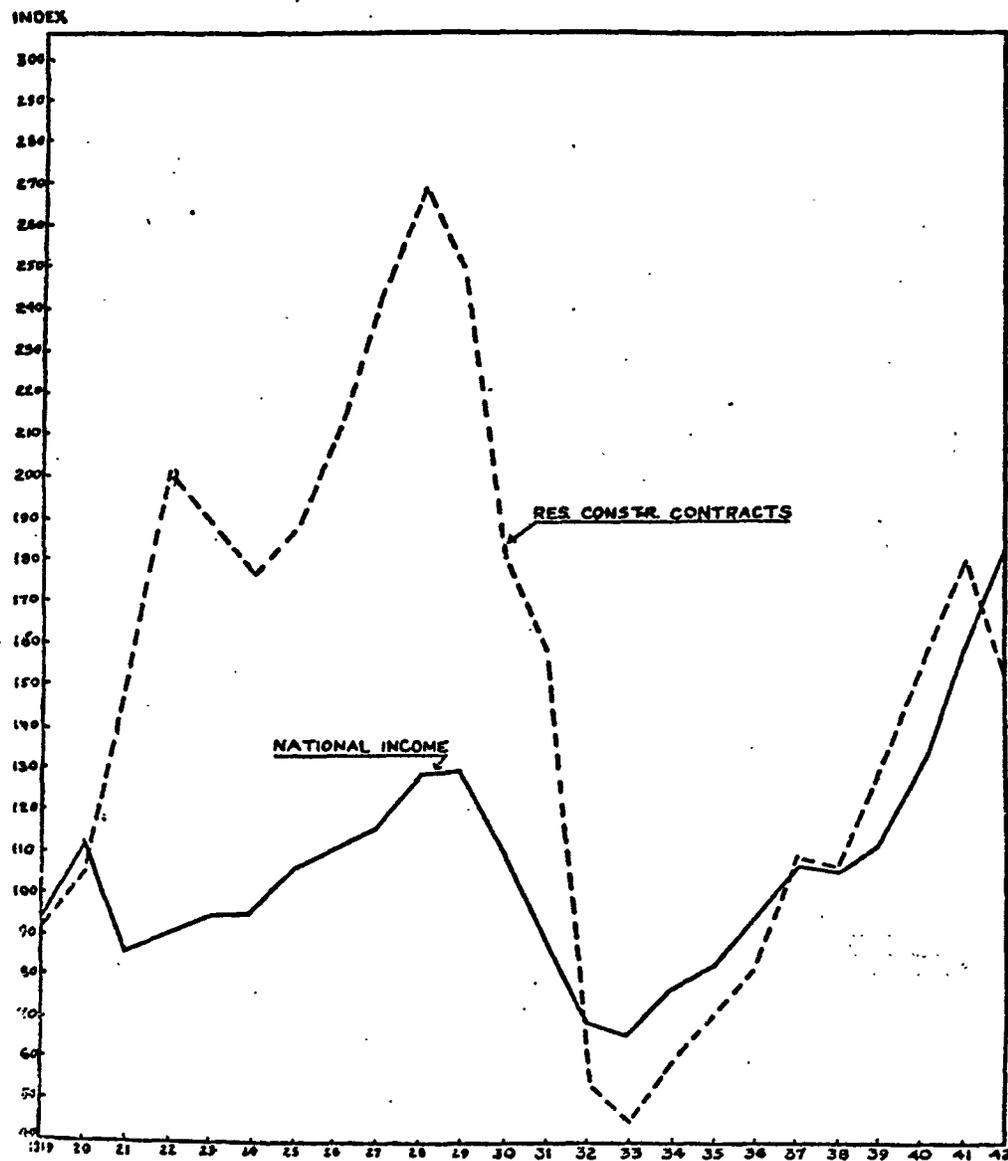
Consequently, when such houses were repossessed by the city of Ottawa they had to undergo extensive repairs before they could become habitable. Some, like the structure without foundations, had to be demolished. Ottawa had to issue \$45,000 in debentures in 1922 to pay the repairs.<sup>91</sup> In 1925, the Secretary of the Ottawa Housing Commission fled and stole \$82,000 of its funds, whereupon the remaining members resigned. By 1935, the city experienced a loss of \$332,499 on the project.<sup>92</sup> Lindenlea was a 'model' for the federal housing scheme. It provides the most striking example of how policy makers' opposition to federally subsidized rental housing projects, produced poor quality houses for ownership purposes, subsidized by the least affluent level of government, the municipalities.

With the revival of the residential construction industry in 1924, calls for government intervention in the housing market diminished.

The increased volume of residential construction did not mean that the problem of overcrowded or expensive shelter experienced by low income families was resolved. Instead, those who suffered from wretched accommodation were either ignored, or, in a manner reminiscent of the attitudes prevalent in periods of prosperity before the First World War, blamed for their own plight by the small corps of social workers who did investigate housing conditions. It was anticipated that growth, demolition, transportation improvements and planning measures would, in the long run, solve any temporary housing problems faced by the nation. No programs of shelter assistance involving the redistribution of income were felt to be necessary.

The rapid rise of housing production after 1924 and its subsequent collapse after 1930 are vividly shown in the following table, prepared by the Curtis Committee on post-War housing.

**TABLE 3.1**  
Trends of National Income and  
Residential Construction Contracts  
Awarded, 1919-1942



Source: Subcommittee on Housing and Community Planning, Report of Advisory Committee on Reconstruction, (Ottawa, King's Printer, 1944), pp.31,95.

The years 1924-1931 saw the greatest volume of residential construction in Canadian history. However, this surge in housing production could not end national housing problems. This can be illustrated from data taken from the 1931 census. The census information was collected in June of 1931 at a time just after the residential construction boom of the previous decade had peaked and the collapse of the depression was beginning. The census showed that in cities of over 30,000 in population, an average of 25 per cent of the population lived in dwellings that provided less than one room per person. Overcrowding was not confined to the larger urban centers. In the three Prairie Provinces, rural communities averaged more than one person per room. The largest Canadian city, Montreal, had 40.8 per cent of its residents living in homes of less than one room per person in 1941. Overcrowding was more severe in Verdun, Regina, Quebec City and Three Rivers than in Montreal. In other major Canadian urban centers, overcrowding was less frequent but still significant. Some 35.74 per cent of Winnipeg's residents lived in overcrowded dwellings. In Toronto 24.8 per cent of residents lived in homes with less than one room per person.<sup>93</sup>

Although overcrowding was found in owner-occupied dwellings, the problem was heaviest among tenant families that needed to pay low rents so as to afford other necessities of life. The building boom of the 1920's passed these people by. Their rents were too low to make their housing a profitable investment proposition in terms of new construction. Except for a few urban centers such as Saint John, Kitchener and Victoria, overcrowding was the rule not the

exception, for families paying \$15 or less in rent per month. In Regina, families paying less than \$10 a month, on the average were housed with two persons per room.

**TABLE 3.2**  
Rooms Per Person for Tenant Households Paying  
Rents of \$15 or Less Per Month, 1931.

Cities of over 30,000 Population	Less than \$10 per Month		\$10-\$15 per Month	
	Households	Rooms per Person	Households	Rooms per Person
TOTAL	4,879	-	46,899	-
Halifax, N.S.	245	0.6	1,327	0.7
Saint John, N.B.	361	0.9	2,014	1.1
Montreal, Que.	1,139	0.8	19,896	0.9
Quebec, Que.	195	0.7	2,227	0.8
Verdun, Que.	26	0.8	730	0.9
Three Rivers, Que.	79	0.9	976	0.8
Toronto, Ont.	488	0.8	4,565	0.8
Hamilton, Ont.	304	0.9	2,026	0.9
Ottawa, Ont.	110	0.7	1,206	0.9
London, Ont.	52	1.1	625	1.1
Windsor, Ont.	36	0.8	414	0.9
Kitchener, Ont.	80	0.7	539	0.8
Brantford, Ont.	78	0.9	667	1.1
Winnipeg, Man.	586	0.6	2,912	0.7
Regina, Sask.	119	0.5	859	0.6
Saskatoon, Sask.	60	0.6	538	0.8
Calgary, Alta.	84	0.7	842	0.7
Edmonton, Alta.	325	0.7	1,109	0.8
Vancouver, B.C.	435	0.8	2,622	0.8
Victoria, B.C.	77	0.9	713	1.1

Source: Harold F. Greenway, Housing in Canada, (Ottawa: Dominion Bureau of Statistics, 1941), p.56

After reviewing this table in 1941, dominion statistician Harold Greenway drew the evident conclusion that it was "certain that a large proportion of the families concerned cannot afford even as much as \$15 per month for rent". In view of such evidence he concluded that, "the only alternative" to such "unsatisfactory housing conditions" was "either a change in national income structure, or some sort of

subsidization to supplement private enterprise" in the provision of "accommodation for families with small incomes". Although Greenway was making an analysis based upon housing conditions in June of 1931, no expert would at that time make the type of analysis that he would write a decade later. Social workers, architects and urban planners would only develop an understanding of the housing problems of the poor in their midst when private residential construction industry, catering to the upper two-thirds in national income, had been ravaged by the great depression.<sup>94</sup>

Canadian planners failed to examine the experience of the federal-provincial housing program. No study of this scheme was ever made until A.E. Grauer briefly summarized in 1938 the testimony of the 1935 parliamentary committee, for the Rowell-Sirois Committee. No effort was made to promote the European and British examples of subsidized rental and co-operative housing. The struggling planning profession was largely content to abandon its moderate principles regarding land use planning to pander to the dominant business ethos of the era. Typically Horace Seymour urged his colleagues to appeal to "the commercial urge".<sup>95</sup> Seymour's 1930 Vancouver city plan spelled out its provisions for excess commercial zoning to accommodate land speculation. It noted that if this higher value land use was restricted it would "not meet the wishes of owners of property who have anticipated certain streets as future business streets".<sup>96</sup> Noulan Cauchon predicted that housing problems would disappear through the population dispersion created by the increased use of the automobile.<sup>97</sup> The most prolific planner of the period,

A.J. Dalzell, did not compromise with Adams' basic planning goals and so remained a firm foe of urban sprawl. With some dismay considering the vast tracts of scattered shacktowns on the fringes of Canadian cities, Dalzell in 1925 noted that there was "far too much loose talk about the necessity of dispersing population by providing for rapid transit".<sup>98</sup>

Dalzell's views would prove highly influential because of his appointment by the Social Service Council of Canada to conduct an investigation into Canadian housing problems. This commission was prompted by the council's surprise at the conclusion of the 1923 Dominion Department of Health Annual Report which concluded that for men who could not afford to pay \$25 a month in rent, it was impossible to have enough return for private enterprise to build a home.<sup>99</sup> Following Adams' rationale, Dalzell concluded in this report that "the fundamental cause of most unsatisfactory housing in Canada is due to an essentially unsound land policy".<sup>100</sup> Dalzell provided ample examples of ruinous land speculation, but avoided any examination of the relationship between income and the ability to obtain adequate housing which the council had originally asked for. To obtain information on housing developments in Europe, the council hired Dr. John W.S. McCullough of the Ontario Department of Health to prepare a monograph on the subject.<sup>101</sup>

The most radical housing reform advocacy came in the May, 1929, edition of Social Welfare's republication of an article by Edith Elmer Wood, which aptly summarized the Canadian situation as being at the point where:

Great Britain was 78 years ago, where Belgium and Germany were 40 years ago, France 35 years ago and Holland 28 years ago, debating whether or not nation, state and city should provide housing credits, on an at-cost basis, to cut down the price of wholesome housing to be within the reach of lower income groups that cannot otherwise attain it.<sup>102</sup>

More typical than Dalzell's zealous restrictions on suburban speculation and the Social Service Council of Canada's gingerly inquiries into non-profit European housing developments were prevailing attitudes of social control towards the poor. As in the period of prosperity before the First World War, the spirit of regulation in housing was applied in a manner that reflected the class inequities in society. Zoning regulations preserved the amenities of middle class neighbourhoods; working class districts did not receive similar protection from the intrusions of commercial or industrial land uses. Public health and social work professionals did not call for greater curbs on land speculation and building regulations. Instead, they directed their reformist writings towards the need to exercise greater control over the lives of the poor.

The significant relaxation of the unprecedented housing shortages of the immediate post-war years caused a return of the tendency of middle class reformers and professionals to blame poor housing conditions on its victims. Vancouver's public health officer recommended that residences housing 2,000 persons be demolished, although the city was powerless to provide alternative accommodation.<sup>103</sup> An attitude of social control was clear in a 1929 Social Welfare article entitled "The Social Welfare Workers' Attitude to Housing", by William McCloy. McCloy admitted to the

"silence" and "scarcity of materials", on "actual housing conditions in Canada". Since few surveys had been made "nearly every city in Canada" was ignorant of "the actual conditions that prevail". Despite social workers' urgings poor people "refused to move to another section of the city". Even if such movements took place they spent too much time visiting corrupting slum neighbourhoods because of the "lure of friends and familiar places." McCloy urged that this be solved by having social workers trained in Octavia Hill traditions to manage tenants on "a firm business basis."<sup>104</sup> Dr. Grant Fleming of the Montreal Anti-Tuberculosis League, avoided the harsher methods of social control and instead urged the teaching of resignation. Medical workers could "teach people to make the best of what they have", so that most homes would be made "relatively" healthy.<sup>105</sup>

As long as the private residential construction market flourished, no demands for public provision of housing reaching minimal standards to ensure the health of the poor and many labourers at rents geared to ability to pay, would be made. A weakened labour movement, which in the past had advocated municipal housing, stopped making such demands. Its largest and most conservative section, the building trades unions of the Trades and Labour Congress, would simply follow the initiatives of the business dominated Canadian Construction Association. The CCA itself abandoned interest in federal housing legislation after the return of prosperity to its industry in 1924. The professions of architecture, social work and planning harnessed their energies to the service of affluent elites that controlled government and could pay for their services. The era's experts would regard the nation's low income

earners as fit subjects for moral uplift to middle class standards, no recipients of financial assistance.

The political evasion of housing problems can partly be understood as a sign of an unbalanced influence of realty and financial interests. Adams saw the nation's resistance to housing and planning legislation as arising from the "exceptionally strong" real estate interests that flourished in the situation where Canada was "still being exploited as a new country".<sup>106</sup> The national emphasis on the export of resource materials and unfinished products encouraged a neglect of secondary industry. It also fostered an underdevelopment of a domestic market in consumer goods and a lack of concern for the need for good housing conditions to ensure a stable and highly qualified labour force. Also, neglect was encouraged by the cyclical nature of many housing problems. These would bring occasional improvements, such as the easing of the post-war housing shortage. All this allowed general Canadian politics to treat the nation's housing problems as if they did not exist; or if they were admitted to exist, the political economy of the day held they could be left for resolution by the unaided private market. Meanwhile, experts placed the blame for the most serious interludes of crisis on the very persons who suffered from the worst housing conditions.

## FOOTNOTES TO CHAPTER THREE

- 1) Thomas Adams, "Housing Conditions in Canada", Conservation of Life, 2 (1916), 10.
- 2) Thomas Adams, Rural Planning and Development, (Ottawa: Commission of Conservation, 1917), pp. 102-118; Thomas Adams, "The Use of Land for Building Purpose", Conservation of Life, 3 (1917): 29-32.
- 3) Adams, Rural Planning and Development, pp. 102-118.
- 4) Ibid., pp. 117, 118.
- 5) Copps, op.cit., p. 33.
- 6) Louis Simpson, "Economic Housing of Industrial Works", Industrial Canada, 19 (1918), 61, 62.
- 7) Van Nus, op.cit., p. 76.
- 8) Wallace, op.cit., pp. 6-7.
- 9) Thomas Adams, "Housing Shortage in Canada", Canadian Municipal Journal, 13 (1918), 238.
- 10) Saywell, op.cit., pp. 150, 151; C.B. Sissons, "Housing", Social Welfare, I (1918), 128. A.J. Dalzell, Housing in Canada, I:22; Michael Piva, The Condition of the Working Class in Toronto, 1900-1921 (Ph.D. dissertation, Concordia, History, 1975) p. 214.
- 11) Thomas Adams, Government Housing During War, Conservation of Life, 4 (1918), 25-33.
- 12) House of Commons Debates, 1917, 2: 1708, 1709; Thomas Adams, "The Housing Problem and Production", Conservation of Life 4 (1918), 49-57.
- 13) "To Rent Without Children", Social Welfare, 2 (1920), 234.
- 14) Saywell, op.cit., p. 152.
- 15) Resolution of Toronto Branch of CMA re: "Industrial Housing in Ontario" in letter May 23, 1918, to Sir William Hearst - Public Archives of Ontario, Hearst Papers, pp. 35, 37.
- 16) "Notes of a Deputation that Waited on the Prime Minister with Regard to the Housing Shortage on May 28, 1918" Hearst Papers p. 39, 1-4.
- 17) Saywell op.cit., pp. 153-154; Piva, op.cit., pp. 213, 214.

- 18) Jones, op.cit., pp. 5,6; Letter from C.B. Sissons Secretary of the Ontario Housing Committee to Sir William Hearst, September 21, 1918, Hearst Papers p. 9; Sissons' letter has a wealth of information on housing conditions and philosophies in various Ontario communities. In Brantford, which was reported to have a shortage of between 20 to 700 homes, the Dominion Steel Company undertook to build 50 houses, and asked the Housing Committee for a government loan to further their efforts. In Guelph, workers were reported to be moving away because of the severity of the housing shortage. Ottawa had a serious lack of shelter for female civil servants, small towns such as Courtright, Deseronto, Hawkesbury, Midland, New Liskeard, Paris, Parry Sound, Port Credit, Trout Creek and Walkerville reported serious housing shortages. In Kincardine employers met and decided that they could not afford to build because of inflated costs. The municipalities of Brampton, Chatham, Niagara Falls, Pembroke, Sarnia, Sudbury and Weston all requested provincial loans for new housing construction.
- 19) Saywell, op.cit., pp. 153, 154.
- 20) Letter from G. Frank Beer to Sir William Hearst, September 4, 1918, Hearst Papers. The lack of realism in Beer's views is illustrated by the estimates made by the Sault Ste. Marie and Brantford municipalities for homes worth from \$3,000 to \$4,000.
- 21) Ontario Housing Committee, "Memorial to the Dominion Government", Hearst Papers.
- 22) Saywell, op.cit., 154, 155.
- 23) Jones, op.cit., p. 12.
- 24) Ibid., pp. 9-14; James Struthers, No Fault of Their Own: Unemployment and the Canadian Welfare State, 1914 - 1941, (Toronto: University of Toronto Press, 1983), pp. 16-30. Borden's government seriously contemplated the introduction of unemployment insurance.
- 25) For the influence of similar pressures in Great Britain see Mark Swenarton, Homes fit for Heroes: The Politics and Architecture of Early State Housing in Britain, (London: Heinmann Educational Books, 1981). Jones, op.cit., p. 13.
- 26) Letters to J.A. Ellis and Sir John Willison, November 23, 1918, and November 28, 1918, Hearst Papers.
- 27) Report of the Housing Committee of the Dominion Cabinet, Labour Gazette, 19 (1919): 447-450.
- 28) Michael Simpson, "Thomas Adams in Canada", 1914 - 1930, Urban History Review, 11 (1982), 6,7.

- 29) Letter from Thomas Adams to W. Burditt, March 13, 1919. PAC, Burditt Papers, MG28, I-275, Vol. 16, File 16-15.
- 30) Report of the Housing Committee of the Dominion Cabinet, pp. 447-450.
- 31) Ibid;
- 32) Thomas Adams, "Canada's Post War Housing Progress", Conservation of Life, 5 (1919), 3: 2542-2544.
- 33) House of Commons Debates, 1919, 3: 2,556 - 3,563.
- 34) Ibid; 3:2,542 - 2,544.
- 35) Ibid; 3: 3546, 3552, 2,5563. "The Housing Problem in Canada", Canadian Municipal Journal, (1920), 234.
- 36) Jones, op.cit., p. 21.
- 37) Ibid., p. 23.
- 38) Ibid., p. 24.
- 39) Letter of February 11, 1919, from Ansell and Ansell to J.A. Ellis, Hearst Papers.
- 40) Letter March 6, 1919, from J.A. Ellis to Sir William Hearst, Letter February 13, 1919, from J.A. Ellis to Sir John William, April 17, 1919, Memorandum Regarding Proposed Amendments of Ontario Housing Act, Hearst Papers.
- 41) Letter from Sir William Hearst to J.A. Ellis, January 31, 1919, Hearst Papers.
- 42) Letter March 10, 1919 from Sir John William to Sir William Hearst, Hearst Papers.
- 43) Letter of April 24, 1919, from Sir John Willison, Hearst Papers. Willison told Hearst that to himself it was "not a discovery that the real estate interest and speculative builders control city hall". Willison told Hearst that the opponents of the scheme acted like "spoiled children" and that as a result of their action "returned soldiers and others purchasing or renting houses under the City of Toronto scheme will undoubtedly have to pay more than they will in other municipalities". Willison told Hearst that he would drop in and reveal "the whole story in this" which would be "amusing, if it were not so serious a matter".
- 44) Spragge, The Provision of Workingmen's Housing, p. 216.
- 45) Ibid., pp. 184, 207.

- 46) Ibid., pp. 210, 211.
- 47) Memorandum July 21, 1919, from J.A. Ellis to Prime Minister W. Hearst, Hearst Papers.
- 48) Jones, op.cit., p. 22.
- 49) Government of British Columbia to Meighen, February 16, 1921, Mayor of Prince George to Meighen April 23, 1921, Prince George GWVA to Meighen, 23 April 1921; Council of Women to Meighen May 18, 1921; Vancouver Labour Council of Meighen, May 25, 1921, all in PAC, Meighen Papers, Reel C-3226, pp. 17145, 17152, 17162, 17182.
- 50) Meighen to F.C. McQuarrie, PAC, Meighen Papers, Reel C-3226, p. 17151.
- 51) House of Commons Debates, 1921, 4:4452-4555.
- 52) Jones, op.cit., p. 22.
- 53) Jones, Ibid., Testimony of C.J. Yovath to Royal Commission on Industrial Relations, Saskatoon. Evidence, p. 1097.
- 54) Yovath, Ibid.; Testimony of Reverend Hugh Dobson, Field Secretary of the Methodist Church in the Four Provinces, to Royal Commission on Industrial Relation, Regina evidence, pp. 1218-1220.
- 55) Testimony of Samuel A. Hamilton to Royal Commission on Industrial Relations, Moose Jaw evidence, pp. 1252-1554.
- 56) Testimony of W.E. Stephenson to Royal Commission on Industrial Relations, Moose Jaw evidence, pp. 1255-1260.
- 57) Alan F. Artibise "In Pursuit of Growth" in Alan F. Artibise and Gilbert A. Stelter ed. Shaping the Urban Landscape (Ottawa: Carleton University Press, 1982), p. 136.
- 58) Letter March 5, 1921 Calgary Trades and Labor Council to Meighen, p. 17114. PAC, Meighen Papers, Reel C-2226. Letter December 22, 1920 General Griesbach to Meighen, PAC, Meighen Papers, p. 17085.
- 59) Jones, op.cit., p. 79; Parliamentary Housing Committee, op.cit., pp. 174-175, 331-0333.
- 60) "House Building and Unemployment", "Suggestions for Montreal Housing Mr. Thomas Adams replies to Criticisms of Federal Housing Act and urges Immediate Action", Engineering and Contract Record, 34 (1921) 60, 61, 1034, 1035.
- 61) "The Housing Problem in Canada", Canadian Municipal Journal (1920), 234; "City Improvement League of Montreal urges

- Government Action on Housing", Engineering and Contract Record, 4 (1921): 81, 82.
- 62) Jones, op.cit., p. 22.
- 63) Ibid., pp. 22, 30.
- 64) Telegram Provincial Secretary of GWVA to Meighen, May 12, 1921, PAC, Meighen Papers, Reel C-3226, p. 17135.
- 65) Sessional Paper No. 19, Report of the Deputy Minister of Health, (Ottawa: King's Printer, 1923), p. 23.
- 66) Letter from Premier Borden to Joseph A. Garnett, Secretary Halifax Trades and Labor Council, January 16, 1918, PAC, Borden Papers, p. 131649, Reel C-4412.
- 67) Wallace, op.cit., pp. 8-10.
- 68) January 6, 1918 Cable from I. Martin, Mayor of Halifax to Borden, PAC, Borden Papers, p. 748, 330, Reel C-4358, letter January 10, 1918 of Alfred Whitman to Borden, Borden Papers p. 74850, Reel C-Borden Papers.
- 69) John C. Weaver, "Halifax Relief Commission, Housing and Toronto Planning, 1918 - 1921, Plan Canada 9 (1976): 36-46.
- 70) S.H. Prince, Catastrophe and Social Change, (New York: Columbia University, 1920), p. 121; Prince, Housing in Halifax, p. 3.
- 71) Halifax Citizen, September, 1919, April 23, 1920. The Citizen further complained that "commons will not give fresh air shelter for families forced to live in houses where home life is crushed and moral decency exterminated".
- 72) Citizen, February 27, 1920; April 8, 1920, Labour Annual, 1920, "Important Events of the past year", p. 45.
- 73) Labour Annual, 1920 pp. 339, 343-349; Second Annual Labour Journal, 1929, p. 25; Citizen, February 23, 1923; March 30, 1923, September 24, 1924; Letter from Arthur Hall to Halifax Council, February 16, 1942, Public Archives of Nova Scotia, PAN, RG35, 102, Series 3, Section CB.6, File 32.
- 74) Eric Goldman, Rendezvous with Destiny, (New York; Alfred A. Knopf, 1958), pp. 327-328; "The Building Industry and National Progress", Construction, October 1919, p. 327; Joseph M. Pigott, Do you Remember: 25 Years With the Canadian Construction Association, (Ottawa: 1943, Canadian Construction Association), pp. 1-5.
- 75) "\$250,000,000 housing loan", Engineering and Contract Record, (1921): 38, 39.

- 76) Canadian Parliamentary Guide, 1921, p. 122.
- 77) House of Commons Debates, 1921, 2: 1147, 1148.
- 78) Saywell, op.cit., p. 162.
- 79) House of Commons Debates, 1921, 2: 1142-1146; Struthers, op.cit., p. 36.
- 80) Struthers op.cit., pp. 33-43.
- 81) Ibid., pp. 31, 227, 228. Struthers notes that union membership dropped from 373,842 in 1919 to 260,643 by 1924 and did not reach its 1919 peak until World War Two.
- 82) Ibid., p. 32.
- 83) Ibid., p. 33.
- 84) Ibid., pp. 37-43.
- 85) House of Commons Debates, 1929, 1: 1084. This was a passing reference by H.H. Stevens to the 1919 housing measure as one of the reform accomplishments of the Conservative Party.
- 86) Parliamentary Housing Committee, op.cit., p. 101.
- 87) A.E. Grauer, Housing, Ottawa: (Royal Commission on Dominion Provincial Relations, 1939), pp. 37, 81. Quebec municipalities experiencing heavy losses included Chicoutimi, La Tuque and Quebec; Some like St. Lambert by careful management avoided significant losses. Jones, op.cit., p. 28.
- 88) Jones, op.cit., pp. 26, 27.
- 89) Parliamentary Housing Committee, op.cit., 60-71.
- 90) Ibid., p. 70.
- 91) Jones, op.cit., pp. 26, 27.
- 92) Parliamentary Housing Committee, op.cit., 63-70.
- 93) Harold F. Greenway, Housing in Canada, (Ottawa: Dominion Bureau of Statistics, 1941), p. 56, 57.
- 94) Ibid., pp. 57, 58.
- 95) Van Nus, op.cit., p. 191.
- 96) Ibid., p. 210.
- 97) Van Nus, op.cit., p. 214.

- 98) Dalzell, op.cit., 1: 20.
- 99) Committee of Research, Social Service Council of Canada, Summary of Findings in Regards to Housing in Canada, (Toronto: Social Service Council of Canada, 1929), (in Cauchon Papers, PAC, MG 30, B 93, Vol. 10), p. 5.
- 100) Ibid., pp. 5-7.
- 101) Ibid., pp. 7-8.
- 102) Edith Elmer Wood, "Is Government Aid Necessary in House Financing", Social Welfare, 9 (1929), 169-171.
- 103) Dalzell, op.cit., 218.
- 104) William McCloy, "The Social Worker's Attitude Toward Housing", Social Welfare, (1929), 178-180.
- 105) Dr. Grant Fleming, "Health and Housing", The Municipal Review of Canada, 22 (1926), 159-161.
- 106) Thomas Adams, State, Regional and City Planning in America, p. 7 cited in Simpson, op.cit., p. 11.

## CHAPTER FOUR

### The Emergence of a Federal Housing Responsibility:

#### The Response to Demands for a Housing Policy

Based on Social Need: 1930-1935

The widespread assumption that housing problems would be solved through an unassisted private market was challenged by the great depression. The appeal to privatism, favoured by the experts of a prosperous era, faded to be replaced with new concerns for social welfare. A remarkably diverse cross section of Canadian society saw the goals and interests of the great financial institutions and the small builder and real estate trader as alien to their own. The latent conflict over housing policy, between the Dominion Mortgage and Investments Association and the Canadian Construction Association, became more profound as the joint labour-construction industry lobby's proposals were radicalized and linked with allies drawn from more unions, some manufacturers, and middle class professionals in the areas of social work, planning and architecture. The background of this conflict can be seen as a microcosm of the politics of the depression. The controversy over housing policy was related to the volatile political scene, including the rise of the Reconstruction Party in 1935, especially its populist championing of the "little man" against "big business". Despite this sudden rise of protest, the pioneering Dominion Housing Act of 1935, which first established the improvement of housing conditions as a permanent responsibility of the federal

government, was virtually written by the representatives of the nation's leading lending institutions. The DHA of 1935 represented a response to the broadening views of social housing reformers by the loan companies and realty interests who finally accepted the principle of government mortgage assistance. They had opposed such solutions a decade earlier, but now they retreated in order to preclude more radical remedies.

### A Sign of New Values:

#### The Housing Surveys of the Great Depression

The fundamental value conflict in depression era housing policy was first revealed in the report, Housing in Halifax. It was the product of a survey conducted by the Citizen's Committee on Housing, chaired by Dr. S.H. Prince. Only veterans' groups had supported organized labour in its campaigns for public assistance for home construction when these began in 1919. Now labour was joined by a large body of middle class opinion, including churches and social service clubs. The depression's severity obviously altered Canadian politics and housing policy provided a gauge for measuring the groundswell of social criticism.<sup>1</sup>

The significance of the Halifax Citizens' Committee's work is highlighted by its rejection of the recommendations of A.J. Dalzell whom it had hired as a consultant, recognizing his prominence as the most frequently published writer on Canadian housing problems. Repeating the consensus of Canadian planning opinion of the 1920's,

Dalzell had maintained that with careful city planning, it would be possible to shelter all income groups in occupant owned single family dwellings. The only exception he conceded to this rule was a class of "undesirable tenants such as the infirm, aged or handicapped" or such less deserving poor as the "habitual drunkard" and the "feeble minded woman with a large family of children and yet not accepted as an institutional case". For such cases municipalized housing would be appropriate and would run along the lines of a modernized version of the Elizabethan poorhouse. The "constant supervision", it would provide, should ensure that "those that prove to be incurable because of their own bad habits or from complete mental inefficiency are put in their proper place".<sup>2</sup>

A different diagnosis was provided by the Secretary of the Halifax Board of Health, Arthur Pettipas, who demonstrated how the incomes of the city's workers were too low to obtain healthy accommodation. As the latest available census returns (1921) had illustrated, many wage earners were in families earning less than \$1,400 per annum and so could not afford to pay more than \$20 per month in rentals. Since no houses were available at this rate, such families were glad only to have to pay such an amount for a few rooms, although the resulting overcrowding sometimes went as high as ten persons per room.<sup>3</sup>

An alternative approach furnished to the Citizens' Committee came from one Major W.E. Tibbs, Chairman of the Halifax Relief Commission, who supplied a "Report on Housing Developments in Europe" based on findings from a recent trip. It was apparently the first published account of European housing programs in Canada to be written since the

early 1920's. Tibbs reported favourably on British municipal and limited dividend housing projects and upon "the Vienna Housing Programme, a purely socialist scheme". He described this effort, with evident enthusiasm, observing that:

The development consists of enormous apartment houses with court yards, gardens, lawns, and play grounds, although some of them have individual gardens. I visited one flat that was delightfully compact, and obviously appreciated by the tenants who were taking great care of their property. Rentals vary from about one (\$1.00) dollar up, according to the size of the lot. There are central laundries with up-to-date equipment available for the tenants. There are also baths in central locations. Children are also well cared for as regards kindergartens, etc. The method of financing was by appropriation from the rates of about 60%, the remaining 40% being obtained by means of a special tax on rentals. All the people in these apartments appear very contented and happy. Beside providing houses the Socialistic Government assists them through general health programmes, educational opportunities and unemployment relief.<sup>4</sup>

Faced with contrasting "European" and "American" solutions to its housing problems, the Citizens' Committee pondered, "upon which shall we decide? Shall we follow the Dalzell recommendation? In spite of world wide experience to the contrary is Mr. Dalzell right in his recommendation to leave the matter to private enterprise?"<sup>5</sup>

In answering this fundamental question the committee concluded that even with the reduction of housing costs set forth in Dalzell's plan for "adjustment of street expenses, and civic services, and by a town-planning programme, the shelter needs of low income tenants would not be adequately met by private enterprise." However the committee then attempted to steer a middle course between European socialism and American capitalism. This was on the grounds of "the principle fundamental in social reform that the object aimed at should be secured

with the least possible dislocation of the existing social arrangements". The costs of subsidized socialist housing would be "constantly added to the taxpayer's burden". Consequently the Citizens' Committee recommended that low interest loans be provided by the province to private companies in exchange for rents at levels which would "not be available through the normal channels of private enterprise". This recommendation, similar to New York State's housing laws of the previous decade, was passed by the Nova Scotia legislature in April 1932.<sup>6</sup>

The Halifax Citizens' Committee's compromise with the prevailing marketplace ideology indicates a stage in the transition to new values in a significant segment of informed public opinion; a process that would culminate in 1934 with the City of Toronto's housing survey, popularly known as the Bruce Report. It came out fully in favour of publicly owned and subsidized rental housing. In this process of radicalization, the views and values of planners, social workers, architects and even construction corporations were transformed. Percy Nobbs, in his 1932 presidential message to the Royal Architectural Institute of Canada, indicated that the organization's executive had been "much occupied" in "rather depressing subjects" such as "an effort to deal with speculative jerry builders and loan companies". Nobbs outlined a pattern "of the wild exploitation of the land, materials and labour, which run counter to wholesome development in the building industries". In November 1932 Nobbs' successor as President, Gordon M. West, reported that "there has come to light a feeling that the financial background of the building trade in Canada has operated in favour of the speculative interests therein as against

those of conservatism and sound ownership, and architects undoubtedly feel they are allied with the latter rather than the speculative interests". Nobbs had noted how, "the speculative builder who does not employ an architect is usually a contractor, but seldom a member of the local Builders' Exchange or the Canadian Construction Association". Consequently architects and construction contractors with perceived conflicts of interest against loan company-financed speculative builders, formed a joint committee to explore means to recover their loss of employment. Their committee eventually expanded to include the Engineering Institute of Canada, the Canadian Manufacturers Association, the Trades and Labour Congress, various construction supply associations and the Canadian Chamber of Commerce.<sup>7</sup>

At a three-day conference held in February 1933 at the Royal York Hotel, the unlikely allies sought a recovery remedy for the construction industry. The conference observed that in 1933 at almost every level of government no capital expenditures had taken place and announced that, "this policy of retrenchment we have so far never severely criticized, but today we are firmly convinced that its continuation will only lead to disaster". By May 1933 the alliance had taken on an institutional expression as the National Construction Council. One of its first steps was to send out a questionnaire to its members, boards of trade, and larger municipalities inquiring into the desirability of certain construction projects. While originally not appearing on the Council's list of worthy public works projects for government consideration, public housing rapidly became one of the most popular remedies to combat the depression. A program of "low-cost housing and slum clearance" was urged upon the federal government by

the Royal Architectural Institute of Canada at its May 1934 convention. In its journal, architect James H. Craig wrote that although public housing in Canada and the U.S. had become subject to bitter attacks by speculative builders and real estate firms who believed their markets to be invaded, it had,

become obvious that Canada can be classed with nations that are seriously battling against the depression only when she adopts national, provincial and civic measures to eradicate the slums and improve the housing conditions of the under-privileged classes.

By 1934 the National Construction Council had come out in favour of public housing and announced that it was undertaking a survey to determine the extent of the need for a program of low rental housing and rehabilitation.<sup>8</sup>

The Council's surveys increased support for local movements for public housing that repeated the example of the Halifax Citizens' Committee. In Vancouver the British Columbia Committee of the Council found that:

There is no recognized slum district or area in Vancouver as the term is generally understood, but there are hundreds of single buildings, cabin blocks and terrace blocks scattered throughout the city, which have within the last five or six years, been allowed to develop through lack of attention, into a state menacing the health of the city at large.

In Kitchener, Guelph and Galt the Regional Committee of the Construction Council estimated that \$6,762,000 in rehabilitation and replacements were required. In Regina the local committee found that of 2,000 sub-standard dwellings, half lacked sewers and water supply. In London the committee called for the demolition of slum areas and "the erection of a block of low rental apartments, with proper

playground facilities in connection with the same, properly supervised, along with the apartments, by the municipality".<sup>9</sup> In Ottawa the Construction Council along with the Ottawa Welfare Board and the city's Town Planning Commission conducted a survey that found:

As the depression years have deepened and family resources have run low, furnishings have become depleted and even beds and bedding are often lacking. Families have been doubling up seeking cheaper and cheaper accommodations. 65 per cent of the families on relief at the time of the survey were doubling up to two or more families in the single family unit. Many families not on relief but on the borderline of relief are in identical conditions of housing.<sup>10</sup>

In Montreal housing conditions were investigated by a survey undertaken by a joint committee of the Montreal Board of Trade and the Civic Improvement League. The Committee included Percy Nobbs, Leonard Marsh, representatives of the National Construction Council and Montreal Builders' Exchange, social agencies and a sprinkling of industrialists and businessmen including George Elliott, the President of the Montreal Real Estate Board. The Committee found that some 70,000 Montreal households were paying a disproportionate share of their income in rent. Low income families who avoided this hardship, did so only by living in deteriorated housing. This was especially true for families on relief who were prohibited from paying more than \$6.00 to \$12.00 per month rental by the regulations of the Relief Commission. It was estimated that the economical cost of the welfare recipients' accommodation ranged from \$30 to \$35 per month, if the small proprietors who provided such housing were able to afford the cost of adequate repairs and earn a reasonable rate of return. Consequently since providing low rental housing was so unprofitable only a limited supply was available. This resulted in a great

"competition for these dwellings, which accounts for the high mobility...in poor districts".<sup>11</sup> It was concluded that:

To spend more than \$120.00 or so of an income of \$600.00 on rent, means sooner or later some curtailment or deprivation of food and fuel, and certainly of clothing, minor luxuries, and recreational expenditures. The provision of low rental housing tends to reduce under-nourishment, tuberculosis, hospitalization, destitution, with their attendant social costs, and to release working class purchasing power for the other necessities, comforts, and conveniences of life.<sup>12</sup>

The Montreal study was greatly influenced by a Cleveland survey conducted by a young priest Robert Bernard Navan in 1932. The Committee noted Navan's revelation that Cleveland's slums yielded only \$10.12 in municipal tax revenues per capita, while requiring expenditures of \$51.10 per capita as a result of heavy fire prevention, police, prison and health costs. Similar patterns were found in Montreal as the highest death, tuberculosis and juvenile delinquency rates were found in the areas of the worst housing conditions. The Committee concluded:

that the cost to the community at large of leaving the low income groups, to find accommodation in deteriorated structures is not economically sound--that it is cheaper for the community at large to bear a substantial part of the cost of providing adequate accommodation for these wage groups.<sup>13</sup>

Consequently the committee saw provision of a basic standard of shelter as a public utility. This was since "assuming certain minimum standards of accommodation and amenity, these standards can be secured only by regarding their provision as a matter of public responsibility -- as we now do education and water supply".<sup>14</sup>

The Montreal study urged that 10,000 low rental homes be built within 20 years. Seventy per cent would be located on fringe land, the

rest being divided equally between land in partially developed areas and slum clearance schemes. Projects involving slum clearance would involve four story apartments in the inner city, two three story flats on middle land and two story grouped, self contained cottages on the fringe. In the middle and fringe areas there was an abundance of land, as Montreal had 98,000 lots unoccupied compared to only 88,000 occupied. Many of these properties had come into public hands as a result of the depression.<sup>15</sup>

The Montreal committee rejected the approach of socialist municipalities in Prague, Vienna and in Germany during the Weimar republic, as too "lavish". Their rooms were "over-generous" in size. A Prague apartment complex with "Workmen's Flats" of 234 square feet was described as "highly extravagant." Such projects were financed through taxes. The capital costs were written off and tenants charged on the basis of the cost of maintenance. The committee favoured instead the British approach of loans at 3.5 per cent to municipal housing authorities and private building societies, with the payment of subsidies to insure low income affordability. Such loans would be made by a National Housing Board directly to local housing corporations. The board would examine the merits of proposed schemes and set standards of accommodation for government assisted dwellings.<sup>16</sup>

In Winnipeg similar proposals arose for low rental housing and much more controversy was generated than in Montreal. A survey conducted by Alexander Officer of the city's Health Department in 1934 found that of 1,890 houses surveyed in four districts, 1,300 had rooms used for both cooking and sleeping. On the average there were 3.85 families to each wash basin, 2.19 to each bath, 1.79 to each sink and

1.93 to each closet.<sup>17</sup> To alleviate such conditions five members of the Royal Architectural Institute of Canada proposed a low rental housing project to be built on municipally-owned tax-default land.<sup>18</sup>

The City Council voted to spend \$1,500,000 on the scheme providing that the Federal government would extend aid to the measure as an unemployment relief project. The Winnipeg Council called on the federal government in spite of substantial opposition from vested interests. Mayor R.H. Webb recalled, how after he urged that the federal government become involved in low cost housing, he had "immediately received a flood of telegrams opposing his proposal." According to Webb this arose from "Real Estate Organizations, Boards of Trade and others who don't have to live under these conditions".<sup>19</sup>

The city of Toronto's Report of the Lieutenant-Governor's Committee on Housing Conditions in Toronto (Bruce Report) became the key document cited by advocates of a social housing policy until the release of the Federal Government's Advisory Committee on Reconstruction's Subcommittee on Housing and Community Planning (Curtis Report) in 1945. The Bruce Report, largely written by Eric Arthur, architect, and Harry Cassidy, Professor at the University of Toronto's School of Social Work, found that at least 2,000 families were inadequately housed. This meant that they endured roofs that leaked, "uneven and often rotten floors", toilets and sinks that froze into "a chunk of ice in winter", an absence of hot water unless heated over stoves, a lack of facilities for washing clothes and even storing food and heating so poor that tenants dreaded "the winter because they cannot possibly keep themselves warm". Rats bit small children. In

response parents kept lights burning during the night to prevent "the bugs and the rats from eating them up".<sup>20</sup> To alleviate such conditions the Bruce Report urged that a slum clearance and public housing project be undertaken in Moss Park. The subsidized accommodation to be built there would charge rentals of \$15 to \$25, substantially lower than what tenants paid for even slum accommodation. This \$500,000 project was only part of the \$12,000,000 program outlined in the report. This included expenditures for rehabilitation of repairable sub-standard structures and the construction of at least 1,000 new low cost rental dwellings.<sup>21</sup> The report stressed the need for financial assistance from the federal government, concluding that:

It should be urged on the Dominion Government particularly that no public works grants are so urgently needed as those for the rehousing of the poorest members of the community; further, that in order to make such grants most effective, a National Housing Commission should be appointed to assist provincial and municipal authorities in the formulation of plans, in the choice of materials, and possibly, if a nation-wide housing scheme can be initiated, in securing economies by the large scale purchase of such materials.<sup>22</sup>

The assumption of a housing responsibility by the Canadian Federal government, despite growing pressures from varied interest groups, was not originally conceived as part of the Bennett New Deal. On February 2 1935, approximately a month after his New Deal broadcasts, Prime Minister R.B. Bennett, wrote to Herbert Bruce (Lieutenant-Governor of Ontario and instigator of the Bruce Report) that:

I am interested in the housing problem. The only difficulty is the financial one. Unfortunately everyone is turning to government for help. If we

assist agriculture with low priced money, I am afraid we will have to leave the cities to the private lenders.<sup>23</sup>

Bennett's views help to further our understanding of the shape of his New Deal which began with the Farmers' Creditors Arrangement Act and virtually ended with the Dominion Housing Act, legislation passed two weeks prior to the end of the 1935 parliamentary session. In his broadcasts Bennett cited the Farmers' Creditors Arrangement Act as his first piece of New Deal legislation. Both acts dealt with mortgage lending and were arrived at only after negotiations with the Dominion Mortgage Investment Association. Unlike most New Deal acts neither was overturned on questions of constitutionality. Unlike the DHA, the Farmers' Creditors Arrangements Act apparently was personally initiated by Bennett, through a dramatic assembling of the representatives of the Dominion Mortgage and Investment Association to a meeting in his office. T. D'Arcy Leonard, Chairman of the Association and later the virtual author of the DHA, handled negotiations for the DMIA. Leonard stressed that government agricultural loans should be administered by a private company's holding of a first mortgage; an approach somewhat similar to the joint loan method established by the DHA. Prior to his New Deal speeches Bennett had attended extensive meetings with representatives of the Canadian Construction Association. They had already expressed hostility to private financial institutions and called for easy credit to create employment. Deputations made by the CCA in September 1931 and April 1933 for an expanded public works program achieved few positive results. As a consequence the Council undertook comprehensive research into all the Dominion public works projects which had been held up over the past three years because of the depression.

A successful meeting on November 17, 1933, was held between CCA representative Joseph Pigott and Bennett to discuss a program based on activating these delayed projects. Bennett announced that he was prepared to spend \$35 million and the two then decided on the list of projects to be undertaken from the CCA's brief. Pigott later recalled amazement at Bennett's grasp of the details of government.<sup>24</sup> Bennett's rejection of public works spending on a massive scale to alleviate problems of unemployment increased the rift between himself and his Minister of Trade and Commerce, H.H. Stevens. Stevens championed the progressive reformist notions of small business groups during this period. Their support of soft money policy and of measures to restrict monopolistic pricing activity would be led by Stevens, first within Cabinet and later as leader of the Reconstruction party. Stevens had called for a public housing program as a remedy for unemployment, as early as an August 11, 1933, radio broadcast. The Bennett New Deal's sidestepping of public housing and its open legalization of cartel agreements by the new Dominion Trade and Industry Commission, meant an important defeat for the progressive reform notions of Stevens and his small business supporters.<sup>25</sup>

#### Change to Stay the Same:

#### The Origins of the Dominion Housing Act

It appears that Bennett was forced to move on the housing issue because of back bench pressure from his caucus in addition to the pressure he had been withstanding from Stevens and the broadening social housing movement. On January 23, 1935, two Conservative

backbenchers, former Toronto Mayor T.L. Church and James Arthurs from Parry Sound, called on the government to "inaugurate at once a national housing, building and construction policy". Church quoted extensively from the Bruce report and observed that "a wave of emotion seems to be sweeping the nation on the subject of slums". Church's motion received support from several members of the CCF farm labour group.<sup>26</sup>

Bennett seized upon a parliamentary committee on housing as an easy way to defuse a potential controversy. He pledged that which ever view "the house thinks desirable the government is only too anxious to accede to". Despite such magnanimity Bennett's speech revealed the great extent to which he was committed to a private ethos in regards to housing. In response to the bleak rural housing conditions described by Agnes MacPhail and the socialist Alberta MP, G.S. Coote, Bennett observed that, "there are many farmers in this country who, being thrifty souls, would not care to incur the financial obligations involved in connection with that work". Bennett told the house that his government's efforts at sprucing up public buildings had been successful since "people who had the means themselves began to make their places look a little better, to replace the broken windows, repair the sills and put the houses in better condition". In reference to the Winnipeg controversy, Bennett described how the government was presented with a housing project with centralized heat, water, gas and light, and with "streets laid out in an orderly fashion". However Bennett changed his warm approval of the project when "to our surprise petitions came to us asking that we should not go forward with the work, because it might interfere with the renting of properties in the

city in question, and stating that the time was not ripe to carry forward a housing project of that character". Bennett also admitted that he was "appalled" at the Bruce Report's suggestion "that the sum of \$12,000,000 would be required to provide proper dwelling houses for a certain class in that community who now live in dwellings that should be condemned, and that this amount would not be self-liquidating".<sup>27</sup>

Aside from T.L. Church and Winnipeg CCF member A.A. Heaps, the members of the housing committee had little previous experience with housing as a political issue. Nonetheless, as they approached the topic with an open mind they were favourably impressed by the detailed findings presented by reform minded housing experts. Typical of their transformation was the view expressed by the committee's chairman, New Brunswick Conservative MP and candy manufacturer, Francis Gagnon, who observed that:

As chairman of the committee I met a good many persons who might be called town planning and housing cranks. I worked with them for two months and at the end of that time was converted. I think rather than cranks they are torch bearers to something that is coming. This housing problem must be faced. We cannot continue to allow thousands of families in this country to live in one room under unsanitary conditions as they are and have been for the last few years.<sup>28</sup>

Until the final day of the hearing, nearly all of the witnesses that testified to the committee affirmed the need for a social housing policy based on the adoption of the principles of British housing legislation to Canadian conditions. The crisis in low rental housing accommodation was stressed by Percy Nobbs, who presented the findings of the Montreal Board of Trade and Civic Improvement League study,

Dr. E.J. Urwick, who headed the University of Toronto Department of Political Economy and presented the evidence of the Bruce Report, Alexander Officer, of the Winnipeg Health Department and Dr. J. Cudmore, Chief of the General Statistics Branch and the editor of the Canada Year Book. Housing inspector, Alexander Officer, was quite frank in his descriptions of the behaviour of speculative builders and those who refashioned older homes for multiple family use. He noted that:

In the case of speculative building we have seen in the past how frequently dwellings have been constructed without due regard to comfort and sanitation. As already stated, in this country much hardship could be avoided, if only our dwellings were built in such a manner as to exclude cold in winter and heat in summer. Even when sufficient precautions have been taken to build a fairly sanitary structure, we are constantly coming across dwellings erected on flimsy foundations of wood, or rough stone, or what is worse, concrete of a doubtful character. In a year or two these so-called foundations get out of level and the buildings which rest on them get out of shape, with a consequent cracking of plaster and buckling of floors, walls, etc. If there is no cellar the plumbing and water pipes become subject to the action of frost. Even where a cellar is provided, unless a furnace is installed, freezing will take place.

The situation was even worse in regards to the provision of low cost rental accommodation. This was done by "the house farmer" who came along and obtained a former commodious residence from "some real estate man at some nominal sum, gets secondhand plumbing and gas stoves of questionable value and puts them in the rooms and puts in families". In such accommodation Officer told the Committee:

Attic rooms only suitable for storage purposes are often found occupied by families. Many of these rooms, having low sloping ceilings and only small gable windows, are scarcely suitable for bedroom use; but when gas stoves are in use they are a menace to health.

There is also the danger that if fire should occur in such premises, families living in attic rooms would be trapped. In addition, they are in danger of asphyxiation from gas fumes, due to defective and improper connections for gas stoves. Many of these stoves are fitted by incompetent persons, and as already stated, often the connections are of rubber tubing. Few attic rooms are fit for family use at any time. In winter time storm sashes are usually screwed on tight, and the inner sashes frozen, so that little daylight and practically no sanitation is available. In summer, these rooms being so close to the roof, are almost insufferably hot.

He stressed that nothing could be done to alleviate these conditions unless a supply of public, low rental housing was provided that would ease the housing shortage in order to give health department officials sufficient leverage to force private landlords to provide better accommodation. The parliamentary housing committee appears to have been quite impressed by this reasoning for in its report it stressed Officer's observation that:

I have not the soul or the conscience to throw these people out, because there is no place for them to go, but as soon as our expectations are fulfilled, and the Dominion Government helps us out with cheap money and we can build places, we will apply pressure and get them out. But there is no use applying pressure now. There is no place for the people to go.

Officer told the committee that Winnipeg needed "a large number probably no less than 2,500 or 2,000 or more homes for the low paid working men." He stressed that this should be accomplished through federal funding of municipal housing projects since "if the money was given to them rather than to real estate men or anybody else they would do a good job, one that the Dominion could look back on and see how well they had accomplished what they had set out to do".<sup>29</sup>

The most comprehensive proposals for a national housing policy

were presented by the National Construction Council. Its evidence was submitted in two parts by five witnesses; including architects W.L. Sommerville and James J. Craig and the Council's President Gordon M. West and its Secretary I. Markus. The Council called for the establishment of a permanent national housing authority that would set minimum standards for existing and new housing, make regulations for the rehabilitation of dwellings that fell below such standards, administer these rehabilitation loans and make loans at rates of interest not exceeding 2.5 per cent for low rental housing. Also the Council urged that private capital be encouraged in home rehabilitation and the construction of houses, through the reduction of risk to private lenders. It was stressed that for any of this federal aid to be given to a locality, comprehensive town planning, extending into suburban and rural districts, should be required.<sup>30</sup>

Craig filed a separate presentation on behalf of the Council's Finance Committee. It called for the federal government to sell \$400 million in government securities to the Bank of Canada. Of this sum, \$120 million (the proportion allocated to slum clearance) would pay interest of 2 per cent, while the remainder (to be used for repairs) would be invested at 2.5 per cent. As municipalities would pay 2.5 per cent for slum clearance and homeowners 5.5 per cent for renovations, the entire project for the construction of 40,000 units of rental housing and the rehabilitation of 90,000 existing houses would be "self-liquidating". This meant no subsidies from general tax revenues would be required.<sup>31</sup> This proposal was typical of the soft money policies advocated by the construction industry and other

petty-bourgeois groups in the period, such as the rising western Social Credit party. The plan attempted to reject socialist sounding proposals for housing subsidies from general tax revenues, in favour of a complicated bond scheme that might have entailed currency devaluation.

Even with such determination to stay within the bonds of market economics, the Council's scheme drew some suspicion from committee members. Liberal MP, Wilfred Hanbury, a lumberman and manufacturer, complained that the Council had failed to produce "some practical and economically sound method by which funds could be provided for rehabilitations". To overcome such reservations the Council prepared more detailed proposals which were presented in the form of a draft federal housing act. Its proposals for rehabilitation now stressed that, "Buildings must be basically fit for use and not in a declining or slum neighbourhood". When Noulan Cauchon suggested that some homes in a slum area might be rehabilitated, Sommerville replied: "Absolutely no; most emphatically no. The whole district has to be cleared out."<sup>32</sup>

Craig stressed that for an effective program of slum clearance public authorities rather than limited dividend companies should be relied upon. He pointed out that "in the United States they found that the federal projects were the ones that were possible to get underway, and that private projects or limited dividend projects did not make an appeal, were not attractive to private enterprise." Detailed proposals for a Mutual Mortgage Insurance Fund, to encourage new private construction, were also presented by the Council to the Committee.<sup>33</sup>

The greatest surprise the parliamentary committee received from the Council's suggestions were for the prevention of premature subdivision on suburban land. To explain this part of the Council's draft legislation, Cauchon pointed out that at present municipalities were powerless to prevent scattered development unless it was located, "... down in a swamp that is undrainable or away up in a hill where the city can't furnish a water supply without extra cost." Two committee members themselves admitted to having been badly burned by their participation in land speculation on the urban fringe. Calgary Conservative MP George Stanley observed with a touch of irony that, "Our western cities have that beaten; all properties of that kind have reverted to the city for arrears in taxes."<sup>34</sup> The committee was evidently favourably impressed by the Council's report as it tendered a special "vote of thanks for the splendid evidence submitted" by the Construction Council.<sup>35</sup>

Noulan Cauchon served as an unpaid advisor to the committee and had shared in the growing radicalization within the planning profession in its understanding of housing ills. Cauchon told the committee that "with working men if you exceed roughly 20 per cent of his income he is going to skimp on something else. He had only got so much money and if he takes off more for his rental than represents a reasonable proportion he is going to have to cut down on food and clothing for himself and his family -- there are no two ways about it."<sup>36</sup>

The committee observed that every country in Europe and North America, had "either a housing policy or has initiated one", except Canada. It called for the creation of a national housing authority,

which would lend at "the lowest possible rate of interest" to provinces, municipalities, societies and corporations, for low cost housing and repairs. It could also directly undertake its own housing projects.<sup>37</sup>

The committee's failure to spell out the interest rate at which money would be lent points to a fundamental debate in its deliberations. Noulan Cauchon estimated that a 3.5 per cent interest rate (the amount the federal government borrowed at) was low enough, when lent to municipal authorities and limited dividend companies, to secure adequate and affordable accommodation to low income families. In a response to a question from A.A. Heaps, Cauchon admitted that rates of one or 2.5 per cent would produce housing that "would be so much better". He pointed out to the committee that when the government of Vienna was faced after the world war with a housing shortage it had:

immediately executed a capital levy, and they built houses for those who had no capital. When I was last in Vienna in 1931, 11 percent of the population of that country was living in municipally owned houses, and they were paying hardly any rent. The rental they were paying was barely sufficient for the taxes and upkeep. They were not paying rent in the ordinary sense, because the money had not been borrowed. They simply took it from the people who had it by that simple process. Now, you read in the magazines that their buildings are magnificent, and they are magnificent. You could build magnificent houses also, if you could take the money out of somebody else's pocket.<sup>38</sup>

The conflict at the committee's hearing over the issue of housing finance was stressed by Colin McKay who covered its testimony for the Canadian Unionist. McKay observed that when the public housing question arose:

the inquiry halted, turned aside, or turned backward. Some witnesses balked at attempts to explore the possibilities of public financing of new housing. And even those who admitted the necessity of public action to deal with the worst features of the housing problem were troubled by that necessity. "Public action, yes. But it will probably mean a heavier financial burden, more taxes".

McKay believed that the hearings demonstrated that the "fetish of finance" amounted to a taboo condemning civilized man to suffer from "poverty in the midst of plenty". McKay further noted that:

the statesmanship which balks at the problem of financing of war on poverty nevertheless finds ways to finance preparation for a bigger, if not better war of destruction of human life. One might think the ruling classes were insane.<sup>39</sup>

However, the conflicts over finance expressed by Cauchon, Heaps and the labour observers of the committee's proceedings were mild in comparison with the great gulf between all these parties and the conservative views of the Deputy Minister of Finance W.C. Clark, Prime Minister Bennett, and the nation's leading residential mortgage lenders. The division was apparent in the contrast between the report of the parliamentary committee and the final Dominion Housing Act which, quipped A.A. Heaps, was no more like the committee's report than "a pig resembled pig iron".<sup>40</sup> The views of Clark and the mortgage corporations were made known to the committee on the last day of its hearings.

D'Arcy Leonard was the first speaker and his Dominion Mortgage Investment Association represented, according to his testimony, "most of the mortgage companies in Canada, most of the trust companies -- the Canadian Life Insurance Companies". Leonard estimated that these organizations had paid up capital of \$60 million and would have at

least \$25 million, "which they would like to get out now on new construction in Canada".<sup>41</sup>

When Calgary Conservative MP George Stanley asked Leonard if he had a concrete proposal in connection with desired government housing policies, Leonard stressed, "I do not think that it could be said that we have a concrete proposal in connection with desired government housing policies". Leonard admitted, "I do not think that it could be said that we have a concrete proposition. We can just put before you that we have this money." The companies' difficulty was the lack of suitable borrowers. Leonard noted that, "The problem to-day, as a matter of fact, is to get our money out". He pointed out that his companies were prohibited by law from lending more than 60 percent of the value of a house and that, "there are not many people who can put up the difference between 60 percent and 100 percent". In response to questioning from the Committee's Chairman, Leonard indicated that if government put up another twenty per cent (as was later done in the 1935 legislation) the amount of building would undoubtedly increase.<sup>42</sup> Leonard indicated that his companies would not want to go beyond 60 per cent even if permitted to do so by law unless economic conditions improved and "you had a strong covenant, you had proper supervision, you had good construction, economic management, a monthly payment plan, provision for taxes, and the legislation was cleaned up". Leonard, like Clark, expressed a desire for large housing corporations in order to lend on a higher percentage basis. He indicated that, "if the government can see any way towards the organization of companies which would be soundly managed, and arrange in some way for junior

financing, certainly there is no question that we would, I think, be willing to assist".<sup>43</sup>

In response to questioning by Noulan Cauchon, Leonard revealed his association's hostility to public, subsidized low rental housing projects. Leonard believed that "the construction of a certain number of houses of that class if they did not remove other houses where the rent is being paid and which are overcrowded or uninhabitable, really --...Practically slums -- would have the effect of bringing down rental values on the next class of houses and you might say above it; and thereby affect the rental values generally and affect them on the class of security on which we would be lending, which would be a workman's house where he was able to pay a rental based on the actual cost". Leonard predicted that public low rental housing, unless it was restricted to replacing demolished slums would bring down the rental structure throughout the next several classes.<sup>44</sup>

W.C. Clark's presentation shared Leonard's private enterprise approach. Clark told the committee that he started from "two general principles". The first was that "It would be wise to avoid any hasty commitments in regard to the most difficult and the most complicated aspects of housing: for instance the problem of slum clearance". Clark recommended that "some appropriate body" study these issues further and added, "I would not jump into it overnight". Secondly, Clark stressed:

that we should concentrate essentially on the immediate emergency problem of using housing as a stimulant to business recovery and as an absorber of unemployment; and I would suggest there that we should try to make the federal dollar go as far as possible in stimulating business recovery.<sup>45</sup>

Clark called for federal aid in the formation of housing corporations to produce housing on both an ownership and rental basis. The federal government would finance these corporations through the purchase of their preferred shares, while common stock would be purchased by any parties interested in receiving a dividend limited to six per cent. Clark stressed the need for government to provide the junior money for such housing corporations since "as Mr. Leonard told you the most difficult thing to get is the junior money, the junior mortgage money; it is practically impossible to obtain it from private sources". Officials of any private lending agency which purchased the company's first mortgage debentures would be responsible for inspections to insure that, "the appraisal put on a specific property is a sound appraisal, that the construction costs are not unduly padded, and that the money was paid out in accordance with the usual safeguards". Clark stressed that this scheme would "make use of private lending agencies instead of driving them out of business". It would assure "the carrying out of the program on a sound and business like basis". Clark also proposed that the federal government, as an alternative scheme, set up an insurance corporation to guarantee the last twenty per cent of an eighty per cent mortgage.<sup>46</sup>

Clark's views were unaltered by the parliamentary committee's conclusions as can be seen in an exchange of correspondence he undertook with consulting architect F.W. Nicolls, whom he would later appoint to head the National Housing Administration branch of the Department of Finance. Nicolls viewed Clark's scheme for limited dividend housing as unworkable. Investors were given too low a rate of

return for investment in it to be attractive, and its interest rates of five to five and a half percent were too high to build quality low rental housing.<sup>47</sup> In response to such criticisms Clark emphasized the burdens of an extensive low rental housing scheme on the federal treasury. In addition to such fiscal conservatism was Clark's desire to leave mortgage lending to private business. He told Nicolls that it was important that loans be made by private financial companies at rates of five to five and one half per cent because of the "undesirability of pushing government competition with private institutions beyond reasonable limits".<sup>48</sup>

The housing committee presented its recommendations to parliament on April 16, 1935. It stressed that national housing policies should be based on the principle "that the provision of a minimum standard house for every family in the country should be adopted as a national responsibility".<sup>49</sup> Its recommendation for a national housing authority building its own projects and lending federal funds, in essence, supported the federal subsidization for municipal low rental projects. This was recommended in the Bruce report and earlier had "appalled" Bennett.

The time between April 16 and June 24, 1935, when the DHA was introduced to the House, saw Bennett's government evolve pioneering Canadian housing legislation on the basis of the best deal that could be achieved between itself and the Dominion Mortgage and Investment Association. On May 8, 1935, Leonard told Clark that his association had "been working steadily in the past three weeks endeavouring to work out a plan whereby the lending institutions might co-operate with the

government in a housing scheme". He predicted that "within the next few days we may have something in the nature of a concrete proposition which would be very practical and fairly simple".<sup>50</sup> The secret meetings and unpublished exchanges of letters and cables between Leonard and Clark were in marked contrast to the open hearings of the parliamentary committee.

Even greater in contrast were the views on housing, town-planning and urban and urban development held by Clark, a former Vice-President of the American real estate investment firm, S.W. Straus and Company, and Noulan Cauchon, unpaid advisor to the parliamentary housing committee. A founder of the Canadian planning profession, Cauchon's conflict with Clark, is epitomized in their differing views on one noted symbol of American capitalism, the skyscraper. Cauchon took the view that Leonardo da Vinci's observation that buildings should be no higher than the width of the street facing them, to be "a very good approximation for access of sunshine and air, traffic adequacy and the freedom from foreshortening if one is to enjoy aesthetic appreciation of the building itself".<sup>51</sup> On the other hand, Clark, in a work published by the American Institute of Steel Construction, wrote that the best indicator of the optimal height of a building was the maximization of the structure's profitability to its owner. Clark calculated this to be 63 storeys, given the state of existing technology, and stressed "the higher the land value, the higher is the economic height". He stated that height limitations from eight to 20 storeys would result in disastrous consequences since "the whole economic fabric of society is built to an important degree upon current

values of city property".<sup>52</sup> Clark saw even greater benefits from the skyscraper's future development on large plots covering an entire city block. He predicted that "as large development becomes typical, ownership will be in more responsible hands and, therefore, a more scientific determination of supply and demand conditions will be made before each new development is begun". Clark took such logic to an extreme. He advocated the "self-contained city, accommodating many thousand people, carrying out practically all their activities in a single structure...the most profoundly efficient and adequate conception of gigantic size ever created by man".<sup>53</sup>

Unlike Cauchon's views, Clark's were in harmony with those powerful realty and financial interests concerned with maximizing the capitalization of land. Clark envisioned large-scale corporate ownership of urban land, giant skyscrapers linked to city arterials by special express runways and joined together by elevated sidewalk arcades. Such a technocratic vision that almost parodies the most lurid nightmares of a dehumanized, mechanistic megalopolis was not eccentric, but reflected the best work of other experts whose work did not seek to challenge the status quo of the property industry. Clark approved of Thomas Adams' Regional Plan of New York's call for expressways, bridges and tunnels which Robert Moses would later transform from paper to concrete. He also favoured the work of Miller McClintock who envisaged four-level streets, one direction, seven-lane highways and expressways linking quarter mile skyscrapers topped with airports.<sup>54</sup> Moses, Clark and McClintock were all men of definite views with profound imagination and energy, but the realization of

their dreams was made possible by the complimentary role it served to business interests that sought higher returns from urban land.

Clark's housing theories were also influenced by his hostility to deficit financing as a recession cure, despite his reputation of the father of Canadian Keynesianism. As bitterly predicted by the All Canadian Congress of Labour's Canadian Unionist, deficit financing would not be applied until dictated by the requirements of war.<sup>55</sup> Clark had formulated his views on the role of government spending in counteracting recessions in a paper given to the International Association of Public Employment Services. Clark advocated the "deliberate and more far-sighted planning" of public capital work projects, which would be adjusted to the business cycle. Capital works would be postponed deliberately during prosperity so as to avoid competition with business; during recessions capital works would be expanded. However, Clark stressed that he did not "wish to be quoted as advocating the expenditure of large sums of money in construction of public works for the relief of unemployment". Rather he was simply "advocating the expenditure of forethought".<sup>56</sup> Clark's views on the role of government spending were shared by the Canadian financial elite. In a 1930 speech, Sir John Aird, President of the Bank of Commerce, called for both balanced budgets and the careful planning of public works to counter recessions. Similarly Clark, in a December 1931 speech to the Professional Institute of the Civil Service in Canada, warned that:

As citizens of local municipalities let us take to heart the warnings and good advice recently tendered by the Canadian Bankers' Association to exorcise administrative waste and reduce borrowings to the minimum.<sup>57</sup>

Clark's fiscal views played an important part in the making of the DHA. This is evident in an exchange of letters written in April, 1935. Nicolls urged Clark to prepare an ambitious low rental housing effort. He believed that further study was unwarranted since other nations had been involved since 1920 and that during this time "every conceivable question has arisen, and there is no reason to think that Canada would require different solutions to be found". Nicolls saw the depression period as an ideal time for a low cost housing program as the required data was available and labour plentiful. He told Clark if something was not done before the return of prosperity the nation would "be faced with such a shortage and a demand that will send rents soaring, thereby causing certain classes of people to dwell in worse slum conditions". Clark's response was that:

In view of the very high financial burdens upon the Dominion exchequer I tried to develop a plan which would make the federal dollar or federal guarantee do as much as possible. It might be desirable from many points of view to develop some grandiose projects for the use of very large amounts of Dominion funds or credit, but a practical appreciation of the financial burdens we already bear make one pause in considering such schemes.<sup>58</sup>

The negotiations between Leonard and Clark regarding the DHA continued until almost the day the bill was introduced. In one memo written before the bill was drafted, T. D'Arcy Leonard wrote that:

We believe that the soundest housing scheme would be one that would enable the existing mortgage lending institutions to lend up to eighty percent on approved new houses, in approved locations, to be built for home owners...If approved, a loan up to an amount of eighty percent of the value of the property would be made by a lending institution, of which sixty percent would be supplied by the institution and twenty percent by the government. The government's contribution would be in

the form of a cheque handled by the lending institution so that the borrower would have only the one organization to deal with himself.<sup>59</sup>

This recommendation was to be identical to the actual Dominion Housing Act. The only subsequent modification came at the behest of Leonard in a letter of June 21, 1935, just three days prior to the introduction of the Dominion Housing Act. An earlier draft of the DHA provided the federal twenty per cent share of a loan only if lending institutions put up a full sixty per cent share so that the mortgage would amount to a full eighty per cent. Leonard argued that in some localities such as Montreal, it was customary for lending companies only to lend fifty per cent. Consequently line six of section five of the act was changed from "equal to", to "an amount up to", eighty per cent of "the cost of construction of a house or its appraised value, whichever is the lesser". Leonard also warned the government that:

In view of the fact that the only method in which the Dominion Government proposes to advance money for housing is through the lending institutions, I think I should point out that there are localities in Canada where our institutions do not operate and others where they would not recommend loaning. I would like to make this clear at the outset so that it will be well understood that the measure may not be capable of general application, and as the institutions will require to be satisfied before approving loans, there will be many individuals and localities that will not receive their approval.<sup>60</sup>

Despite such reservations, Leonard was so pleased with the DHA that he sent a cable praising it to be read out in the parliamentary debate on the measure. Since the cable noted that "the entire joint mortgage will be protected against provincial moratoria" (legislation against mortgage foreclosures), Clark decided it could not be used in debate since it would raise "a long discussion on a difficult technical

subject". Telegrams of support were however read out by the minister introducing the Act, Sir George Perley, from Mutual Life of Canada and the North American Life Insurance Company.<sup>61</sup>

The Dominion Housing Act did introduce some rather revolutionary innovations into the mortgage market of the type recommended by the Canadian Construction Association in 1921. Previously mortgages had been short-term loans of five years with no vested right of renewal and with annual or semi-annual payments, which meant that foreclosure often resulted from the inability of borrowers to come up with substantial sums. The twenty year, eighty per cent mortgage at five per cent interest rate did represent a major gain for homebuilders and buyers. These gains were achieved through great generosity to the lending institutions. To achieve a five per cent rate of interest the government portion was made at three per cent; a subsidized rate interest as the government itself paid three and one-half percent to borrow money. Lending companies lent their portion at their usual rate of five and two-thirds per cent. In areas where interest rates were higher the mortgage companies tended not to accept applications for loans.<sup>62</sup>

The National Construction Council complained bitterly about the inadequacy of the legislation. One member noted that ninety per cent of Canadians had incomes of less than \$1,500 per year and consequently could not afford even the minimum cost of houses that could be financed through the legislation. For this ninety per cent of Canadians, the DHA only offered the possibility of further study into the matter of low income housing by a yet to be formed Economic Council of Canada.<sup>63</sup>

Bennett did consider the recommendations of his executive assistant, R.K. Finlayson, to appoint a Housing Sub-committee of the Economic Council of Canada. Finlayson's proposed list of names was very representative of the interest groups concerned with low income housing. It was comprised of the President of the All Canadian Labour Congress, A.R. Mosher; Noulan Cauchon; Toronto alderwoman and housing reformer, Mrs. A. Plumptre; Ontario farm and co-operative movement leader, W.C. Good; Dominion Statistician, H.F. Greenway; Percy Nobbs; J.C. Reilly; the Engineering Institute of Canada's H.H. Vaughan; President of the Royal Architectural Institute of Canada, W.S. Maxwell; Toronto Housing Corporation pioneer, G. Frank Beer and W.C. Clark.<sup>64</sup> Clark's name headed the proposed list of appointees as the committee's financial expert. Clearly his views on housing would have set him in diametrical opposition to every member of the committee except Beer, whose inclusion appears like a throwback to another era. Such a possibility may have influenced Bennett's decision to appoint neither an Economic Council nor a Housing Sub-Committee. This was a significant decision for the promise of an Economic Council for national planning was accented in the New Deal legislation.<sup>65</sup>

As the Canadian Unionist pointed out, the strongest opposition to the DHA in the parliamentary debate on the measure, "came from the Labourites and the United Farmers". Apart from A.A. Heaps, the most caustic CCF critic of the bill was William Irvine. He described it as "merely a shot in the arm of the capitalist system", giving only "ten grains of pep, not enough to raise the arm or furnish a single kick". Irvine called for a \$300 million housing program in which loans

would be repaid to the government according to the rate at which the accommodation construction by such funds deteriorated.<sup>65</sup> H.H. Stevens, now Reconstruction party leader, argued that even after the government's Economic Council had decided what was the best solution for low income groups, the DHA made no provision for acting on their recommendations.<sup>66</sup> The Liberals were divided in their position on the DHA. One Liberal member of the parliamentary committee, Wilfred Hanbury, in effect, repudiated his earlier position when the DHA received first reading on June 18. In taking this position Hanbury stressed that "the function of any government, as outlined in Dr. Clark's evidence, is to avoid the socialization" suggested by the parliamentary committee's housing experts. Further following Clark, Hanbury added, that if "insurance and loan companies" were "left in charge of this affair" there would be "no fear that our money would not be properly spent". Hanbury's concerns were shared by former Liberal Revenue Minister George Euler, who felt the DHA was not sufficiently generous to lending companies.<sup>67</sup> In contrast, Liberal back bencher and member of the parliamentary housing committee, R.W. Gray, decried the weakness of the legislation and charged that:

this scheme is launched by reason the fear of the lending companies that unless they come forward with some suggestion, the government will introduce state aid legislation that will materially affect such companies.<sup>68</sup>

The challenge of the Reconstruction party in the 1935 election not only reflected populist discontent with the absence of trust busting zeal in the Bennett New Deal, but it also brought a critique by claiming that Bennett's housing policies served big business and

financial institutions. The Reconstruction housing platform called for the sale of self-amortized bonds guaranteed by the Dominion Government in the event of the failure of lending companies to use their "reservoir of capital" for a national housing plan. This was similar in spirit to the housing program presented by the Canadian Construction Association to the special parliamentary committee. The platform also displayed its antagonism to finance capital by calling for mortgages to be restricted to a six per cent interest ceiling.<sup>69</sup> This program illustrates how the increased social consciousness that created the League for Social Reconstruction of the CCF among professionals, was broadly shared among important middle class groups in the depression era. The CCA's positions on social housing were basically similar to those advocated by the CCF. Stevens, during the campaign, severely criticized the DHA, describing it as a "bill for the relief and protection of trust, loan, mortgage and insurance companies". With insight, Stevens noted deficiencies like the concentration of mortgage lending under the act's operations to the major urban centres in central Canada and like the generosity of its provisions to private lenders. In response, Minister of Finance Edgar Rhodes replied that the fact that only eleven firms had participated in the DHA was a sign of how the legislation had "carefully protected the interests of the public and government".<sup>70</sup>

### A Slow Start:

#### The Limited Impact of the DHA

Both the limited participation of lending institutions stressed by Rhodes and the regional variations deplored by Stevens, stemmed from hostility of lending institutions to certain features of the act. Although larger mortgage companies like Sun Life saw the innovative features of the DHA as helpfully serving to stimulate depressed mortgage markets, many other firms did not. Lending institutions' support for the DHA tended to correspond with its impact on the interest rate structure in the communities in which they did business. Even enthusiastic firms such as Sun Life would not apply the act in areas in which it was felt the five and one half per cent combined interest would lower their rate of return. In the July 1935 negotiations with lending institutions over the regulations set under the housing act, the companies pressed for a differentiation in the DHA interest rate in various parts of Canada. Areas considered to be of high risk, or costly to service, such as the prairies and northern Canada, would be charged higher rates of interest under the joint-loan scheme, than Toronto and Montreal. Clark replied that such a geographical variance "was politically impossible". In response, as David Mansur, Inspector of Mortgages for Sun Life recalled, the lending institutions indicated that under the uniform five and one half per cent interest rate "very few loans would be made in areas which are residentially as hazardous as northern Ontario".<sup>71</sup>

With even lending institutions that drafted the DHA being

lukewarm, the political benefits to Bennett accruing from the DHA in the 1935 election were small indeed. The major supporters of the legislation were not the mortgage lenders who largely drafted it out of a desire to avoid less palatable measures. The most enthusiastic group for the DHA were building suppliers, especially retail lumber dealers. Indeed this group would prove to be one of the strongest supporters of the joint-loan package during its entire life. However, even among one major beneficiary of the scheme, middle class aspirants to home ownership, reception to the legislation was cool. Disappointment was the impression that the newly appointed housing act administrator, F.W. Nichols, received from persons visiting the DHA publicity booth during the CNE from August 25 to September 12, 1935. Some of this reaction came from lending institutions. Nicolls told Clark how:

Many spoke of open hostility on the part of loan company officials, a hostility exemplified even in the manner with which they received applicants for Housing Act loans. I heard stories of officials who openly stated that they disliked the Housing Act, giving such reasons as "the excessive amount of red-tape," the fact that it meant tying up their money for ten or more years, the clerical work involved in the monthly payments, etc.<sup>72</sup>

As a result of the high handedness of lending companies administering it, the DHA became unpopular among prospective middle class homebuyers. Nichols found that "considerable damage" had been done to the Act by lending institutions "not giving the applicant a satisfactory--or indeed any reason, for the refusal". Even more inflammatory were lending institutions declining to lend in certain districts under any circumstances. Nicolls told Clark that while he understood reasons given for "black-balling certain areas",

"considerable injustice" had been done, where:

the security seemed to be quite adequate, the only obstacle being that the applicant proposed to build in one of the rejected areas. I would like to stress the importance of this particular group. Respectable and sincere, and seemingly with financial standing, they are embittered at their failure to obtain a loan, and easily convince others that the Dominion Government, in the words of one of them, "is humbugging the public with the Housing Act".<sup>73</sup>

The most insightful assessment of the origins and limitations of the DHA was provided in 1936 by David Mansur. An important person in the implementation of the DHA through his work in Sun Life, Mansur was also an influential advisor to W.C. Clark and would later be the first President of the Central Mortgage and Housing Corporation. Mansur in private correspondence wrote that the DHA had been undertaken primarily for two reasons. Firstly, to "answer the popular demand for governmental aid in housing", that was created by the parliamentary committee. The secondary reason was to "prime the pump in connection with the building trade". Particular care was taken not to be "injurious to the business of the lending companies". On August 6, 1936, Mansur told Canadian Industries President and National Employment Commission Chairman, Arthur Purvis, that at the time the DHA was drafted:

the Department of Finance through the agency of Dr. Clarke showed every co-operation and reasonableness to meet the demands and wishes of the lending company. He was assured by the Dominion Mortgage and Investments Association that he would have the co-operation of their members and with this in view he made many concessions which in the original instance he did not wish to make.

Despite such assurances, Mansur found the "attitude of all the lending companies with the exception of four or five, has been to throttle the

Act but to keep it in operation so that no other measure of more disastrous character can be brought into force". Indeed many companies signed agreements to participate under DHA having "no intention of making a loan under the Act, believing that acquiescence to the Government is necessary to keep the Government from direct lending". One Montreal Trust company registered under DHA to encourage more people to apply for loans with their firm, so that these potential customers could be used for loans "directly by them without the aid of the Act". Prospective borrowers were told unfavourable features of the DHA, with the result that in Montreal the Act received a reputation "of being very cumbersome". Sun Life was even attacked by the "propaganda" of companies hostile to the DHA. Despite the fact that such a move would mean less business for his company, Mansur felt the attitude of most mortgage companies would justify the government going into direct lending.<sup>74</sup>

Mansur also illustrated how the DHA benefited only an affluent minority, for whom he believed the Act was "never intended". Of 100 Sun Life DHA loans only three were for homes valued from between \$3,000 and \$4,000. It was "generally accepted" that in major cities, homes for the average family size of four or five persons could not be built for amounts below \$3,500. Yet based on all mortgage companies' principles that "a man should not own a house which costs more than 2 1/2 times his salary", Mansur concluded that "practically the whole population earning less than \$1,500 a year will be not considered for loans under the Act". They were simply viewed by lenders as too high a risk for the minimum cost \$3,500 value home. This conclusion was

significant, considering the 1931 census revealed that eighty per cent of male Canadian employees earned less than \$1,450. While family income would be the higher, Mansur's comments point out that it was the income of the home buyer that was considered when mortgage lending decisions were made. Mansur further showed how the nation's industrial and wage workers were denied the benefits of DHA, by illustrating how entire working class communities were regarded as "undesirable districts" for mortgage lending. In Montreal almost all Sun Life's lending was in middle class areas such as Westmount and Mont Royal ward. Only "one or two loans" were made in the entire east end of Montreal.<sup>75</sup>

Clark's response to Mansur's critique further indicates how the benefits of the DHA were reserved for the wealthy and how the legislation was devoid of social purpose. Clark did not dispute Mansur's contention that the DHA was designed in response to the parliamentary committee's call for a social housing program and that most lending institutions supported it only to preclude such radical measures being implemented. What he challenged was Mansur's contention that the DHA was not intended originally for a wealthy elite. Instead he pointed out that all the government wanted was "to encourage building". This objective could be met "more effectively", in Clark's view, by "the building of high cost houses...than the building of low cost houses". Clark also differed with Mansur's request to Purvis that more publicity be given to the DHA. He noted that:

Frankly, the reason that we have not engaged in any widespread publicity campaign was the fact that it would have done more harm than good to have stirred up widespread public demand for Housing Act loans if the

mortgage companies were not willing to co-operate. The "neck of the bottle" has been not the public demand for Housing Act loans but the co-operation of the lending institutions.<sup>76</sup>

Clark's own words indicate how the government had become a virtual prisoner of lending institutions in its setting of housing policy. It could not engage in an advertising campaign promoting its legislation out of fear of alienating the institutions relied upon to implement its housing program. His efforts to co-operate with financial institutions brought meager results save for the defeat of more far reaching measures. Thus Canada's initial housing legislation was almost a caricature of the inequities of Canadian society; its benefits going mainly to the rich and middle class, even when supported with public funds and wrapped with rhetoric of helping improve the conditions of the underprivileged. The supreme irony in this pattern is that the DHA emerged out of demands to improve the housing conditions of the worst housed; the demands came from a broad coalition involving large construction corporations and allied industries, a variety of middle class reformers and both industrial and craft unions. Their efforts to create a social housing policy in Canada only served to create a pattern of government intervention geared to the private market.

## FOOTNOTES TO CHAPTER FOUR

- 1) Citizens' Committee on Housing, Housing in Halifax (Halifax: City Board of Health, 1932), Department of Labour papers, RG27, Vol. 3357, File 11, pp. 3-6, passim.
- 2) Citizens' Committee on Housing, op.cit., pp. 16-18, 29-47.
- 3) Ibid., pp. 3, 52-75.
- 4) Ibid., 23-25.
- 5) Ibid., p. 25.
- 6) Ibid., pp. 26, 27.
- 7) Percy Nobbs, "President's Message" Journal of the Royal Architectural Institute of Canada 9 (1932): 3; Percy Nobbs, "Speculative Builders, Loan Companies and the Architects" Journal of the Royal Architectural Institute of Canada 9 1932; 4; Gordon M. West, "There is Work To Be Done" Journal of the Royal Architectural Institute of Canada 9 (1932): 239.
- 8) "Plan to Revive the Construction Industry" Journal of the Royal Architectural of Canada 9 (1932): 256; "Component Parts of Construction Council Organize Permanent Council", Journal of the Royal Architectural Institute of Canada 10 (1933), 96; James H. Craig, "What Can Be Learned from State Housing in Great Britain and the United States?" Journal of the Royal Architectural Institute of Canada 11 (1935), 79-81; "National Survey of Housing Needs Planned" Canadian Engineer (1935), 13; "A Plan to Revive the Construction Industry" Journal of the Royal Architectural Institute of Canada 10 (1933), 25-2; Walter Van Nus, The Plan Makers and the City: Architects, Engineers, Surveyors and Urban Planning in Canada, 1890-1939. (Ph.D. thesis, University of Toronto, 1975), pp. 125, 126.
- 9) Parliamentary Committee on Housing, Minutes of Proceedings and Evidence of Special Committee on Housing. (Ottawa: King's Printer, 1935), pp. 103, 104, 105.
- 10) Bessie E. Touzel, "Housing Conditions in the Capital" Canadian Welfare (1935), 49, 50.
- 11) Montreal Board of Trade, Civic Improvement League, A Report on Housing and Slum Clearance for Montreal. (Montreal: Montreal Board of Trade, 1935), Public Archives of Canada, Record Group 19, Department of Finance Papers, RG 19, Vol. 706, File 203-1A, pp. 5, 21, 22.

- 12) Ibid., pp. 5, 21, 22.
- 13) Ibid., p. 13.
- 14) Ibid., pp. 7, 29-34.
- 15) Ibid., pp. 23, 24.
- 16) Ibid., pp. 34, 35.
- 17) Harold F. Greenway, Housing in Canada (Ottawa: Dominion Bureau of Statistics, 1941), pp. 35, 36.
- 18) James I. Craig, "Proposed Low Cost Housing Development for the City of Winnipeg" Journal of the Royal Architectural Institute of Canada II (1934): 109-112; Harold E. Greenway, Housing in Canada (Ottawa: Dominion Bureau of Statistics, 1941), pp. 35, 36.
- 19) Van Nus, op.cit., pp. 130, 131; Press Clipping Winnipeg Free Press March 19, 1937, Public Archives of Canada, RG 27, Vol. 3380, File 17.
- 20) Report of the Lieutenant-Governor's Committee on Housing Conditions in Toronto (Toronto: Toronto Board of Control, 1934), pp. 13-22, 37-44.
- 21) Ibid., pp. 73-76, 94-112.
- 22) Ibid., p. 121.
- 23) Letter from R.B. Bennett to Herbert A. Bruce, February 2, 1935, Public Archives of Canada, Bennett Papers, Housing, No. 399, p. 499837.  
Finkel, op.cit., pp. 78, 135, 141; J.R.H. Wilbur, The Bennett New Deal: Fraud or Portent (Toronto: Copp Clark, 1968), pp. 80-90.
- 24) Pigott, op.cit., pp. 23-25; Wilbur, 113-148; Finkel, op.cit., pp. 100-103.
- 25) Stevens protested repressive measures against the unemployed and the relief camps at the time of his break with Bennett. This was coupled with a call for an extensive public works program, and an expansive housing policy. Writing to Vancouver Mayor G.S. McGeer at the time of his break with Bennett, Stevens stressed, in regards to housing, the need for "loosening up of credit by those private organizations which control the credit of our country today". He also urged McGeer to undertake a housing survey of Vancouver, in anticipation of a low rental housing project. Stevens to Sir George Perley, April 30, 1935; Stevens to G.S. McGeer, May 23, 1935; PAC King Papers, MG 26, J1. Vol. 207.
- 26) House of Commons Debates, 1935, 1: 153-162.

- 27) Ibid., 1: 168-171.
- 28) House of Commons Debates, 1935, 4: 3930.
- 29) Parliamentary Committee on Housing, op.cit., pp. 170-181, 364.
- 30) Ibid., pp. 94-103.
- 31) Ibid., pp. 110-132.
- 32) Ibid., p. 135.
- 33) Ibid., pp. 292-325.
- 34) Ibid., pp. 292-325.
- 35) Ibid., pp. 326, 327.
- 36) Ibid., p. 364.
- 37) Ibid., p. 374.
- 38) Ibid., pp. 24, 25.
- 39) Colin McKay "What's Holding Housing Back?", Canadian Unionist 9 (1935): pp. 11, 12.
- 40) House of Commons Debates, 1935, 4: 3949.
- 41) Parliamentary Committee on Housing, op.cit., pp. 334, 335.
- 42) Ibid., pp. 347, 348.
- 43) Ibid., p. 349.
- 44) Ibid., p. 351.
- 45) Ibid., p. 354.
- 46) Ibid., pp. 354, 357.
- 47) Letter April 9, 1935 from F.W. Nicolls to W.H. Yates,  
Letter April 13, 1935, W.C. Clark to F.W. Nicolls,  
Letter April 16, 1935, Nicolls to Clark, all in Public Archives  
of Canada, Finance Department Papers, PAC, RG 19, Vol. 710, File  
203-1A to 25.
- 48) Parliamentary Housing Committee, op.cit., pp. 354, 357.
- 49) Ibid., p. 374.
- 50) Letter from T. D'Arcy Leonard to W.C. Clark, May 8, 1935, PAC, RG  
19, Vol. 705, File 203-1A.

- 51) Noulan Cauchon, "Urbanism-Whither", Journal of the Royal Architectural Institute of Canada, 11 (1935), 99.
- 52) W.C. Clark and J.L. Kingston  
The Skyscraper a Study in the Economic Height of Modern Office Buildings, (New York: American Institute of Steel Construction, 1930) pp. 4, 31.
- 53) Ibid., pp. 32-35, 68-74, 150, 151, 81, 82, 127.
- 54) Ibid., pp. 81, 82, 139-143.
- 55) Colin McKay "What's Holding Housing Back?" Canadian Unionist 9 (1935): 11,12. McKay suggested that one "might think the ruling classes were insane" for refusing to finance the "war on poverty" while being able to find "ways to finance preparation for a bigger, if not better war of destruction of human life".
- 56) W.C. Clark, "Regularization of National Demand for Labour by Government Employment", Paper given to International Association of Public Employment Services, PAC, RG 19, Vol. 3993 passim. These views are particularly significant in view of the conventional presentation of Clark as the introducer of Keynesianism, i.e. John Porter, The Vertical Mosaic (Toronto: University of Toronto Press, 1955) pp. 452-8.
- 57) Finkel, op.cit., p. 101; W.C. Clark "What's Wrong With Us", Address to the Professional Institute of the Civil Service of Canada, December 1931, PAC, RG 19, Vol. 3993.
- 58) "Letter from W.C. Clark to F.W. Nicolls", April 13, 1935, PAC RG 19, Vol. 710, File 203-1A-1 to 25.
- 59) House of Commons Debates, 1935.
- 60) Letter from T. D'Arcy Leonard to W.C. Clark, June 2, 1935; PAC; RG 19, Vol. 705, File 203-1A, 4: 3947-3948.
- 61) Cable from D'Arcy Leonard to W.C. Clark, June 25, 1935;  
Cable from W.C. Clark to D'Arcy Leonard, June 26, 1935;  
File 203-1A; House of Commons Debates, 1935, 4: 3771-3773.
- 62) H. Woodward, Canadian Mortgages (Don Mills: Collins, 1959), pp. 8-11.
- 63) Copy of Letter to J. Clark Reilly, June 27, 1935, PAC, RG 19, Vol. 711, File 203-1L.
- 64) "Committee on Housing" PAC, Bennett Papers, Finance, p. 525484.
- 65) Colin McKay "The Housing Shortage" Canadian Unionist 9 (1935), 139; House of Commons Debates, 1935, 4: 3928, 3929.

- 66) Ibid., pp. 3771-3773, 3948.
- 67) Ibid., p. 3947.
- 68) Ibid.,
- 69) Richard Wilbur, H.H. Stevens (Toronto: University of Toronto Press, 1977), pp. 184, 185.
- 70) Press Release, PAC, RG 19, Vol. 710
- 71) Letter July 6, 1937. D.B. Mansur to W.C. Clark, PAC, RG 19, Vol. 710, File 203-1A,, 51 to 100, p. 4.
- 72) Memorandum on Dominion Housing Act Booth, RG 19, Vol. 706, File 203-1A.
- 73) Ibid.
- 74) Memorandum from David B. Mansur to Arthur Purvis re Dominion Housing Act-1935, PAC, RG 19, Vol. 711, File 203-2L. Mansur's memorandum to Purvis is highly significant for it was written in a candid manner, with enormous experience in both dealing with the federal government and the mortgage market. Mansur clearly described how the DHA benefitted only a wealthy suburban elite that amounted to only 20 per cent of households in major metropolitan centers. He had little faith in cost saving architectural designs to alter this basic situation, as he felt DHA's own minimum standards were such to prohibit low cost housing; a point which Clark refused to concede. Mansur's recommendation in this memo that experienced mortgage men be released by their companies to examine the faults in DHA was not followed up; the firms were simply not sufficiently enthused about the joint-loan scheme to make such a constructive effort. He also vividly grasped the lack of any social purpose in the DHA, noting that "although the act has a reputation of being benevolent legislation, it is not the intention of the lending company nor the Department of Finance to lose any money on loans under the Act".
- 75) Ibid.,
- 76) Letter from W.C. Clark to D.B. Mansur, August 10, 1936, PAC, RG 19, Vol. 711, File 203-2L.

## CHAPTER FIVE

### Housing Policy and Public Relations, 1935-1940

The return of the Liberal party to national office under the leadership of W.L.M. King began an era in which housing programs would come and go rapidly in the interest of national priorities that were only tangentially related to housing problems. The two federal housing programs actually used in the era, joint mortgage lending and guaranteed home improvements, would be turned on during periods of under-employment and turned off when this situation ended and wartime needs took precedent. Both of these programs, in most communities, could only be afforded by those households in the top twenty per cent of family income. A housing program for the remainder of the population did not begin until June of 1938. Bennett promised to investigate the need for low rental housing; King went further and drafted legislation but failed to produce low rental homes for the nation's workers. Both governments' housing policies sought to meet needs indirectly connected with the goal of improving the conditions of the worst housed.

The oscillation of King's government housing programs, in response to employment considerations and public relations, can be seen in the following table:

**TABLE 5.1:A GUIDE TO THE RAPID RISE AND  
FALL OF HOUSING PROGRAMS,  
1935 to 1940**

HOME IMPROVEMENT	MORTGAGE LENDING	LOW RENTAL HOUSING
--May 13, 1936, National Employment Commission Appointed.	--December 15, 1935, Nicolls meets with DMIA Representatives.	--July 8, 1936, Purvis meets with authors of Bruce Report.
--June, 1936, NEC has W.A. Mackintosh investigate housing rehabilitation.	--September 23, 1936, DHA modified to bonus loans in isolated districts and have greater government risks for loans under \$4,000.	--August - September, 1936, NEC meets Toronto Board of Control and Council, Shepherd appointed to study low rental housing.
--July 18, 1936, Norman McLarty proposes housing modernization scheme.	--June, 1938, passage of NHA which introduced 90% loans and "pool guarantee" to further stimulate loans outside metropolitan areas and to lower income groups.	--October - December, 1936, Shepherd tours Great Britain and Canada for low rental housing plans.
--October 1, 1936, HIP plan approved.	--November 20, 1940, Cabinet accepts Economic Advisory Committee's recommendations to terminate NHA joint loan program causes home builders, mortgage companies, lumber dealers to launch massive lobby, to successfully reverse this decision.	--February 10, 1937, W.A. Mackintosh prepares NEC plan.
--October 6, 1936, first HIP loan made.		--March 9, 1937, W.C. Clark writes memo against NEC proposals.
--November, 1936, Purvis makes \$500,000 fund raising effort.		--April 1937 to May 1938, NEC plan shelved. Clark attempts limited dividend project in Winnipeg.
--March 15, 1937, National Advertising Campaign begun.		--May, 1938, Cabinet approves modified NEC low rental housing plan.
--March 31, 1938, NEC terminates. Government unable to obtain private funds to sustain HIP Campaign.		--March 31, 1940, low rental housing provisions of NHA terminated without any housing being built under it.
--October 15, EAC recommends termination of HIP as wartime measure, achieved on October 30, 1940 (no more HIP loans until 1954).		

## Setting a Government in Motion

Prime Minister King interpreted his victory as a triumph of the virtues of honest economy over the wickedness of reckless spending. In reply to John Rockefeller Jr.'s congratulations upon his return to power, King characterized the four parties that opposed him in the 1935 election, as seeking "to outrival each other in the promises they made at the expense of the public treasury". He viewed the Liberal campaign as exposing this spending formula "as immoral and corrupt".<sup>1</sup> King enthusiastically embarked on a policy of retrenchment, to which he devoted remarkable attention to the smallest details. He believed that Minister of Finance Charles Dunning had "done herculean work in cutting down the federal budget" and that his own innovations helped to save "a good many millions". This was done by restricting federal grants to provinces which he felt was the only way to cut such costs without provoking riots by the unemployed.<sup>2</sup> Clearly these conservative fiscal views of the Prime Minister were in harmony with the thrust of the DHA and the philosophy of W.C. Clark.

King showed his confidence in senior civil servants through his bill to abolish the Economic Council of Canada, which was introduced and passed early in the legislative session of 1936. By abolishing the Economic Council of Canada, King nullified the sole clause in the Dominion Housing Act concerning low income housing. In taking this action King strengthened W.C. Clark's control over housing policy. Clark's paramountcy would have been weakened by the appointment of housing experts and activists largely outside the federal

civil service. Indeed, in arguing for the repeal of the Economic Council of Canada in the House of Commons, King's position was that it was redundant since the government had at its disposal the economic advice and expertise of the entire federal civil service.<sup>3</sup>

King's government decided to give the mortgage lending provisions of the DHA "a fair trial". Dunning viewed an experimental commitment to the act as being required to provide the basis for any future modifications.<sup>4</sup> Clark continued to coax lending institutions into participating in the DHA as he had prior to the formation of King's ministry. The first difficulty Clark encountered after the lending institutions began to sign agreements with the federal government was that the forms employed by the DHA were too complicated. The DMIA reported this difficulty arose because the monthly combined payments of of principle and interest pioneered by the federal legislation were "new to most of our members".<sup>5</sup>

Complaints about the novelty of forms were just the first sign of foot-dragging. The basic problem was that the DHA was only applied at first in the major metropolitan centers of Quebec and Ontario. Difficulties with the companies were discussed as early as October 25, 1935, at a luncheon meeting between F.W. Nicolls and six Sun Life officials. Sun Life proposed three remedies to increase the application of DHA in more remote communities. Nicolls approved of the first, whereby the government would go "into the small towns" to "sell the directors of a lending institution" into participating in DHA. Sun Life expressed disapproval of allocating lending institutions' territory for exclusive rights to DHA lending. The company favoured

appointing an architect to supervise DHA loans in isolated regions. Both Sun Life and Nicolls agreed that this service, estimated at \$25 per loan, should be borne by borrowers. These rural prospective home buyers were already "accustomed to a much higher interest rate than is charged in the city". Nicolls and the Sun Life officials also examined how the company intended to expand its operations outside of Montreal in Quebec. He was told that if the company found "it had eight or ten good loans" it would commence lending in Three Rivers. Such a volume was needed for the company to pay for the estimated six or eight inspections it would make to ensure that the DHA minimum standards were met during construction. A separate loan office, such as was contemplated by Sun Life for Quebec City, could only be established if a community promised a million dollars worth of business<sup>6</sup>.

Clark soon discovered that many lending institutions, such as Sterling Trust, were nominal but not real DHA lenders. This firm told Nicolls it had not made a single DHA loan because all qualified applicants were "not inclined to subject themselves to the restrictions involved in Government loans".<sup>7</sup>

The fact that DHA loans were going to the wealthy became evident when Nicolls frankly told Clark that the DHA did "not reach the home owner who most needed assistance...the low wage earner". As late as November 4, 1935, a mere two DHA loans had been made for amounts less than \$4,000. Nicolls estimated that the average worker could afford only to live "in a small home, what we would call the minimum cost house", valued at \$3,000. This group, he believed, could only be attracted back into the home purchasing market through "some publicity and effort on our part".<sup>8</sup>

Slowly DHA lending expanded. By the beginning of 1936 Sun Life accepted loan applications from Three Rivers and London Life was lending in Sudbury. Now "the entire South-western portion" of Ontario was covered and the DHA radius of London Life embraced the area "from Montreal, Ottawa, Sudbury, Owen Sound, Chatham, Waterloo, Toronto and Cornwall, with prospects of loans from Quebec City and Three Rivers". However no use of the DHA was being made in "the Maritimes, the West and the North".<sup>9</sup>

To expand DHA coverage, Nicolls stressed the need for improved publicity, architectural competitions, making "definite arrangements with responsible architects in outlying regions" and to bring what "pressure we can" to bear on lending institutions. To facilitate this, Nicolls attempted to establish "closer personal contact with the lending institutions in order to better understand their problems and reactions".<sup>10</sup> Nicolls had a meeting with representatives of the DMIA, in Toronto on December 4, 1935. The lending institutions agreed to submit to the Department of Finance "a list showing just what they will consider loans and just what they will propose to charge as an appraisal and inspection fee on loans in these districts". The lending institutions expressed opposition to the suggestion of the government paying a \$25 appraisal and inspection fee since:

They do not care to be placed in a position of the Government bonusing them for accepting loans that they otherwise would not consider. If they are to accept these loans they think the borrower should, and they say from experience will, be glad to pay this cost.<sup>11</sup>

Clark attempted to hammer out difficulties with the joint loan scheme during detailed negotiations with lending institutions. In

regards to the low rental housing half of the DHA, no new legislation was introduced to replace the now dead-letter provisions for study of the problem by the abolished Economic Council of Canada. Any government action on this matter which had been urged by the parliamentary committee that had prompted Bennett's government into drafting the DHA was transferred to King's answer to the depression, the National Employment Commission.

King's government's failure to appoint the Economic Council of Canada and make any efforts to stimulate low rental housing was criticized by the Montreal Civic Improvement League in a detailed brief sent in December 1935. It expressed support for the adoption of the 1935 parliamentary housing committee's recommendation of a National Housing Board to make loans for low rental housing projects. The League's housing committee chairman, Percy Nobbs, estimated that only 1,000 Canadians could afford the twenty per cent downpayment required by the DHA. Nobbs urged the passage of an "Urban Housing Bill". This would aim at replacing 15,000 slum dwellings and an additional 7,000 low rental dwellings a year. It would also make rehabilitation loans. As King's government ignored the League's criticisms, Nobbs launched a public attack on the DHA. He viewed it as "a comedy of errors, composed by gentlemen who ignored the parliamentary committee's report and so produced an act to facilitate the financing of homes for the middle class who were not in the market. Most amusing of all, the agents are the lending companies and the financial structure is repugnant to them".<sup>12</sup>

On May 28, 1936, Nobbs made a plea to W.C. Clark for a National Housing Committee. He documented the deteriorated housing conditions of Montreal, estimating that "10,000 families were doubled up outside relief or charity". Nobbs offered to retire from his chair at the McGill School of Architecture to do government housing work, as it would be more useful "than in training young gentlemen to become architects in a world in which there is no architectural work for them in sight". He tried to arouse Clark with the specter of growing radicalism on the housing issue. Perceptively, Nobbs observed the similarity "between things said at the last annual meeting of the Canadian Construction Association and things said at the Sunday meetings of the League of Young Socialists".<sup>13</sup> The CCA may have been driven to the extremes described by Nobbs from the frustrations of its appeals to broaden federal housing intervention. The Canadian Construction Association and its allies got a clear message from King's government that balancing the deficit, not new housing measures, was to be the important priority. The National Construction Council, representing the construction industry, social workers and trade unions, was told by Minister of Finance, Charles Dunning, that the government's "first duty" was to "check national expenditure". The DHA being "sound in principle from a financial standpoint" would be "given a fair trial by all concerned". As for low income housing, the only thing Dunning offered was that the subject would "likely receive further consideration". The area of housing rehabilitation would be handled by "private enterprise" without government subsidies. Both

unning and Minister of Labour, Norman Rogers, told the NCC they opposed the idea of a national housing board since "the operating machinery of government was much too expensive at present".<sup>14</sup>

The government's modest response at this stage of disaffection with its tight-fisted policy was to organize a committee of Montreal and Toronto businessmen to promote the DHA. This selected group represented some of the biggest industries in Canada: C.F. Sise, President of Bell Telephone; Arthur Purvis, President of Canadian Industries Ltd.; J.D. Johnson, President of Canada Cement; J.J. Ashworth, General Manager of Canadian General Electric; Robert Laidlaw of Robert Laidlaw Company and F.E. Waterman, President of Toronto Brick and numerous other concerns. Committee organizer, advertising executive, Mervyn Brown, told Dunning that "you will appreciate that the committee is composed of very conservative businessmen and I think it should be so composed". Brown, who proved a shrewd analyst of the limited power of public relations to push a poor product, told Dunning that "frankly I believe most of the loaning companies have little desire to loan under the terms of the Dominion Housing Act". Unless such a powerful group of businessmen created an organization that could "influence the opinion of the management of the loaning companies", Brown feared "that housing upon any scale commensurate with the existing needs will not take place". As evidence of the hostility of lending institutions, Brown told Dunning of:

Several good applications that have been made by those institutions who are supposed to be on the list, as willing to make loans under the Act, but when the requests for loans have been made, the applicants have been put off with the excuse that the loan company are not yet ready to receive applications or that the application in question will receive consideration as soon as funds are available.<sup>15</sup>

Brown saw a national housing survey and census of prospective home owners as essential for a publicity campaign, so that the DHA did not "become a Montreal Toronto housing scheme". In a February 26, 1936, letter to Bell Telephone President C.F. Sise, Dunning thanked Sise, "Mr. Purvis and Mr. Johnson" for their work in "stimulating interest in the more extended use of the Dominion Housing Act of 1935". Dunning viewed lending institutions' hostility to the DHA as arising from a narrow conception of the firms' self-interest that ignored "the temper of public opinion with regard to housing". He believed that the temper of public opinion was such that if the DHA failed to successfully stimulate the housing market, "any successive legislation passed by the Canadian parliament", would prove to drastically change "the whole mortgage field". Home construction finance would be socialized and therefore cease to be an outlet of profitable investment for mortgage companies. Dunning, a former radical farm leader turned into financial magnate, believed he was more in touch with the dangers of socialism than insulated mortgage lending company executives. He thought they were ignorant of the "tremendous forces operating to produce change of a more radical character". Dunning told Sise that lending institutions must learn to accept a "temporary inconvenience and difficulty rather than run the risk of serious impairment of their most important investment outlet". Dunning

arranged a meeting of Clark, Purvis and J.D. Johnson of Canada Cement to further promote the DHA.<sup>16</sup>

Dunning's efforts to unite business behind the DHA were aided by a joint meeting of the DMIA and the NCC held on April 20, 1936, at 302 Bay Street, Toronto, in the DMIA Board room. The meeting was chaired by T.D'Arcy Leonard. Considering the divisions between the two organizations it is not surprising that a memorandum on it compiled by the NCC concluded that it was "of a general informal nature" without any "definite conclusions". The DMIA was clearly defensive in describing its role in the failure of the DHA. All difficulties with the DHA, the DMIA representatives were "unanimous in stating", were simply "due to a scarcity of suitable borrowers". Leonard also expressed a lack of enthusiasm for low rental and municipal housing schemes. This he believed should be strictly "confined to slum clearance or housing for the lowest group of wage earners". It was agreed that "any machinery for future contact...should be of an informal nature". The Montreal NCC members would contact David Mansur, while those in Toronto were delegated with D'Arcy Leonard or R.E. Woodcock of Canada Life Insurance.<sup>17</sup>

Dunning's efforts to insure co-operation between the NCC and the DMIA and his efforts to encourage DHA promotion among businessmen point to corporatist tendencies in King's government. These were most pronounced in the centerpiece of its effort to reduce unemployment, the National Employment Commission. Unlike Bennett's coercive New Deal, the NEC promised to voluntarily fuse competing segments of Canadian society. In his third radio address of the 1935 election campaign,

the future Prime Minister pledged the NEC would "mobilize and co-ordinate the activities of agencies prepared to lend their good offices in providing work".<sup>18</sup> To achieve this, the NEC established a National Advisory Committee, intended to be "representative of industrial, occupational, philanthropic and social services organizations".<sup>19</sup> King's appointment of the committee's chairman and vice-chairman on May 13, 1936 personified his ideal of a corporatist partnership of labour and capital. Arthur Purvis, CIL president, had been involved in a campaign to support the DHA. NEC Vice-Chairman, Tom Moore, long held corporatist views as president of the Trades and Labour Congress, which was dominated by construction unions. Liberal Party stalwart Mary Sutherland served as King's watchdog on the commission. Economics Professor, Dr. W.A. Mackintosh, was from Queen's University like W.C. Clark. Alfred Marois of Quebec, A.N. McLean of New Brunswick and E.J. Young of Saskatchewan, appointed primarily to represent regional interests, played a relatively minor role. King was quite confident that the commissioners shared his concepts of voluntary corporatism and fiscal conservatism. After an early meeting with the NEC, he confided in his diary:

Purvis made an especially fine presentation--all tending in direction of getting back to voluntary effort. He admitted most of our problems, was undoing of mistakes of the last few years; Bennett's reckless spending etc.<sup>20</sup>

The commissioners saw as their first task the creation of a housing-rehabilitation loan scheme that would be universally accepted as sound by the Canadian financial community. The scheme was the penultimate expression of King's voluntarist corporatism approach to

the depression. In contrast to Bennett's New Deal it avoided coercive legislation subject to legal challenge and used more sophisticated media manipulations than the melodrama of startling radio broadcasts.

### The Home Improvement Plan: Corporatism, Privatism and the Politics of Hype

The Home Improvement Plan would generate considerable enthusiasm but would do little to help the Canadians most in need of home repairs. It continued the principle of Bennett's DHA, namely the public underwriting of the private sector, but did this with considerable support of the companies involved. While the plan got great numbers of employed Canadians working together, Purvis himself recognized that it made slight impact on the overall unemployment situation. More far-reaching measures would be buried for two years.<sup>21</sup>

Purvis was informed by the NCC of one success of his earlier DHA promotional work shortly after his NEC appointment. The NCC had devised "an intelligent general policy" of advertising that would sell "the industry as a whole". At the same time, the NCC told Purvis of their difficulty in reaching agreement on what government policies would be best for "credit facilities for rehabilitation work".<sup>22</sup> It was to this thorny question that the NEC would apply its first efforts.

Mackintosh made a "preliminary Report on Housing" at an early NEC meeting. He noted the great volume of potential employment in the

rehabilitation of existing houses. However several barriers emerged. Homeowners had difficulty in financing rehabilitation because of collapsing real estate values. This caused owners, who had paid off most of their mortgage, to carry a mortgage of more than 60 per cent of the value of their home. Consequently they were unable to borrow more, as their properties were in some instances mortgaged for more than their current market value. Mackintosh suggested creating a general acceptance corporation, similar to those established by U.S. subsidiaries of building supply firms, in order to finance installations of equipment and building improvements. He also proposed a "special project" to enable people in rural districts to undertake rehabilitation.<sup>23</sup>

Mackintosh's outlines for proposing various programs for housing rehabilitation were considerably narrowed by the intervention of Windsor Liberal M.P. Norman McLarty. On July 23, 1936, McLarty made a detailed submission to the NEC proposing his remedy for the unemployment that had devastated Windsor. The collapse of the automotive industry, as McLarty pointed out, crippled the city in numerous ways. Welfare rolls soared. American employment laws that restricted work in Detroit and an influx of migrants who mistakenly sought work in the closed auto plants increased unemployment. The resulting higher tax burdens created so many arrears that Windsor defaulted on its bond payment. Homes were mortgaged for more than they were worth due to the great deflation from previously high land prices caused by the automobile industry's boom in the 1920's. These factors caused loan and insurance companies to refuse to make any loans in Windsor.<sup>24</sup>

The "redlining" of Windsor caused the construction trades to stagnate. Not a single DHA loan was made. As a solution to this predicament, McLarty drew the NEC's attention to Title One of the United States Housing Act of 1934. Under this plan, the U.S. Federal Housing Administration guaranteed up to ten per cent (originally twenty per cent) of the aggregate loans made by a participating lending institution. Loans ran from one to five years and were \$100 to \$2,000 in total amounts. Interest charges amounted to 9.72 per cent. This was considered low for instalment credits and small personal loans. From correspondence with the FHA, McLarty learned that the federal guarantee reduced lenders' loan servicing costs by eliminating the need to set aside part of their returns from loans as reserves against losses which averaged only .5 per cent of the loans made.<sup>25</sup>

McLarty also enclosed a FHA modernization promotional pamphlet. It showed little zeal for basic home repairs like leaking roofs or remedying structural damage, but instead focused on items like removing old fashioned verandas, "built in" kitchen conveniences, up-to-date bathrooms, basements and recreational rooms. McLarty also outlined a proposal for implementing the FHA's modernization program in Canada. He stressed the need for local Reconstruction Finance Corporations to manage recovery campaigns to include representatives of the Chamber of Commerce, Trades and Labour Council, Builders' and Architects' Association and a government representative named by the NEC.<sup>26</sup>

McLarty's proposals were tailor-made for King's government. Private lenders would not be disrupted but subsidized through a federal guarantee. His proposal for local associations promised enormous

potential for the voluntary corporatist action so favoured by King, Purvis and Moore. The advertising campaign Purvis envisaged for the DHA could be applied to HIP. Consequently the NEC enthusiastically and quickly embraced McLarty's proposal. It approved the idea of a privately funded HIP advertising campaign. A target of \$50 million in HIP loans was set, of which fifteen per cent was to be insured against loss. This was highly generous considering the American experience of .5 per cent loss. However the commission concluded that this "excessive guarantee" would provide "cheap stimulus" and secure "the enthusiastic co-operation of the lending institutions".<sup>27</sup> The commissioners were aware that many homeowners, especially farmers, could not afford to pay 9.72 per cent interest, but this concern was passed over in the hope that the provinces would subsidize homeowners in impoverished regions. McLarty was selective in his borrowings from the New Deal's provision for housing rehabilitation loans. Consequently a broader program, capable of meeting social needs for improvements to basic housing structures and facilities was not adopted. Both the NEC and McLarty rejected a related FHA program for insured loans for more expensive structural repairs. These were paid off over a long term. Only the FHA'S "modernization" loans were copied. These loans were limited to amounts up to \$1,000. They had to be paid back within five years.<sup>28</sup> Despite his attacks on Bennett for similar procedures, King allowed the HIP plan to proceed without parliamentary approval. Support from the Canadian Bankers Association was equally swift. Its president cabled Dunning to pledge that "all banks will co-operate with Dominion Government in housing modernization

loans along lines indicated by you through Deputy Minister of Finance yesterday afternoon". The scheme also received favourable press reaction, even from the Conservative Mail and Empire.<sup>29</sup>

Windsor was selected by the NEC as the first testing ground for the HIP scheme. It unfolded according to the corporatist visions shared by the Prime Minister and the Commission. Purvis appointed Wallace Campbell, President of the Ford Motor Company of Canada, to be the chairman of a Windsor Advisory Committee of the NEC. This committee also included the Presidents of the Chamber of Commerce and Windsor Trades and Labour Council, an area newspaper publisher and McLarty. This body had five sub-committees. One dealt with the HIP scheme. The others were Publicity, Finance, Trouble and a Women's committee. The HIP committee chaired by CCA leader Harry Mero, included the secretaries of the Windsor Trades and Labour Council and Chamber of Commerce. The Publicity Committee primarily involved the Windsor Chamber of Commerce, which arranged radio talks, mass meetings, the selection of speakers for service clubs, new items in the local press, street car signs, posters, billboards and window displays. The Financial Committee investigated the number of homes where improvements could be made and advised suppliers how to approach householders. The women's committee was thought to be important since it was women who "exercise the greatest amount of influence in persuading the family to spend the family dollar for improvement of the home". This was composed of "local representatives of social and welfare work". Most important in the NEC's view was the "Trouble Committee", headed by "one of the most solid businessmen in the community, who enjoys the

confidence of the banks...has broad human sympathies" and was sympathetic to the HIP. The Trouble Committee served to investigate cases where banks turned down HIP loan applications, in order to "adjust these technicalities and overcome difficulties that are not major, in order that the loan may be made". After this framework of committees was established, the first HIP loan in Canada was made in Windsor on October 16, 1936.<sup>30</sup>

Although the NEC used Windsor as a model for a national programme, the NEC proposed possible exceptions such as having a "local Rotarian, Kiwanian or man prominent in commercial or financial fields" replace "the President of the Chamber of Commerce or...Member of Parliament". What was needed were persons "able to enlist the active support of the whole community".<sup>31</sup>

The corporatist principle employed in the Windsor campaign was extended throughout the country. The commission took the view that "the idea of home improvement must be advertised and merchandised in exactly the same manner and through very similar channels to those used in the Victory Loan campaign". As with this drive, the HIP organization would become in every locality across Canada "a smooth-working unit of machinery in which every gear will work so as to direct its maximum power at the very point of sale".<sup>32</sup>

The NEC placed great stress on its national advertising campaign. This spread a gospel of privatism. Homeowners would be taught that "in helping themselves they are helping others". Manufacturers likewise would be encouraged to "further their own ends through helping an unselfish project". In every town it was felt that the efforts of

local committees in raising publicity funds, would serve to "educate and inspire local and interested dealers not only to increase their own efforts, but also to seriously seek new loan prospects, for the banks". The advertising campaign would "assume the role of the weapon with which each member of our organization is armed".<sup>33</sup>

In keeping with its corporatist philosophy the NEC looked to national business and "social and service organizations" for carrying out much of its advertising campaign. The "two railways, the banks, the insurance companies, oil companies, transportation companies" would be employed due to their "Intricate networks which run directly into the very territory" the NEC sought to cultivate. The self-interest of these companies the commission felt would result in their providing "complete and ideal facilities for the dissemination of every type of propaganda, whether it be in the form of literature or whether it requires actual personal contact by any or all of their employees". Similar results were expected from social organizations. The NEC sent a booklet "to all Community Clubs, Churches, etc., giving them the message we wish delivered to their members, and telling them how they can co-operate and assist in the general scheme of things".<sup>34</sup>

In all its plans the NEC placed great emphasis on the public relations' efforts of its advertising firm Cockfield, Brown & Company Limited, and its director of Publicity, Ray Brown. Together they would be responsible for supplying "a full and interesting stream of news items...to all the papers of Canada continually". Consequently, "stories about the success of the plan in one town should be spread all around the other towns". An assistant publicity director served

"as an advance agent wherever Mr. Purvis or the Minister of Labour should travel, in order to prepare the Public for their reception, and in order to add prestige and interest to the whole movement". Cockfield Brown & Company set about to organize radio activity, prepare advertisements, organize material for speeches, contacted manufacturers, and provided Purvis with publicity for his trip to western Canada. Purvis meanwhile appointed chairmen for provincial HIP committees and contacted business groups for fund raising for the publicity campaign.<sup>35</sup>

Cockfield and Brown devised a highly ambitious advertising program totalling \$446,000 to be raised from various industries in the following manner.

**TABLE 5.2: Proposal for Contributions**  
**from Private Industry**  
**for HIP Advertising**

General Trade List

Iron and Steel (approx. 10 firms)	\$25,000.00	
Cement and Concrete (approx. 3 mfrs.)	15,000.00	
Copper and Brass Associations	5,000.00	
Brick, Stone and Marble	5,000.00	
Paint Industry	25,000.00	
Wall Paper Industry	10,000.00	
Roofing Industry (Asphalt & Composition)	7,500.00	
Metal and Sidings	1,000.00	
Plumbing and Heating	15,000.00	
Air-conditioning (Gen. Electric, Gen. Steel Wares)	10,000.00	
Rigid Insulation (Marden)	15,000.00	
Gypsum, Lime and Alabastine	5,000.00	\$138,500.00

Special List

Asbestos Corporation	25,000.00	
International Nickel	25,000.00	
Imperial Oil	25,000.00	
McColl-Frontenac	5,000.00	
British American Oil	5,000.00	
Champlain Oil	2,500.00	
Aluminum Company	2,500.00	
C.P.R.	25,000.00	
C.N.R.	25,000.00	
Bell Telephone	2,500.00	
Canadian General Electric	5,000.00	
Westinghouse	5,000.00	
Banks (4 large & 6 smaller institutions)	50,000.00	
Trust and Loan Companies	10,000.00	
Molson's Brewery	2,500.00	
National Breweries	5,000.00	
Dominion Oilcloth & Linoleum	5,000.00	
Loose Insulation	5,000.00	
The T. Eaton Company	5,000.00	
The Robt. Simpson Company	2,500.00	
Noranda Mines	2,500.00	
Hollinger Mines	10,000.00	
Lakeshore	10,000.00	<u>327,500.00</u>
		<u>\$466,000.00</u>

Source: National Employment Commission PAC, RG27, Vol. 3355, File 3.

Some \$188,200 was budgeted for advertising in publications. The largest share was \$85,000 for 1,000 line advertisements in dailies "presenting this amazing opportunity to the men and women of Canada, with the corollary that they will be putting Canada in the list of nations that have emerged from the depression". Advertisements in "foreign language papers" served a more ulterior political purpose. The NEC feared "riots which may arise through non-English people". The HIP advertisements would perform an "ameliorating effect...on the minds of their publishers". Budget allocations were made for promotional display, "(i.e. window trim, mats, store display cards)", "contingencies (i.e. special "spectacular stunt" appeals)", posters and radio. Another \$10,000 was budgeted for motion pictures.<sup>36</sup>

Purvis' fund raising task among his business colleagues proved quite demanding. He told the annual dinner of the Canadian Institute of Plumbing and Heating that it was "the kind of job I hope never to have to tackle again". In this speech he thanked the institute for their \$50,000 contribution. This was particularly gratifying since in addition to the "large proportion" spent to increase sales in the plumbing and heating industry it would aid in "backing up the nation-wide community organization". Often industries proved more difficult in negotiating with Purvis. On November 12, 1936, he informed Dunning that "my effort to get half a million from private industry is requiring quite an effort". To obtain \$25,000 from steel magnate Ross McMaster, Purvis asked for the inclusion of farm fencing in the HIP scheme. Dunning's response, Purvis noted, was quite enthusiastic, for "very quickly" the answer came back, "If it will help to put the Plan across, we will include them."<sup>37</sup>

Industries more immediately tied to home improvement proved more malleable than the steel industry. The Canadian Construction Association told its members "A million dollars worth of work a week for fifty weeks is the objective. Are we awake to the chance." J. Clark Reilly, manager of the Association, noted how one contractor urged "his whole sales force to get behind HIP". Another "worked out explanation to plan and methods of selling it to his customers by his sales force". CCA members assisted HIP throughout the country. On November 30, 1936, Reilly observed how:

President Hunt and Secretary Paterson pledged the resources of the Montreal exchange. President Culley and Secretary Nicol (Hamilton) have had to convince civic authorities of the benefits and have done so. President Wilde and Secretary Perkins (Toronto) have had largely attended meetings, at which merits of plan were discussed. Godsmark writes from Winnipeg and Lecky from Vancouver that the men out there are studying the situation and getting ready to do business.<sup>38</sup>

The Plumbing and Heating Institute's campaign was quite extensive. A French speaking committee of the institute was formed to deal with translation matters and the French media. The four trade journals of the industry were so organized to facilitate the plan's news features and advertising. On December 17, 1936, a booklet was mailed to each member of the industry entitled "Santa Claus Comes to the Plumbing and Heating Trades". The Institute's President, Professor W.W. Gogorth, expressed his satisfaction that his industry was "seeing our own particular part of the Purvis bridge being firmly built, piece by piece, and span by span".<sup>39</sup> Indeed many businessmen responded with marked enthusiasm. At a December 8, 1936, meeting to discuss HIP at Cockfield & Brown's office, F.W. Nicolls noted that "some of the

manufacturers were far ahead of the Home Improvement Plan organization; they have men driving around the city, making notes of homes that need improvements, etc. and approach these prospects with suggestions re the Home Improvement Plan".<sup>40</sup>

Purvis appointed provincial chairmen with a broad mandate to organize the HIP campaigns in their localities. They would appoint provincial boards and initiate local committees. Purvis was quite pleased with the "non-political background" given the HIP in Nova Scotia, where Provincial Chairman Ralph Bell succeeded in having the Liberal Premier Angus L. MacDonald and the former Conservative Premier W.L. Harrington serve as honorary chairmen. The committee was composed of the leading industrialists of the province. Purvis noted that in the first HIP broadcast "the Government representatives who spoke were all Liberals". Consequently he endeavoured to obtain "some public utterances from prominent Conservatives".<sup>41</sup>

A suitable kick-off for the NEC's HIP publicity campaign was occasioned by a national radio broadcast on November 30, 1936 at a Chateau Laurier banquet that launched the Ottawa HIP committee. King was himself the key speaker and his address written by NEC Director of Publicity Ray Brown. The address was a consummate expression of both King's and the commission's philosophy. King stressed "the word co-operation" (emphasis Brown's). He urged that "if the people of Canada put behind the Home the irresistible force of their co-operative sympathy and effort", success was ensured. King observed that:

This plan which has been created with the twofold purpose of giving employment and improving Canadian homes, depends for its success on the spirit with which it is received and carried out. Co-operation between

the Government of Canada and Canadian financial institutions brought it into being. Co-operation of municipalities, Chambers of Commerce, Service Clubs, building associations, Women's Organizations and other social agencies is carrying it along.<sup>42</sup>

The appeal that the NEC made to the prospective members of its national HIP campaign is summed up well in its booklet Profit for You which was "dedicated to Canadian business men". The second starting Ottawa HIP committee's full page newspaper advertisement was included as a model. In it an NEC statement was surrounded by advertisements for local insulator, refrigerator, air conditioner, electrical heating and plumbing suppliers. A great variety of suggestions were included. Businessmen were urged to set a good example "by doing the needed maintenance work in your own home". Every medium of advertising was encouraged: "newspapers, radio, movies, direct mail, magazines, billboards, window displays, car cards, handbills, etc." All of these could "bear the Home Improvement Plan emblem and reflect the "better living" theme". Again co-operation with banks and local newspaper publishers was stressed. Such publishers were themselves encouraged by the expectation that HIP would open "an enormous field for the increasing of advertising lineage". Women's pages, it was pointed out, could "be stimulated by home decoration advertising and by the advertising of retail stores". "Furniture and home furnishings" were not part of the HIP loan scheme. However, the commission predicted that such buying would be stimulated since "when homes are newly painted and decorated the need for such new furnishings becomes obvious". Somewhat reminiscent of the NRA Blue Eagle was the NEC's suggestion for classified sections with headings such as, "The

following firms are co-operating in the Home Improvement Plan -- patronize them".<sup>43</sup>

By March 12, 1937, the provincial and local HIP advisory committees were sufficiently well established to begin an intense three month national advertising campaign. In big cities, advertisements were a quarter page in size, while in smaller town weeklies, they would be of 300 lines and "have a rural flavour". Close co-ordination was made as "proof of advertisements, and a schedule of insertion dates" were sent "to Provincial Chairmen in sufficient time to allow for local tie-ups and promotion". Full page advertisements were placed in such national magazines as Chatelaine, MacLean's and National Home Monthly. A series of 13 radio spot announcements were made and provincial chairmen wired of the exact day of release. A two minute animated film cartoon was made which gave "very clearly the story how a Home Improvement Loan can transform an old house into a new one". Motion picture theatre owners agreed to run this film free of charge. Bill boards would be used in all towns and cities with populations over 50,000. A series of six street car cards were made which would "appear in every street car and bus throughout Canada".<sup>44</sup>

A group of poverty researchers employed by a Senate committee in the 1960's characterized the HIP scheme, (which had been restored in 1954 after its termination in 1940) as providing "rumpus rooms for the bourgeoisie".<sup>45</sup> This critical appraisal was based on their findings that the rates of interest under the plan were such that could only be utilized by a wealthy minority of Canadians. Such an appeal to the rich, and those middle class groups who were fortunate enough to

borrow money for luxuries, is evident in much of the NEC's HIP advertising. Homes described in NEC press releases had fireplaces of ivory and black marble, air conditioning, panelled walls, Georgian furniture "most of which had been in the family for generations", and bathroom mirrors which were circles "of flawless crystal". Improvements suggested for the home included moving garages, installing powder rooms, and "the most favoured means of modernization...changing the line of roof, removing overhanging eaves, eliminating verandahs or porches" and other "meaningless doo-dads".<sup>46</sup>

Not only was the tone of the advertising of the HIP scheme orientated to the middle class, its financial operations were as well. Nothing was done by the NEC to encourage the provinces to make available the bonuses Mackintosh originally believed necessary to make the plan operative in hard-pressed farming areas. Purvis himself admitted to the Canadian Institute of Plumbing and Heating that "our primary producers have had a pretty thin time and I imagine this plan may start a little too high for them at present".<sup>47</sup> Purvis' predications soon came true as farmers complained to the NEC and Department of Finance of their inability to obtain loans, even to cover the most needed repairs to prevent the collapse of their homes. Dunning received a complaint from a farmer who enclosed a letter from the Manager of the Imperial Bank of Commerce in Portage la Prairie. It noted "as your income is solely from farming operations and farming operations have not been too remunerative throughout the district in the last few years", the HIP loan he requested would not be given.<sup>48</sup> Originally the NEC planned to publish loan applications

and loan payments but this never came about. The government did not even have information on which possible modifications to the plan could be made to ensure broader distribution of HIP benefits. On June 18, 1937, W.C. Clark told Purvis that, "we have no record of Home Improvement loans applied for and not granted and I doubt if this information is available through the banks".<sup>49</sup> Even in largely agricultural provinces the number of HIP loans for farm houses was far fewer than for non-farm dwellings. In Saskatchewan only 197 HIP loans on farm houses were made, compared to the provincial total of 1,345; in Alberta the figure was similarly 1,143 as compared to 5,018. Indeed the 197 HIP loans in dust bowl ravaged Saskatchewan approximated the 191 made on non-farm dwellings in Prince Edward Island.<sup>50</sup>

Detailed reasons for the failure of HIP in the rural prairies was provided by a report by H.M. Evans, the provincial chairman of the Alberta HIP committee. In areas of depressed economic conditions the chairmen of local committees responded that the "banks here are not desirous of making loans under the Plan at the present time". Others noted that people "would rather have the merchant carry them instead of the bank...they figure that they might obtain more from a merchant if they fall behind in payments". Evidently this HIP loan was a new type of loan in Alberta; Evans observed that "the very length of the loans took these branch managers into a new type of business".<sup>51</sup>

Difficulties with HIP were also expressed frankly to Purvis by the Nova Scotia committee. They noted that "many larger contractors are suspicious of the Plan fearing that large scale modernization of homes will tend to decrease new construction". This was especially

true in Halifax. The failure caused great disappointment "to the members of the voluntary committee who gave so freely of their time, energy and ability to the promotion of the Plan". In addition, many landlords refused to avail themselves of the HIP. They felt it tended "to compel them to either improve their properties or lower their rentals".<sup>52</sup>

Much of the criticism of HIP in Parliament was caused by the plan's failure to meet the housing needs of urban workers. Conservative MP T.C. Church pointed out that many workers were already heavily indebted to "shark loan" companies for home repairs and urged that these debts be reamortized as had been done for farmers and fishermen. Church argued that to pay back \$750 in five years at the rate of interest provided under HIP was simply impossible given the earnings of most Canadian workers. Similar criticisms came from the city of Saskatoon. It complained to Dunning through Liberal MP MacGregor Young that it was "virtually impossible for persons to make any extensive renovations and take care of the monthly repayment instalment".<sup>53</sup>

After the termination of the NEC with the submission of its final report in April, 1938, the provincial network of HIP committees lost government sponsorship. Dunning and the NCC unsuccessfully attempted to have \$75,000 to \$100,000 raised for the campaign. The figure was far below the \$500,000 raised by Purvis, since the effort lacked his dramatic drive, patriotic fervor and corporatist consensus. Banks showed less zeal for the HIP plan by the spring of 1938. J. Markus of the NCC complained to Clark about how a Toronto firm working with

Johns-Manville had "signed up fifteen HIP contracts within the past two weeks, and almost all of them were turned down by the Banks, although they were later put through by the Plumbing and Heating Finance Corporation". Some provincial joint HIP and NHA committees did continue; however, by September, 1939, the last such body terminated due to lack of funds.<sup>54</sup>

The Second World War brought an end to HIP. Very little time was spent by the inter-departmental Economic Advisory Committee in devising its recommendation to terminate HIP. The program was simply viewed as a drain on the war effort. The minutes of a key October 15, 1940 EAC meeting record only "a brief discussion" of maintaining HIP. This was successfully opposed by W.C. Clark on the grounds that HIP's government guarantee would "stimulate much unessential repair and improvement work".<sup>55</sup> Being turned on during a time of surplus labour, HIP was turned off at a time of labour shortage caused by the demands of war production.

How little HIP departed from conventional financial practices in regards to small loans is shown from the fact that of the \$59,051,021 loaned under the plan, defaulted loans amounted to only \$174,716. Of this, \$146,890 was received eventually from debtors. The rate of default, less than one quarter of one per cent, was substantially below that experienced under the similar US modernization scheme. Consequently, the conservative lending procedures of Canadian financial institutions were not modified substantially by HIP's paying the cost of defaulted loans that would have otherwise been born by banks. All of these minor losses were sustained by the federal government, for as

predicted by the NEC, not one lending institution had debts in excess of the guaranteed 15 per cent of its aggregate loans.<sup>56</sup>

Despite its slight impact on small-loan mortgage markets, HIP's political impact was enormous. King and Purvis had managed to tap a deep corporatist vein among business men, conservative labour unions and social organizations. It was no accident that the HIP campaign was compared to the War Loan drive, for the feeling of unity it engendered was akin to the patriotic closeness of wartime. Bennett had sought to achieve a similar stir in his New Deal radio broadcasts. The Home Improvement Plan more directly hit the mark by its equation of the most simple materialist interests with high national purpose. Bennett's New Deal promised coercion and regulation; King's catchwords were voluntarism and co-operation.

The National Economic Commission itself was aware that the most successful home improvement plan could not solve all the ills of the construction industry let alone that of the depression. The NEC discovered the limits of the "co-operation" so favoured by the King government and pursued plans that the federal cabinet would find too far reaching to countenance.

Despite the provision of government guarantees for lending institutions' losses for low income, regionally isolated and small community housing, the miniscule amount of losses that actually took place under the NHA of 1938, indicate how little impact this had in the lending patterns of mortgage companies. Of the 22,115 loans made under the NHA and DHA from 1935 to 1944, worth \$88,506,066, only seven loans defaulted, costing the Canadian treasury a grand total of \$2,644.78.

This default rate of .001 percent indicates how insignificant was the departure from conventional criteria of risk. The provision for guarantees from twenty to twenty-five percent of the total value of NHA loans by lending institutions gave a false picture of attempting to service a high risk, isolated or low income population. Both the NHA of 1938 and its predecessor, the DHA, were well summed up by Mansur's remark to Purvis that although the joint-loan scheme "had a reputation of being benevolent legislation" it "was not the intention of the lending company nor the Department of Finance to lose any money under the Act".<sup>57</sup>

The refusal of lending institutions to lend in certain markets and the discrimination displayed against farmers and persons in working class occupations only compounded inequities inherent in the joint-loan scheme. The new NHA legislation did not fundamentally improve the DHA's affordability to just the most wealthy twenty per cent of Canadian households. In 1939, planner Horace Seymour, using the Department of Finance's estimates that a home should not exceed two and one-half times a borrower's annual income, calculated that the average cost NHA home valued at \$4,250 would require a \$1,700 annual income, obtained by only ten per cent of the employed. The \$3,200 unit, which during the Second World War became the maximum which could be constructed, was in the reach of only twenty per cent. The \$2,500 home, in which ninety per cent mortgage financing could be obtained, was affordable only for families with incomes of \$1,000 or more. Even in the wealthiest province, Ontario, sixty per cent of the employed received \$900 or less a year. Had the joint-loan scheme been a more

massive effort, only the top quarter of the income strata could have expected to have benefited.

The DHA joint loan and HIP schemes did have the virtue of providing employment stimulus, however, this was their sole purpose. Moreover, as these measures were not accompanied by any housing program that could be afforded by the lower 80 per cent of Canadian families in terms of income, they served to increase the inequities in the distribution of shelter in the nation. Lower income Canadians simply could not afford the shelter assistance provided by the federal government, although they were the ones in greatest need of home repairs or new accommodation. The only program of the federal government to deal with the housing problems of both low and medium income groups was Section Two of the NHA of 1938. In contrast to the limited success of HIP and the joint-loan scheme, Section Two of NHA would never be employed to build a single unit of the rental housing it was legislated to provide. Canadian housing programs aided middle class aspirations for home ownership and concerns to have the most fashionable style of home design; they did not deal with problems of poor housing conditions such as overcrowding, lack of warmth and high costs of shelter in relation to income.

King's government's housing policies attempted to dissolve the realities of national housing policies in a heady mixture of patriotism, voluntarism, corporatism and press agency. The swirl of hype, government guarantees and promotional gimmickry helped to prevent innovations that would redirect a greater share of national income to lower income groups to raise their standard of shelter across Canada.

The answer to the unemployment crisis of the era was posed as simply stimulating the spending of the most affluent twenty per cent of Canadian households. While this did have the political plus of equating the material concerns for home-ownership and style trends of a powerful social group with high national purpose, it did not assist middle-class groups experiencing severe depression-induced housing problems. Home-owners who had the bad luck to buy a house inflated in price by the real estate boom of the 1920's might have to face dispossession. Provincial mortgage moratoria provided some protection. The DHA was exempted from it and loans made under the act were made to low risk groups that could have afforded home-ownership without federal assistance. Farmers and fishermen in the depression had the portion of their debt caused by now deflated values written off, an assistance denied to homeowners. Consequently repairs on the many over-mortgage homes could never be made, since the dwellings often already had a greater debt burden than their resale value. Government policy did not solve such bottlenecks to recovery caused by the structures of housing finance and real estate. Instead, federal policies sought the easiest route to recovery, by providing financial assistance to those without severe shelter problems to purchase accessories or otherwise secure more luxurious accommodation.

## FOOTNOTES TO CHAPTER FIVE

- 1) John Rockefeller Jr. to W.L.M. King, November 27, 1935, Public Archives of Canada, King Papers, MG26 JI, Vol. 210, File R-4, pp. 181448 to 181450.
- 2) King Diary, April 4, 1936, pp. 139, 140, PAC, MG26, J13, Vol. 78.
- 3) "The Ill Fated Economic Council", Canadian Congress Journal, (14), 3, 8.
- 4) Letter J. Clark Reilly to I. Markus, PAC, Department of Finance Papers, RG19, Vol. 710, File 203-1A1 to 25.
- 5) Letter from John Appleton Secretary Treasurer of the Dominion Mortgage Investments Association to W.C. Clark, October 1, 1935, PAC, RG19, Vol. 705, File 203-1A.
- 6) "My interview with the Sun Life Assurance Co. officials by F.W. Nicolls", PAC, RG19, Vol. 706, File 203-1A.
- 7) "Memorandum to Mr. W.C. Clark from F.W. Nicolls subject - The Lending Institutions reaction to the Dominion Housing Act, 1935, PAC, RG19, Vol. 706, File 203-1A.
- 8) Ibid.,
- 9) Ibid.,
- 10) Ibid.,
- 11) Memorandum to W.C. Clark from F.W. Nicolls re: Meeting with Dominion Mortgage and Investments Association", December 4, 1935, PAC, RG19, Vol. 705.
- 12) "Memorandum on Housing Legislation for the Information of the Minister of Finance, Ottawa, presented by the City Improvement League of Montreal", December 13, 1935, PAC, "Calls Housing Act Comedy of Errors", clipping Montreal Gazette, January 17, 1936. Letter May 28, 1936 to Clark, all in PAC, RG19, Vol. 710, File 203-1A to 25.
- 13) Ibid.,
- 14) Letter December 4, 1935, J. Clark Reilly, President to J. Markus, Secretary, National Construction Council, Report of Conference between representatives of the National Construction Council and the Ministers of Labour and Finance, Ottawa, January 25, 1936 all in PAC, RG19, Vol. 710, File 203 1A-1 to 23.
- 15) Letter Meryn Brown to C. F. Sise, President of Bell Telephone of Canada January 29, 1936, Letter February 8, 1936 Brown to

C.A. Dunning, both in RG19, Vol. 710, File 203-1A-56; Letter February 25, 1935, C.H. Sise to C.A. Dunning, February 25, 1936, RG19, Vol. 3979.

- 16) Letter from C.A. Dunning to C.F. Sise, February 26, 1936, RG19, Vol. 397.
- 17) "Memorandum held in the Board Room of the Dominion Mortgage and Investments Association on Monday, April 20, 1936, at 2:30 o'clock in the afternoon, between representatives of the DMIA and the NCC, in letter from C.N. West, President NCC to Arthur B. Purvis, President CIL, May 15, 1936, in PAC, RG27, Department of Labour Papers, Vol 3351, File 13.
- 18) PAC, King Papers Memorandum and Notes, 1933-1939, MG26, J4, Vol. 197, pp. 137494, 137452, 137454.
- 19) Ibid.,
- 20) PAC, MG26, J13, Vol. 718, p. 311, King Diary, September 3rd, 1936; King's comments are all the more significant in that he seems to have misinterpreted Purvis' recommendations in these remarks to suit his own inclinations. Purvis in this September 2, 1936 Cabinet Meeting outlined plans requiring moderate spending increases. The NEC outlined a national employment service, a national volunteer conservation service, a national apprenticeship and job training program. King ignored these products of the NEC's efforts, adopting for almost a year only the HIP plan which required no government expenditure. See James Struthers, No Fault of Their Own: Unemployment and the Canadian Welfare State, (Toronto: University of Toronto Press, 1983), p. 156-158.
- 21) Struthers, op.cit., pp, 175-207.
- 22) Letter from Gordon West to Arthur Purvis, May 1, 1936, PAC, RG27, Vol. 335a, File 13.
- 23) W.A. Mackintosh, "Preliminary Report on Housing", RG27, Vol. 3358, File 4.
- 24) Memorandum from Norman McLarty, PAC, RG27, Vol. 3357, File 11.
- 25) Ibid., Letter October 8, 1936 W.D. Flanders, Deputy Administrator Federal Housing Administration, October 8, 1936, PAC, RG27, Vol. 3357, File 11.
- 26) McLarty, op.cit., "How to Modernize Your Home", FHA Form No. 792, PAC, RG27, Vol. 3357, File 11.
- 27) W.A. Mackintosh, "House Renovation and Construction as a Source of Employment, PAC, RG27, Vol. 3347, File 1.

- 28) "Renovation and Modernization of Houses as a Source of Employment", PAC, RG27, Vol. 3347, File 1.
- 29) "Government to act on Purvis Report." Mail Empire, September 11, Clipping in PAC, RG27, Vol. 3347, File 1; This file contains numerous newspaper reports praising the HIP scheme. October 1, 1936, King to Dunning, PAC, RG10; September 28, 1936, President of Canadian Bankers Association to Dunning; October 14, 1936, S.H. Logan to C.A. Dunning all in PAC, RG19, Vol. 714. Some of King's pleasure with the scheme can also be gleaned from his appointment of McLarty as Minister of Labour to replace Rodgers upon the latter's elevation to the post of Minister of National Defence upon the outbreak of the Second World War.
- 30) "Local Advisory Committees same suggestion for their organization", PAC, RG27, Vol. 3347, File 1.
- 31) Ibid.,
- 32) "Outline of activities for the Home Improvement Plan. Under the organization provided by the National Employment, October 26, 1936, PAC, RG27, Vol. 3355, File 3.
- 33) Ibid.,
- 34) Ibid.,
- 35) "Media recommended for plan for promoting and popularizing Home Improvement Plan", PAC, RG27, Vol. 3355, File 3.
- 36) Ibid., Bulletin No. 9, Ray Brown, Director of Publicity National Employment Commission, PAC, RG27, Vol. 3376, File 3.
- 37) "Home Improvement Plan speech by Arthur B. Purvis Esq. at the annual dinner of the Canadian Institute of Plumbing & Heating", PAC, RG27, Vol. 3373, File 36; Letter November 12, 1936 from Arthur Purvis to Charles Dunning, PAC, RG19, Vol. 714.
- 38) Canadian Construction Association members news - letter no. 11, "Sell your services, sign up the job", PAC, RG27, Vol. 3373, File 35.
- 39) Prof. W.W. Goforth, "Co-operative action needed for HIP success: Efforts of plumbing and heating industry on behalf of measure outlined", in PAC, RG19, Vol. 706.
- 40) "Minutes of a meeting held at the office of Cockfield, Brown and Company Limited, Tuesday, December 8, 1936, PAC, RG27, Vol. 3355, File 3.
- 41) Memo re: Progress of home improvement plan, PAC, RG27, Vol 3357, File 3.

- 42) Letter November 21, 1936 Ray Brown to W.L.M. King, PAC, King Papers, MG26, J1, Vol. 8, pp. 184371-184376.
- 43) Profit for You: from the Home Improvement Plan, booklet in Pac, RG19, Vol. 712, File 203-6A.
- 44) Brown, "Bulletin No. 9", March 12, 1937, PAC, RG27, Vol. 3376, File 3.
- 45) Ian Adams, William Cameron, Brian Hill, Peter Penz, The Real Poverty Report, (Edmonton: M.G. Hurtig, 1971), p. 119.
- 46) Press released for HIP promotion in PAC, RG27, Vol. 3354, Files 1,5,10.
- 47) Purvis, "Home Improvement Plan Speech", p. 4.
- 48) Urban workers complained of similar discrimination. A Foreman for 26 years was told by bank lending officers that they were not interested in loans "on old houses". Letter E.W. Hartle to C.A. Dunning, July 24, 1937, both in PAC, RG19, Vol. 714.
- 49) Letter June 18, 1937, from W.C. Clark to Arthur Purvis, PAC, RG19, Vol. 714.
- 50) A.E. Grauer, Housing, (Ottawa: Royal Commission on Dominion - Provincial Relations, 1939), pp. 42, 43.
- 51) "HIP in Alberta Report by Provincial Chairmen", November 8, 1937, in PAC, RG19, Vol. 706, File 203-1A.
- 52) "Memorandum from Nova Scotia Provincial Home Improvement Plan Committee to Mr. Arthur B. Purvis, Chairman, National Employment Commission, in PAC, RG19, Vol. 707, File 203-1A.
- 53) House of Commons Debates, 1937, 1:469, 470; Letter from A. Mac G. Young M.D., to C.A. Dunning, April 17, 1939, in PAC, RG19, Vol. 706, File 203-1A.
- 54) W.C. Clark to G.M. West President NCC, April 12, 1938, Memorandum for Mr. Dunning February 24, 1938, from W.C. Clark; Letter from "J.C. Kemp", to Provincial HIP Chairmen October 21, 1937, Letter February 17, 1938 W.C. Clark to A.B. Purvis; Letter February 5, 1938 from David H. Gibson to C.A. Dunning, "Memorandum of a conference of Representatives of the construction industry held at the King Edward Hotel, Toronto, Friday, February 11, 1938, under the auspices of the National Construction Council of Canada"; Letter J. Markus to W.C. Clark March 12, 1938; all in PAC, RG19, Vol. 706.
- 55) Minutes of a meeting of the Economic Committee, PAC, RG19, Vol. 3890.

- 56) Letter March 22, 1950, from W.C. Clark to D.H. McKewe of the Advertising Department of The Canadian Imperial Bank of Commerce, PAC, RG19, Vol. 714, File 203-9A. Clark told McKewe that since "the loss to any one lending institution was not in excess of 15% of the aggregate loan....the banks and other lending institutions did not incur any loss in connection with the Government Home Improvement Plan".
- 57) O.J. Firestone, Residential Real Estate in Canada, (Toronto: University of Toronto Press, 1951), p. 483.

## CHAPTER SIX

### Failure and Adjustment: Regional and Class Limits to a Government Supported Mortgage Market, 1935-1939

The most evident political problem inherited by King's government from the legacy of Bennett's Dominion Housing Act was the legislation's uneven application across the nation. Not a single joint-mortgage loan would be made in Alberta until after the Second World War. On the rest of the prairies federally supported mortgages would be largely confined to Winnipeg. In British Columbia the DHA's operations were almost entirely confined to Vancouver's metropolitan district. Construction under it would be marred by disreputable, second rate construction techniques. Similar difficulties marred the DHA in Halifax. In northern Ontario and throughout small towns across the nation, the DHA would seldom be used. Even in the metropolitan centers of Ontario and Quebec, where the DHA was first and most heavily used, joint-mortgage lending would be largely confined to exclusive middle class districts.

Lending companies naturally resisted the application of the DHA in communities where its use would contribute to a lowering of interest rates. In such circumstances the only possible incentive to use the DHA was that its lowering of interest rates and long-term blended payments would increase the volume of loans for home construction. Also, lending institutions' fears were increased by a belief that

lowered residential mortgage interest rates were a step toward the reamortization of existing mortgages. Clark's solution to what he realized was an inefficient uneconomic situation of homes mortgaged for more than their market value, was to create the Central Mortgage Bank in 1939. Like the Farmers' Creditors' Arrangement Act of 1934, this would reamortize existing mortgages to reflect a property's current value. Any such move to write off debt would have confirmed lending institutions' worst fears of falling interest rates and confiscation of their assets. Consequently, the legislation remained a dead letter. Not a single lending institution would participate. Clark might be willing to point the way out of the mortgage deadlock, but financial institutions would not necessarily follow. Nevertheless, due to Clark's constant prodding of companies and his continual refinement of the operation of the joint-loan scheme, the income range of the beneficiaries of DHA lending did increase from 1935 to 1940. However, the change was not significant enough to alter the limited scope of the DHA.

#### Disparities and Delays in the DHA

The DHA's limited application across the nation created some severe political difficulties for King's government, particularly in Alberta. This problem of regional disparity, however, was only part of the general lack of applicability of the joint loan scheme in the new housing construction taking place in the nation.

As the following chart indicates, during 1939 (the peak year for federal-joint loans until the termination of the Second World War) only 12 per cent of the dwellings completed in Canada were financed under the program.

**TABLE 6.1**

Dwellings Completed, With and Without  
Public Assistance, Canada, 1935-1939.

(Thousands of Units)

Year	With Public Assistance	Without Public Assistance	Total
1935	.5	32.4	32.9
1936	1.2	38.1	39.3
1937	2.4	46.2	48.6
1938	3.3	40.7	44.0
1939	6.3	45.5	51.7

Source: O.J. Firestone, Residential Real Estate in Canada, p.125.

Consequently, even if the west had received a proportionate share of federal mortgage loans, only a marginal impact would have been made on housing conditions. However, the failure of the federal programs are quite manifest from their lack of contribution to improving the worst housing situations in the nation.

The absence of any use of the DHA in the western provinces aroused the concerns of many prominent prairie Liberals. Criticisms regarding this were expressed by the former Premier of Saskatchewan and federal Minister of Agriculture, James Gardner, the Minister of National Defence, from British Columbia, Ian Mackenzie and the

publisher of the Edmonton Bulletin, Charles E. Campbell. These criticisms were made throughout the depression for the West continued to receive less than a proportionate share of DHA loans. Not a single joint mortgage DHA, or after 1938 NHA, loan was made in the entire province of Alberta until 1944. The situation was not much better in some other provinces. As late as July 31, 1938, only two DHA loans had been made in the province of Saskatchewan and only 30 units of housing had been provided in Manitoba. These Manitoba homes were quite expensive. The average loan amounted to \$7,105. Only in British Columbia did the DHA become an important source of mortgage money for relatively moderate priced homes. By August 1937, 199 units of family housing had been built through the act, totalling \$394,063 in loans. Even this amount was below Nova Scotia's share.<sup>1</sup>

British Columbia placed intense pressure on the federal government to amend the DHA. Minister of National Defense, Ian Mackenzie, obtained the co-operation of the provincial Liberal government in requesting the federal government to lend \$3 million to B.C. to act as an approved lender under the terms of the DHA. Mackenzie complained that the "private lending companies have not seen fit to give more than an infinitesimal scope to the application of the Housing Act in British Columbia". In an April 27, 1936, letter to Dunning, calling for this fresh approach, Mackenzie stressed the high rate of unemployment in the B.C. building trades and the support given the plan by the Western Housing Association of Vancouver and the Victoria Chamber of Commerce. The greater use of the DHA stopped such demands from being repeated by Mackenzie. Progress was, however, quite

slow. Over a year after DHA's passage, on September 25, 1936, the Vancouver Sun would complain that only eight loans had been made to prospective builders in Vancouver. The Sun noted that mortgage companies in the province were reluctant to lend under the act, due to speculative schemes established to take advantage of its provisions. Fly by night companies "were formed, soon to fold up". These firms had "made applications under the act for loans to the extent of 100 to 130 per cent of the value of the property to be built". Builders, on the other hand, pointed to the conservatism of mortgage companies which were accused of being hostile to such basic DHA principles as long term amortization. Eighty per cent, 20 year loans were quite a change from formerly prevalent five year loans for sums below 50 per cent of the value of a house.<sup>2</sup>

Of the \$41 million in total Canadian construction that took place in 1936, the three prairie provinces had only 10 per cent of the total. Although in all of Canada east of Manitoba, 43 per cent of total building construction was for residential purposes, in the prairies, the level was less than 13 per cent. The five largest cities of the prairies spent only 1/4 the amount of Vancouver on housing, and Victoria and New Westminster spent more than the far larger city of Winnipeg. During the period from 1921-31, an average of 11,000 dwellings a year were completed on the prairies. In the next decade, annual housing production averaged 6,000 units. This rate of decline in residential construction was far higher than that experienced by any other region in the country. The prairies drop of 44 per cent in the amount of residential construction compared to only a drop of 12.5

per cent in Ontario, 20 per cent in Quebec, 28.5 per cent in British Columbia and an actual threefold increase in the Maritimes.<sup>3</sup>

The impact of the reduced housing construction in the depression years was well documented in Winnipeg by the annual reports of its medical health officer. In 1938 the city gained only 80 new dwellings, although 2,881 marriages had taken place. During the depression, on the average only one new dwelling or suite was provided for every 14 marriages. Winnipeg's population continued to grow as it received an influx of people from rural areas seeking relief. Surveys conducted by the Winnipeg Free Press reporter James H. Gray revealed "whole families living, eating and sleeping in a single room, 20, 30 and 40 men, women and children existing in tenements that contain not a single bath, houses in the centre of the city without plumbing, water sewers or electric light; vermin infested houses by the score that violate every health rule and are both disease and fire trap".<sup>4</sup>

By 1939, heavy use of the joint federal mortgage loans in the metropolitan Vancouver area had boosted B.C.'s share to approximate its percentage of Canada's population. However, the shady and exploitive real estate speculation, noticed with the first DHA loans in the province, had not diminished. Such poor materials were used that concrete and plaster crumbled quickly. Press accounts depicted homes "supposed to last twenty years", not enduring for "twenty months". After a tour of joint-loan financed Vancouver homes, federal Housing Director, F.W. Nicolls, admitted "the houses I saw were far from satisfactory". Also real estate men formed a racket to receive undisclosed commissions. Contractors, who colluded with such agents,

were subsequently "blacklisted" by the federal government. To evade such sanctions, contractors would use false names on application forms. Nicolls agreed to the request of J.L. Northey of the Vancouver Building Contractors Association for a "White List" of reputable contractors. Only contractors on this list were to be permitted to work on NHA financed homes.<sup>5</sup>

The lack of DHA loans in Saskatchewan caused former Premier and current Minister of Agriculture, James Gardner, to make inquiries with W.C. Clark in January, 1936. In response, Clark pointed out that only two DHA approved lenders had offices in the west. Of these, one had not yet made any loans, and the other, the Great-West Life Assurance Company of Winnipeg, indicated it would wait until the spring of 1936 to begin operations. Clark pointed to several reasons for the disinclination of western lending institutions to participate. These included the provincial debt moratoria and adjustment legislation, the western real estate market's situation where old houses could be bought at prices cheaper than new, real estate taxation, and the cost of appraisal and inspection facilities of firms that lacked established lending organizations. Clark attempted to meet the latter concern by having the federal government bear the appraisal and inspection fee for "the use of loans approved outside the head office city of the particular company involved". This he admitted would be insufficient. The main reason for the inactivity in the west, was "because the rate of interest paid by the borrower is limited to five percent". This was satisfactory "to encourage lending in the East, but there is strong resistance to it in the West".<sup>6</sup>

The determination of lending institutions to block widespread use of the DHA in the west, was influenced not only by fear that its five per cent loans would disrupt their higher interest lending operations, but that it would result in pressure to reamortize residential mortgages at five per cent, as had been done for farmers and fishermen. This "five percent" policy resulted in decisions of head offices to decline applications for DHA loans that had been supported by their local agents. One agent of the Western Savings and Loan Association, H.P. McManus, attempted to promote the DHA in the fall of 1936 throughout Saskatchewan. McManus was favourably received by contractors, lumbermen, newspaper editors, and town councils in Yorktown, Wadena, Prince Albert and Humbolt. Despite his confidence about the soundness of his loan applicants, all were turned down by the Western Savings and Loan Head Office.<sup>7</sup>

The controversy over the DHA and related matters of mortgage moratoria and readjustment was greatest in Alberta where no federal mortgage loan was made till after World War II. The Social Credit Government did pass legislation exempting DHA loans from provincial mortgage moratoria laws. This action, however, did not appease the lending institutions who were engaged in bitter warfare with the provincial government. DHA exemption came after a campaign successfully waged by the Edmonton Builders' Exchange and the City's Chamber of Commerce. A.J. Brown, the President of the Edmonton Builders Exchange, confided to J. Clark Reilly of the Canadian Construction Association that, despite their successful campaign, the lending institutions apparently had "no confidence in this Government and so we are at a standstill".<sup>8</sup>

The Edmonton Bulletin publisher, Charles Campbell, was well aware of the lending institutions' aversion to begin making housing mortgage loans in the west at five per cent. Campbell made considerable efforts to promote the DHA in Edmonton. He had the Bulletin construct "in the most desirable residential section, a model home, fire proof, air conditioned, every modern electrical appliance, etc., extensively landscaped, costing \$12,800.00". Some 60,000 persons from Edmonton and northern Alberta visited this new home. The Bulletin was "deluged with requests for information and as to how loans could be obtained under the Dominion Housing Act". Campbell told King that he was informed by "the head of the Mortgage and Loan Association of Alberta" that "no loan company was going to make loans in Western Canada on a basis of five percent". This was since such a policy would require "that millions of dollars of outstanding loans, now bearing interest at high rates, would have to be reduced to a five percent basis".<sup>9</sup>

On March 13, 1937, Campbell wired Dunning that it was "imperative that funds be quickly and easily available in Western Canada, under the Dominion Housing Act, if the Liberal party is not to be seriously handicapped". This was true since "no loans or construction took place last year and if building season goes by it will be just too bad for Liberal prospects". Campbell told King that nothing short of making the collection of interest above five per cent a "criminal offence" would bring about a "reasonable attitude" among western lenders. In response to King's complaint that he failed to offer a solution to the problems he decried, Campbell urged that if lending institutions did not reduce their rates to five per cent and utilize the DHA, that the

federal government should liberalize the lending policies of the Farm Loan board and lend to provincial governments at three percent. The provinces in turn would make three percent loans to municipalities for home repair refinancing and the building of new houses. Such a move would force competition among lending institutions "the same as the primary producer and the working man must sell his goods and services on a competitive basis".<sup>10</sup>

Housing conditions in Alberta cities deteriorated as Campbell's proposals were ignored and the west remained starved of mortgage money. In 1937 only 15 houses were constructed in Calgary. In that year, Edmonton had 195 new houses built, but only through a relaxation of minimal building standards. The average cost of these homes was only \$491. Such houses were characterized as not "much more elaborate than dog kennels or rabbit hutches". Dr. G.M. Little, Edmonton's Medical Health Officer, estimated that at least 100 houses should be demolished to conform with the city's health regulations. Poor housing conditions became a key target of the Unemployed Married Men's Association formed in Edmonton in June of 1939. Patrick Burke, chairman of its grievance committee, estimated that "from 400 to 500 houses of the city's relief recipients warranted condemnation".<sup>11</sup>

Campbell attributed the re-election of the Alberta Social Credit government in 1940 to the popularity of its legislation against mortgage foreclosures. He noted too the political backlash against the mortgage companies flooding "the province with propaganda and money" during the election campaign. The election, also, forced the provincial Liberals into an unsuccessful alliance with the

Conservative party, because of their common alliance with lending institutions.<sup>12</sup>

In Alberta, the federal government's efforts to promote DHA lending were done in a manner which sought to avoid any possible antagonism with lending institutions. Typical of this approach was Clark's persuasion of Minister of Finance, J.L. Ralston, to reverse previous plans to encourage the Dominion Mortgage and Investment Association to extend the joint loan program to Alberta. Such an action, Clark feared, would "seriously embarrass the companies in their negotiations with the Provincial government". These negotiations aimed at the "removal of certain legislation from the statute books, or alternatively, ...some new protective legislation". During these talks the mortgage companies feared pressure from Ralston would "weaken their hands".<sup>13</sup>

The strongest action taken by the federal government to revive the western residential mortgage market was taken through legislation to create the Central Mortgage Bank in 1939. This Central Mortgage Bank was empowered to issue government guaranteed debentures to a value of \$200 million. Mortgage lending institutions could join on the condition that adjustments would be assumed by the Central Mortgage Bank. These would be made on a five per cent basis. This amount equal to the NHA interest rate was accepted for farm losses by the DMIA; not however, for home mortgages paid by urban dwellers. The common outlook of business on residential mortgage readjustment led to substantial amendment of the Central Mortgage Bank Act of 1939 by the Canadian Senate to delete its provisions for "non-farm loans". The attack

against this aspect of the bill was led by Conservative Senate leader, Arthur Meighen. Meighen argued that:

nothing at all has occurred which would seem to warrant the Government in giving special help to a man in a city or country town who is carrying a heavy burden on a house property. I say, let him look after himself.<sup>14</sup>

Unlike farmers, homeowners had not been afflicted by a "natural or special economic visitation" such as a plague of grasshoppers, which would justify government aid. Meighen was unmoved by the plight of middle class homeowners who as a result of the deflation of real estate values by the depression, had homes mortgaged for more than their actual worth. The former Prime Minister viewed this as evidence of the homeowner's "extravagance". Clark hoped that the bill, by providing for debt readjustment, would remove the restrictive mortgage lending legislation of Alberta which had antagonised lending institutions into boycotting the province. Meighen viewed such goals as a suspicious bail out of the Social Credit government. He argued that:

it would be incredibly unjust that after all this is done and the price paid, the province were to be allowed to go through the antics which Alberta has gone through in the last two years.<sup>15</sup>

After the Commons rejected the Senate amendments the Senate subsequently relented in its opposition. However, Meighen's arguments eventually prevailed. The lending institutions' opposition to residential debt adjustment was so great that they simply declined participation in the Central Mortgage Bank.<sup>16</sup>

Lending institutions did not want to use the DHA in the communities of northern Ontario where prevailing market interest rates promised higher returns than possible under the Act's five percent

mortgages. Thomas E. Bailey, District Manager for the Timmins area for Crown Life, took the unusual step of writing to King to complain that his own company, London Life Insurance, and every other mortgage lender refused to make any DHA loans in Timmins. Bailey was puzzled since it was a community of 20,000 people having the largest gold mines in Canada, possessing substantial reserves. The Halliday Company, builders based in Hamilton, Ontario, wrote to Clark that in Northern Ontario mining areas, the only "few cases" of DHA loans being granted were the "larger homes in choice locations".<sup>17</sup>

Such conditions were not confined to mining communities. For example in Port Arthur, Clark found that lending institutions would not use the DHA since "they were able to get eight percent on ordinary loans there and did not see why they should break the market by loaning under the Housing Act at five percent". Clark's response to this situation is indicative of how, by his hostility to federal direct lending, he became a virtual prisoner of the lending institutions in the setting of housing policy. In response to the Port Arthur situation, he blandly advised Finance Minister H.G. Dunning that it was "unfortunate that the companies take this position, but I do not know of anything further that I can do".<sup>18</sup>

Apart from Vancouver and Winnipeg, the only substantial joint lending operations which continued in the depression outside the metropolitan areas of southern Ontario and Quebec, took place in Nova Scotia. In Prince Edward Island only 16 units of housing were built totalling \$87,434; all were constructed in Charlottetown. The Summerside Sun Life Agent would make loans for new houses only if the

lumber was purchased from his firm. In New Brunswick only 157 loans totalling \$636,847 were made.<sup>19</sup>

Nova Scotia, especially Halifax, was a model of success for the DHA in the Maritimes. Originally only Central Trust, based in Moncton, participated in the act. Nova Scotia in the first half of 1936 received no federal joint loans. Clark changed this situation in Nova Scotia, as elsewhere, through co-operation with major lending institutions such as Sun Life. They utilized the lower DHA interest rates to capture a greater share of the mortgage market. More conservative Maritime financial institutions disliked the DHA because the 5.5 per cent interest rate it gave private lenders, was below the prevailing 7.44 per cent rate. On July 10, 1936, Clark met with Premier Macdonald, Nova Scotia Housing Commission chairman Fred Pearson and various provincial cabinet ministers in Halifax. On July 20 he returned to meet with local representatives of Sun Life, Canada Permanent, Eastern Trust and the Nova Scotia Building Association. Clark's efforts proved successful for Nova Scotia's share of federal joint loans rose to nine per cent in 1939, greater than the province's share in national population.<sup>20</sup>

However, this "success" on closer examination was only a larger share of a feeble DHA program. In 1939, Nova Scotia had obtained only 214 joint loans. Little of this effort aided low or moderate income groups. During the 1937-39 era, building permits were issued for 401 dwellings. Of these only 30 could be rented to families with incomes as low as \$1,000 per year. Sun Life's use of the DHA aroused considerable controversy. It created, as Clark confessed to Dunning,

"something of a mess in Halifax and Dartmouth". Sun Life's principal DHA borrower, a construction contractor named Cleveland, aroused the wrath of local builders over the introduction of "mass production methods" accompanied by allegedly shoddy building techniques.<sup>21</sup>

The problems of the restriction of the operations of the DHA to middle class residential neighbourhoods proved more intractable than the legislation's limited regional distribution. So restricted to middle class communities was the first year of lending operations under DHA, that of the 40 loans registered in Toronto by mid-1936, almost all went to exclusive areas such as the Kingsway, Stewart Manor, Cedarvale, Forest Hill Village and North Toronto. Only one loan was made in the entire Township of Scarborough. The Township of East York received none.<sup>22</sup>

Purvis, from his work on the HIP plan, encountered the problem of farmers whose homes were in such poor condition that improvement could only be obtained by building a new home on the same lot. However, in rural areas, especially those occupied by settlers such as the Peace River District, lending companies would not participate in the DHA. Based on this and his conversations with Mansur, Purvis, on February 15, 1936, made several recommendations regarding accessibility to the DHA. One suggested an innovation similar to the 1939 Central Mortgage Bank. Understandably, in light of its rejection three years later by the financial community, Clark told of his "cultivating stony ground", in this regard. As for Purvis' proposed changes in DHA to assist farmers to build new houses, Clark responded, "How can anyone expect the mortgage lending institutions to make new loans in the Province of

Alberta. Nothing we could do for the present would induce them to sink more of their long term funds in that Province." Clark admitted to Purvis that the absence of DHA lending outside major metropolitan centers was caused by fear of breaking up the interest rate structures. He found that "there are a lot of alibis, but when you check them, you find that the interest rate question is at the bottom of most of the difficulties".<sup>23</sup>

Minister of Labour, Norman Rogers, was determined to make the DHA more accessible for low income groups by making provision for ten percent downpayments. While Dunning originally noted that "the cooperation of the lending institutions cannot be secured" for such a scheme, provision for ten percent downpayment loans was made in the National Housing Act passed in June, 1938.<sup>24</sup>

The Department of Finance was able to make some minor changes in the operations of the DHA to make it more accessible to lower income groups. Its success, in this direction, was as tepid as its limited achievement in bringing the DHA out of metropolitan central Canada. On September 15, 1936, Clark told Dunning that it was "now obvious" that lending institutions would not "make loans in certain small or remote communities" or "make loans on any extensive scale to meet the demand for homes on the part of people of low incomes". To remedy this situation, Clark, as usual, proposed that the government assume a greater share of the private lenders' risks and costs. He told Dunning frankly that it was clear "that if we are to make the operation of the Act really successful the Government must undertake to bear a greater share of the loss in connection with such loans".<sup>25</sup>

In the original agreement with lending companies, the government paid 2/3 of the loss when a house after foreclosure was sold for less than the company's share of the loan, 1/3 if the sale price was above it. Upon Clark's recommendations, Dunning decided that the government share of DHA losses should rise to 80 per cent for all loans of \$3,000 and under, to 75 per cent in the cases of loans up to \$3,500 and 70 per cent for the next category of loans up to \$4,000. These heavier losses would only be covered in cases where companies had made their full sixty per cent of the joint loan. Clark granted \$10.00 per approved loan to lending institutions for "special travelling and other expenses" in areas of communities not more than 50,000 people, not part of a metropolitan area, and where the company making the loan did not have "a head office or regularly established mortgage lending office". The lending companies agreed to undertake a DHA advertising program. Its outlines were developed to allay their past fears of being flooded with applicants. The advertisements would take care to "stress the fact that loans would not be made to every Tom, Dick and Harry, and to point out the equity that was required and the other conditions that had to be met in securing loans". These changes were announced by Dunning in a September 23, 1936 Press Release.<sup>26</sup>

By October 14, 1937, Nicholls reported to Clark that some considerable gains had been made in DHA loans on less costly homes. By this time the average loan of \$4,346 indicated that the average house was costing "under \$5,000 with many houses costing approximately \$3,000". Nicholls indicated that the government had gone "about as far as we can in providing houses in districts acceptable to the approved

lending institutions". It was now faced with "securing more house for the money" and "improving the design of the minimum cost house". By this time Nicolls had given up "hope of securing cooperation from Canadian builders in our attempt to lower house building costs". These were "either not interested or lacking in initiative or ability even to give the problem serious study". Currently Nicolls told Clark "the plans we are now receiving for houses around \$3,000 are as a rule of very poor design". In "practically all cases" of such homes no architect was retained and "unusually not even a draftsman...employed". As a result of poor design, Nicolls, while reviewing DHA loans, often had to practically re-design plans for houses submitted. In almost every case borrowers accepted such proposed modifications. In order to achieve his desired economies and improvements, Nicolls organized an architectural competition for \$2,000 to \$3,000 valued homes. Despite such efforts, only a marginal increase was achieved in increasing the volume of DHA for homes in the \$2,000 to \$3,000 range. Up to July 31, 1938, only 12.6 per cent of DHA loans were under \$2,500. Just 4.4 per cent were at or below the \$2,000 figure. The average loan under DHA did however, drop from the \$4,346 reported by Nicolls on October 14, 1937, to \$3,995 on July 31, 1938.<sup>27</sup>

Insight into the difficulties experienced in the government's efforts to make DHA loans accessible to lower income groups can be gleaned from the experience of Halliday Company Limited of Hamilton. After the increase in federal guarantees for loss resulting from loans on lower cost housing, the Halliday company went to work vigorously hoping to extend DHA financing to its working class homes. Following

the lines of the thinking of the Department of Finance, the company "secured the services of a fully qualified architect and ...a designer especially familiar with the prefabricated construction of low cost homes". The firm's objectives closely met Clark's ideal of "careful architectural design and mass production costs". The company built up a considerable stock of prefabricated homes of its "New Era" and "New Idea" designs, which Halliday regarded as "illustrating the fact that a home embodying all essentials of convenience and comfort could be built complete in the neighbourhood of \$2,500". After the publication of its catalogues, Halliday received "hundreds of inquiries" in regard to these low cost houses. Customers who were regarded as satisfactory prospectives for a loan gave Halliday a \$50 to \$100 deposit as evidence of good faith. The company then proceeded to "negotiate a loan through one of the lending institutions on the understanding with the customer that should the loan not be forthcoming we would return the deposit in full". At this point Halliday encountered resistance from financial institutions against loaning to their customers. The company had "no difficulty in obtaining loans under the Act in the higher priced homes". However, the firm, as its manager H.C. Nunn pointed out to W.C. Clark, received "no applications in what we consider to be the really low cost home under \$3,000". Indeed only a few applications were accepted "in the class of house costing complete with lot, around \$3,500 to \$4,000". Nunn complained how:

to our intense disappointment we have not yet had a single loan application accepted by a lending institution for homes in this low cost class--this in spite of the fact that we have been in contact with practically every lending institution in the field. The

writer has personally interviewed the Sun Life, the London Life, the Canada Permanent Mortgage Corporation, the Ontario Loan and Debenture Company and the North American Life. Others of our staff have interviewed other prominent lending institutions and we have contacted practically all the remainder by mail.

Nunn carefully described the reasons of the financial institutions for rejecting his company's loan applications. The "fundamental objection" arose since "of necessity a home in this class must be built on low cost land, which generally means land outside corporate limits or within the limits of small towns or villages". Most lending institutions were "quite frank in stating they are not interested in loans on really low cost homes". Such companies Nunn found, would not "even take the trouble to inspect the properties". Private lenders had traditionally received more than five per cent interest on loans for such suburban working class houses, and felt this was justified by "the extra risk on these small homes and the extra cost of administration as compared with large bulk mortgages". Nunn saw this as "prejudice" since his firm, in selling "similar homes (privately financed) on monthly payments", had "a practically perfect account of payment, not one being present in arrears". Nunn found that the government guarantee of 80 per cent of company losses in low cost homes had "little or no influence upon the policy of the lending institution". One company official told him, "We are not interested in making loans which show any possibility of loss. We cannot face the possibility of even 20 percent loss."28

## Continuing Stalemate Under NHA

The King government's pattern of marginally extending the benefits of its mortgage lending programs was repeated in its second major piece of legislation, the National Housing Act of 1938. The bill aimed at a "liberalization" of lending under the NHA. This was accomplished by increasing the burden of public risks and bonuses for private lenders to extend the joint loan program, geographically and socially. The government bonus for loans "in small or remote communities" was beefed up from \$10 to \$20. To this was added travelling expenses from the nearest place from which loans could be arranged and supervised, also by lending institutions. The burden of the government's share in the joint loan scheme was increased by an extension of the pool guarantee principle of the HIP scheme. Under the NHA of 1938, the federal government guaranteed all losses of lending institutions on homes not exceeding \$4,000 in value, as long as these losses did not exceed 20 percent of the total NHA loans in this category by a particular lending institution. If the loans were for 90 per cent value, the federal guarantee was extended to 25 per cent. Like the guarantees under the HIP scheme, these were to prove to be far in excess of company losses. Rogers' pressure had resulted in limited efforts to have provisions for a reduced 10 per cent borrower's equity, for homes whose value did not exceed \$2,500. Lending institutions' participation in such loans was also encouraged by an increase to 25 per cent from 20 per cent in the ceiling of the federal share of joint loans.<sup>29</sup>

Section One's reformulation of DHA's joint loans was abetted by Section Three of the NHA of 1938. Modelled after a Burlington project, spearheaded by Liberal MP Hugh Cleaver, the plan arranged for municipalities to provide lots to home builders at nominal prices. Also the federal government would pay all taxes on the homes so constructed for one year, 50 per cent for the second and 25 per cent for the third year after construction. Lots were to be sold at \$50, unless municipal regulations prevented sales at below market prices. Purchasers were to construct homes for their own use within a year.<sup>30</sup>

The NHA did not greatly increase the volume of the federal joint loans' program. From August 1, 1938, to December 31, 1938, only 1,304 NHA loans were made providing 1,837 units of family housing. These were overwhelmingly concentrated in the metropolitan areas of Quebec, Ontario and British Columbia. All five of Saskatchewan's loans were in Regina and only one, valued at \$2,500, could be considered low income housing. On April 13, 1939, Conservative MP, Denton Massey, ridiculed the government's efforts, observing that the NHA legislation had only helped to build 2,273 units of housing. The government's congratulatory pronouncements on the 90 per cent loan program disclosed its tepid success. A Ministry of Finance press release on November 3, 1939, announced that 1,000 ninety per cent loans had been made.<sup>31</sup>

Like the rest of NHA mortgage lending, 90 per cent borrowing was heavily concentrated in certain regions. North York obtained about 20 per cent; Hamilton 10 per cent; East York nearly nine per cent; Vancouver six per cent. Together these four municipalities accounted

for 45 per cent of the \$2,500 90 per cent mortgage program.<sup>32</sup>

Some of the difficulties of conflicting private interests that stymied housing efforts, under the NHA of 1938, are shown by the internal correspondence of Sun Life, sent to W.C. Clark by D.B. Mansur. One especially revealing letter concerns the efforts of one of Sun Life's local agents to stimulate interest in the NHA in Regina. Regina like many other Canadian cities where the NHA and DHA were virtually inoperative in the 1930's had a prevailing interest rate on new house construction of eight per cent. One company, Western Homes, controlled by the Argue brothers of Winnipeg had a complete monopoly in the area of mortgage loans. Sun Life's local agent S.E. Briand told the company's loan manager, J.A. Gray, that there was "a definite lack of good housing accommodation in Regina". City real estate firms all told him that they had "no difficulty at all to rent houses that became vacant" and that new home construction had stagnated due to lack of financing. It was very difficult to meet NHA minimum specifications in Regina because the city's building lots were only 25 feet in width. Regina used part three of the NHA to dispose of its most undesirable residential lots. Briand told Gray how he found "upon investigation that these lots are in certain parts of the city such as near the CPR tracks and near the Imperial Oil plant, where we would not care to make loans at all". Briand encountered similar problems in Windsor after Sun Life announced it would "not consider any more applications covering houses in the low cost class". A protest group was formed called the "Riverside National Housing Act Committee". Its organizer sold lots at 800 per cent above their purchase price.<sup>33</sup>

The joint-loan scheme had a marginal impact on the Canadian mortgage market because of its dependence on lending institutions that were reluctant to participate. Even enthusiastic large lenders such as Sun Life would not use its provisions in areas such as working class housing where higher interest rates were thought to be justified by the risks. Clark and his colleagues' hope that through improved architectural design and other inducements private lenders could be persuaded to break interest rate structures was unrealistic. The Central Mortgage Bank, paying the travel costs for distant loans, architectural competitions, ninety per cent loans and the pool guarantee of the NHA of 1938, all failed to alter significantly the investment decisions of mortgage and loan corporations.

## FOOTNOTES TO CHAPTER SIX

- 1) A.E. Grauer, Housing (Ottawa: Royal Commission on Dominion-Provincial Relations, 1939), pp. 39, 42.
- 2) Letter from Ian Mackenzie to C.A. Dunning, April 27, 1936, PAC, RG19, Vol. 3979; "Extract of the Vancouver Sun, dated September 25th, 1936" PAC, RG19, Vol. 711, File 203-IL.
- 3) Firestone, op.cit., pp. 165-169; Winnipeg housing survey in PAC, RG19, Vol. 34335.
- 4) Housing survey of Winnipeg 1937 by Alexander officer, Press clippings, Winnipeg Free Press, March, 1937, all in PAC, RG19, Vol. 3435.
- 5) Vancouver City Archives, Housing Press clippings, Docket one, November, 1918 to January 1939, M4290-a, "Housing act abuse rapped January 23, 1939, Housing head 'shocked' here", January 23, 1939, "Expert Reveals Jerry Building 'Racket' January 24, 1939, "Housing Act Head charges 'building racket' on here".
- 6) Letter January 20, 1936 from W.C. Clark to D.M. Allan Private Secretary of James Gardener, Minister of Agriculture, PAC, RG19, Vol. 711.
- 7) Report of Operations under "The Dominion Housing Act" to W.C. Clark from Western Loan and Savings Association PAC, RG19, E2 (1), Vol. 3455; Letter from H.P. McManus November 28, 1936 to the Western Savings and Loan Association, PAC, RG19, E2 (1), Vol. 3455. McManus found that in Prince Albert there were "no vacant apartments, vacant houses or even vacant rooms".
- 8) Letter from A.J. Brown, President Edmonton Builders' Exchange, to J. Clark Reilly, Manager CCA, July 29, 1936; "Do you want to own your home?" Three radio address in the Dominion Housing Act in PAC, RG19, Vol. 3979, File H-1-3.
- 9) Telegram August 10, 1936, from C.A. Campbell to W.L.M. King, MG26, JT, Vol. 214. Letter from Charles E. Campbell to W.L.M. King September 27, 1940 in RG19, Vol. 710.
- 10) Telegram from Charles E. Campbell to W.L.M. King March 13, 1937, Letter from Charles E. Campbell to C.A. Dunning March 10, 1937, Letter August 25, 1937, Charles E. Campbell to W.L.M. King, August 25, 1937, in PAC, MG26, (1), Vol. 706, File E-EDG, King Papers, MG26, JT, vol. 214.
- 11) Newspaper clipping scrapbook, Edmonton City Archives, Tuesday, October 4, 1938, "Decent Low-cost Homes Needed", "Many Dwellings Unfit for Use Health Body told by M.H.O. April 22, 1938", "Housing conditions in city attacked at jobless meet".

- 12) Letter from Charles E. Campbell to W.L.M. King, September 27, 140 in RG19, Vol. 710.
- 13) "Memorandum to Mr. Ralston" from W.C. Clark, June 12, 1940, PAC, RG19, Vol. 2679.
- 14) House of Commons Debates, 1939, 4: 3665-3670, 4389-4399; Senate Debates, 1939, 1: 580-575, 577-579.
- 15) Ibid.,
- 16) Alvin Finkel, Business and Social Reform in the Thirties, (Toronto: James Lorimer, 1979), p. 109-112.
- 17) Thomas E. Bailey to W.L.M. King, March 2, 1936 King Papers, PAC, MG26, J1, Vol. 213, p. 183639; J.C. Nunn to W.C. Clark July 3, 1937, PAC, RG19, Vol. 710, File 203-1A-51 to 100.
- 18) "Memorandum from W.C. Clark to H.C. Dunning re: Dominion Housing Act - Port Arthur", PAC, RG19, Vol. 706, File 203-1A.
- 19) W.C. Clark, "Memorandum re: Trip to Maritimes", PAC, RG19, Vol. 711, File 203-12; Grauer, op.cit., pp. 39-42; House of Commons Debates, 1938, 4: 33773-33775.
- 20) Clark "Memorandum re: Trip to Maritimes", op.cit., Letter from W.C. Clark to A.L. Wickewire, RG19, Vol. 711, File 203; Journals of the House of Assembly of Nova Scotia, 1940, Appendix No. 32, Report of the Housing Commission for year ending November 30, 1939, p. 13.
- 21) Address by W.C. Clark to Dalhousie University, PAC, RG27, Vol. 3337, File 29.
- 22) Grauer, op.cit., pp. 40, 41.
- 23) A.E. Purvis to W.C. Clark, February 18, 1937, W.C. Clark to A.E. Purvis, March 1, 1937, both in PAC, RG27, Vol. 3356, File 2.
- 24) Letter May 2, 1938 from Norman L. Rodgers to Charles E. Dunning, Letter May 12, 1938 from Norman L. Rodgers to Charles E. Dunning, both in PAC, RG19, Vol. 710, File 203-1A 109.
- 25) "Memorandum to Mr. Dunning" September 17, 1936 from W.C. Clark, Press Release, September 23, 1936, both in PAC, RG19, Vol. 706.
- 26) Ibid.,
- 27) "Memorandum for Mr. Clark from F.W. Nicholls", October 14, 1937, in PAC, RG19, Vol. 706; Grauer, op.cit., pp. 39-44.

- 28) Letter July 3, 1937, from A.C. Nunn to W.C. Clark, PAC, RG19, Vol. 710, File 203-1A 51 to 100. After Clark asked Mansur for comments on the validity of Nunns' concerns, Mansur replied that they should be taken seriously as the Halliday Company was one of the largest firms building working-class housing in Canada, PAC, RG19, Vol. 710, File 203-1A 51 to 100.
- 29) Statutes of Canada, 1939, Chapter 49, "An Act to Assist to the Construction of Houses", pp. 353-367.
- 30) Horace Seymour, "A Housing Achievement", Canadian Unionist, June, 1939, pp. 16-18.
- 31) Press Release September 30, 193, RG19, Vol. 705, File 203-1A, House of Commons Debates, 1939, 3: 2750, Grauer, op.cit., p. 44.
- 32) Press Release, September 30, 1939, op.cit.,
- 33) Copy of letter from S.E. Briand Loan Inspector Sun Life to D.B. Mansur, Inspector of Mortgages, Sun Life Assurance Company of Canada January 17, 1939; Copy of letter from J.A. Gray Loan Manager of Sun Life, Winnipeg to S.E. Briand both in PAC, RG19, Vol. 711, File 203-2L.

## CHAPTER SEVEN

### The Mirage of Social Housing:

1935-1940

After the passage of the Dominion Housing Act of 1935, social housing in Canada took on the appearance of an alluring mirage. Scenes of high quality, affordable homes for low income families were always in the minds of reformers and the promises of government. They invariably, however, tended to vanish from sight just when it appeared that arduously fought progress had been made toward it. The unions, social workers, architects and planners engaged in this hopeful but fruitless trek did not fully realize how many of the obstacles in their path had been carefully placed there by the federal Department of Finance.

The long wanderings of housing reformers in the depression were encouraged by a pattern of a persistent public acceptance of the principle of social housing by the federal government, with a private determination that not a single subsidized housing project get underway, lest it serve as a precedent for more massive action. In order to confuse public opinion, complex transfers of authority took place that ensured that low income groups would be lost in the shuffle. King at first took low rental housing out of the hands of the never convened Economic Council of Canada, to the National Employment Commission. After the publication of the NEC's final report made a continuation of the year long delay in acting on its

recommendations difficult, legislation was passed for low rental housing. This proved to be an unworkable piece of legislation as no homes were constructed under it. These were not unintentional acts of incompetence, but a clever political move which channeled discontent on housing issues effectively, while not upsetting the conservative employment remedies of the federal government and the business groups which supported its market orientated housing policies. Consequently, throughout the depression federal government housing policy built only homes in which 80 per cent of the nation's households could not afford to live.

After the abolishing of the National Economic Council of Canada before its members were appointed, the responsibility for devising a program for low rental housing construction was assigned by King's government to the National Employment Commission.

To its credit, from the outset, the National Employment Commission did consider low rental housing to be one of its most important assignments. On July 8, 1936, Purvis met with the committee that had produced the influential Bruce report. The NEC as a whole met with the Toronto Board of Control to discuss low rental housing. The city's report, which stressed the relation between the city's relief costs and housing, had a considerable impact on the NEC. It pointed out that the rent share of Toronto's relief cost was \$1,454,497.77. A third of this expenditure was paid for by the federal government. The impact of the Bruce Report was also stressed. It was now being quoted with approval "in labour meetings and by the unemployed". The NEC hired a member of the Lieutenant-Governor's

committee, David Shephard, to serve as a low-rental housing consultant. This immediately aroused the suspicions of W.C. Clark, who told Dunning that he "did not know what may be the results of Shephard's work". Clark decided to warn his Queen's colleague, NEC commissioner W.A. Mackintosh, against "plans that might be considered too ambitious".<sup>1</sup>

Shephard engaged in extensive studies for the commission in Canada and Great Britain. Canadians who were consulted included Percy Nobbs, his Toronto housing reform colleagues, representatives of both financial institutions and the CCA and Montreal realtor Colonel Owen Loble. Shephard toured Britain from October 15 to November 10, 1936. British authorities he met included planner, Raymond Unwin; senior British Ministry of Health civil servants; mayors; municipal officials and leaders of British housing associations; both the boards of limited dividend companies and of non-profit groups.<sup>2</sup>

Using Shephard's research, W.A. Mackintosh presented a draft federal low rental scheme by January 6, 1937. This was adopted by the commission and presented to King's government on February 9, 1937. To further clarify its position, the NEC drew up a draft "Dominion Low-Rental Housing Bill, 1937". The NEC's proposals called for the construction of 10,000 units of public housing to be financed by capital loans from the federal government. These would be in a dozen or so experimental projects. To further ensure that rents would be within the reach of low income groups, the federal government would pay approximately half of the estimated \$120 per unit subsidy. The rest would be paid by provinces and municipalities. The NEC also told

the Cabinet that the cost to the federal government of building improved shelter was a better investment than its payments for poor housing conditions as a result of its contribution to relief expenditures.<sup>3</sup>

TABLE 7.1

Average Number of Persons per Family  
on Direct Relief Occupying Respective  
Number of Rooms Indicated:

	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>	<u>Five</u>	<u>Six</u>	<u>Seven</u>	<u>Eight</u>	<u>Nine</u>	
Halifax	3.0	3.6	4.9	5.4	0.4	7.1	7.5	8.8	6.5	
Montreal	2.4	2.9	3.4	4.5	5.8	6.9	7.8	8.2	8.9	
Ottawa	2.4	3.1	3.9	4.7	5.4	6.0	6.5	6.0	6.1	
Toronto	2.5	2.8	3.4	4.0	4.5	4.9	5.2	5.1	4.9	
Winnipeg	2.3	3.0	3.7	4.3	5.0	5.8	6.1	6.2	5.9	
Vancouver	2.4	2.9	3.3	3.8	4.4	4.8	5.0	5.4	5.6	
										<u>Total</u>
Halifax	188	414	383	280	95	32	13	4	2	1,414
Montreal	2,308	1,478	5,887	11,780	5,987	3,304	915	220	44	32,025
Ottawa	390	687	863	666	497	492	138	34	16	3,815
Toronto	1,811	3,261	2,947	1,841	1,826	4,120	854	865	331	18,024
Winnipeg	892	1,689	1,359	710	936	560	328	60	22	6,556
Vancouver	787	787	1,003	1,476	848	590	149	47	18	5,905

Source: National Employment Commission, PAC, RG27, Vol. 3375.

Predictably, W.C. Clark wrote a seven page memorandum to Dunning opposing the bill. Clark tempered his remarks by noting that while hostile "to the direct subsidy feature", he feared "that there will be a great deal of criticism if nothing is done in the slum clearance field". Clark stressed the need to assist low income tenants "on a less objectionable basis" than "direct subsidies". These he viewed as "a radical innovation in government programs in Canada". He also took exception to the NEC's conclusion that:

wages or other incomes of certain groups of people in our urban centers are below a level which would enable them to pay the ordinary economic cost of necessary family shelter, and consequently ... the federal government should make direct subsidies to such people of substantial size (one-third the cost of providing such accommodation).<sup>4</sup>

Clark also warned Dunning that once a small program of low rental housing began, the political pressures to expand it would become "irresistible" so as to "cover more than the favoured few". Clark also opposed the NEC's proposal that the federal government encourage equally limited dividend companies and municipal housing authorities. He viewed the latter as "subject to the whim of pressure from and interference by local politicians".<sup>5</sup>

Clark's opposition forced a delay for over a year. The contrast with the speedy acceptance of the HIP scheme, a project rich in corporatist sentiments, reliant on the private market-place and making minimal demands on the federal treasury, is suggestive. Purvis was so embittered by the shelving of his low rental housing proposals that, by July 1937, press accounts held him to be on the brink of resigning. The political consequences to King's ministry, which had placed so much reliance on the NEC as a solution to the depression, would have

been enormous.<sup>6</sup>

Clark placated the NEC and resisted other demands for new housing legislation, by encouraging a limited dividend experiment in Winnipeg that utilized the DHA. Noting its distinction from low rental projects, Purvis congratulated Clark on the progress of the project which, he felt, would provide "results for those who have some money". The fact that Purvis and Clark were advocates of the entry of "big business" in housing, helped to prevent their differing views on low rental housing from creating a public confrontation. Clark told Purvis that his opposition to housing subsidies came from his belief that they were needed only because of the present inefficient small business nature of the housing industry. Also he feared such a step would "lead to similar subsidies in a great many other directions".<sup>7</sup>

The Winnipeg scheme gradually advanced by Clark was defeated by financial, property and realty interests whose viewpoint was somewhat similar to his own opposition to the NEC's proposals. To assuage conservative opposition to the limited dividend housing project, Sun Life Inspector of Mortgages, David Mansur, wrote to his Winnipeg mortgage supervisor John A. Flanders, to explain how:

Dr. Clark is particularly anxious to arrange some such scheme, because he is anxious to keep the demand for low cost housing in the background at the present time, because he knows that such a project, irrespective of by whom it is sponsored, would be uneconomical and would cost a lot of money. He feels that it would be better to carry out such low cost housing as is possible with the aid of the present legislation, rather than face the necessity of bringing in further legislation to provide for real low cost housing and slum clearance.<sup>8</sup>

Despite Mansur's assurances, opposition from lending institutions to the Winnipeg project continued. Unlike him, these special interest

groups did not take a broad view of what was needed for the preservation of a private property industry. In the Montreal hulk of the Sun Life building, Mansur was capable of considerable breadth of vision and detachment. The Winnipeg lenders saw themselves locked in a bitter class battle against the advocates of lower cost housing. In 1931, municipally built rental housing had been first advocated by the Winnipeg chapter of the Manitoba Independent Labour Party. The reasons for this scheme's early defeat emerged in a debate in the Manitoba legislature when former mayor of Winnipeg, James Litterick, revealed after pressure from "several Labor members" that opposition had come from the Board of Trade and "real estate bodies". In 1935, the provincial legislature, responding to such pressure, even denied Winnipeg the power to issue bonds to finance a housing project. On April 6, 1937, Winnipeg City Council wrote to the Prime Minister, requesting that the federal government, "make available to the City of Winnipeg for housing and slum clearing purposes, money at a low rate of interest".<sup>9</sup>

In promoting his Winnipeg limited dividend scheme, Clark responded both to a local political battle and a potential national governmental crisis over the lack of a response to the NEC's low rental housing proposals. Clark's plan called for the use of the DHA's joint-loan formula to encourage building on Winnipeg's vacant lots, owned by the city as a result of tax defaults.<sup>10</sup> As under other joint DHA loans, 20 per cent of the mortgage monies would come from the federal government, 60 per cent from the mortgage companies (subject to the normal generous federal guarantees against risk). An additional 20 per cent would come from a limited dividend housing

corporation, which would receive free lots from the city of Winnipeg. Through such economies, it was expected that homes could be obtained through a \$400 downpayment by monthly instalments of from \$25 to \$30. Clark's proposals did win the support of the Winnipeg city council.<sup>11</sup>

The Winnipeg property industry reacted with similar opposition to Clark's scheme as it did to earlier rental housing projects. On June 9, 1937, Dunning was sent a five page brief from the Winnipeg Board of Trade opposing housing subsidies. It took exception to the view that there were in Canada, people who could not "earn sufficient money to pay for decent premises in which to reside". Slums should be fought by enforcing existing by-laws to abolish unsanitary housing. To house single men, the Board suggested "some of the larger warehouses in Winnipeg" be utilized. The Dominion Mortgage and Investments Association opposed the limited dividend scheme, because it viewed the project as a step towards the city council's eventual goal of subsidized public housing.<sup>12</sup>

In order to obtain the mortgage institutions' co-operation, Winnipeg housing committee chairman, Alderman A. Sara, journeyed to Ottawa to meet with Mansur and W.C. Clark. Mansur obtained from Sara agreement to reduce the project's size to 100 units and have the city council relinquish any control over it to private investors. These would buy \$15,000 of the company's shares. After obtaining this agreement, Mansur on June 14, 1937, wrote a ten page letter to his Winnipeg Sun Life branch office to secure its support for the revised project. Mansur's memo helps illustrate the nature of the opposition

to government assisted rental projects in the depression. He admitted the local Sun Life's office view that from "a purely selfish view, it probably would be advisable for no houses to be built in Winnipeg until every house in that city for sale, has been sold to a satisfactory purchaser".<sup>13</sup> Mansur however, regarded this as narrow mindedness given the fact that "a lot of the houses in Winnipeg are thoroughly undesirable and are of a degree of antiquity which defies sale to a reasonable purchaser".<sup>14</sup>

Mansur's intervention did allay some of the opposition to the project. After Sun Life became involved, other companies participated. A number of wealthy citizens such as James Richardson invested \$15,000 in the limited dividend company. However, local opposition was still strong enough for the project never to get off the ground. Only one \$3,200.00 house was built. This was to be a model for the rest of the project, being tendered for this purpose by the city of Winnipeg. Like the Edmonton model home built by Charles Campbell, it was visited by thousands who could not afford it.<sup>15</sup>

The shelving of its low rent housing proposals did not diminish the National Employment Commission's interest in the housing issue. Commissioner A.N. McLean examined the shelter of relief recipients. He visited the homes of 100 such persons in Ottawa, Toronto and Montreal. He was quite horrified by what he saw; he did not give a very detailed report, as it would "make rather morbid reading". He was disturbed how public funds went to pay for homes that were "often damp and leaky, over-run with vermin, cockroaches, bed-bugs and the breeding grounds of disease". Tenants were so poor that children

often lacked "clothes enough to go to school in the winter time". The NEC's social welfare expert, Charlotte Whitton, drew a description of speculative investors exploiting tenants "by buying up abandoned or deteriorated living quarters and crowding them with humanity whose desperation seeks any accommodation at all, so long as it be cheap". Whitton saw these landlords' excessive rents as unnecessarily increasing the costs of relief to taxpayers. She viewed the cost of \$14 million a year to house tenants on relief as a national disgrace.<sup>16</sup>

To meet relief shelter concerns the NEC made four recommendations. Most involved regulations in federal-provincial relief agreements. Shelter allowances would be tied to assessment values and to other items in family budgets. Also the NEC again encouraged "low cost housing projects" to achieve "greater conservation" of relief expenditures.<sup>17</sup>

The NEC's conception of the problem of relief rentals combined the low relief payments favoured by government, business and Whitton, with an overly sinister and melodramatic view of the landlords who provided shelter to relief families. The commission found that the average rental allowance per family ranged from \$6.50 in Quebec City to a high of \$11.50 in Winnipeg. These low figures indicate that any profits made by landlords in relief housing were small indeed. The most comprehensive study of the relationship to relief rentals and the landlord's cost of providing housing was made in the 1935 Montreal housing survey. It found that while relief rents per family could not exceed \$12 a month, rents of \$30 to \$35 would be needed if the small

proprietors who maintained such housing were to receive a fair return on the costs of maintenance.<sup>18</sup>

Clearly Montreal's slum landlords were not professional real estate investors ruthlessly seeking to maximize profits. In Vancouver, relief tenants found shelter only by subletting from other working class families, according to unemployed groups. Whitton's rise to prominence came from her challenges to more generous calculations of relief need, made by such League for Social Reconstruction affiliated authorities as Harry Cassidy and Leonard Marsh. For Whitton to submit to the NEC a memorandum calling for relief payments to be boosted so as to give tenants enough to pay landlords to provide one room per person in a well-maintained dwelling would have reversed her whole previous position. Instead she described relief payments as being wasted by greedy "housing harpies", or "vultures", preying on the "apathy and despair", of tenants. The NEC's rejected call for 10,000 units of low rental housing was insignificant, compared to the 549,493 cases of families on relief in June, 1936. Other measures such as boosting relief rental allowances, or subsidized home improvement loans, were never seriously contemplated by the NEC.<sup>19</sup>

The government's repudiation of the low rental housing scheme was typical of King's attitude to all the NEC's recommendations that involved modest increases in government expenditure. At the time the privately financed HIP scheme was accepted in September, 1936, King rejected NEC's recommendation for a new labour exchange network, a Volunteer Forest Service that would employ 12,000 men in conservation,

a Volunteer Farm Service to train 5,000 youths in agriculture, a national apprenticeship program and a plan of aiding farmers from drought stricken areas to resettle in better regions.

"Voluntary" employment plans did not rely on the coercive denial of relief and King was displeased at farm settlement plans that did not seek to dispose of surplus urban workers on the land. Apart from HIP, the only accepted scheme in the fall of 1936 put forward by the NEC was one to place workers previously put in Bennett's relief camps on farms, at \$5.00 a month. (Half the costs were paid by provinces.) Such a plan reduced government expenditure and had the political advantage of providing farmers with free labour, a pattern similar to King's recipe for success in the 1920's. A later NEC \$8.4 million youth training and rehabilitation scheme was reduced to \$2 million. The combined HIP, Farm Placement and Youth Training schemes amounted to \$4 million; that was one half what Bennett had spent on relief camps. The full package of NEC proposed reforms was budgeted at a modest \$20 million, one quarter of which was allocated for low rental housing. In 1937, federal grants in aid for relief to provinces were slashed by 37 per cent, although the relief load had dropped by only 16 per cent. Toronto medical authorities complained that such cuts caused "hundreds of families" to be faced with malnutrition in their city.<sup>20</sup>

By December 1938, frustrated by the rejection of their recommendations, NEC commissioners Moore, Purvis and Mackintosh, supported by Minister of Labour Norman Rogers, moved for a showdown with King as a result of their determination to have the NEC recommend

the federalization of relief costs, a position long supported by the provinces. After King had this decision leaked to him by dissident commissioner Mary Sutherland, he denounced the recommendation as a "distinctly unfriendly and cruel act". He confided to his diary that the more he felt the NEC had "stabbed the Ministry that appointed them, the more incensed I became over the whole matter". King's rage moved to a paranoia after Dunning's own opposition to the proposal began to waver, since it had received the firm support of his usual colleague in restraining federal expenditure, W.C. Clark. King saw Clark, Skelton, Mackintosh and Rogers as conspiring to "bring about a change in constitutional relations which will lead to a centralization of power and away from the present order of things".<sup>21</sup>

With diminishing support for his policies in Cabinet and the Liberal caucus, a growing division between his ministry and the civil service and a political threat of an open conflict with a body whose promised creation had been his major plank in the 1935 election, King faced a political crisis. He wisely realized it would be "fatal to come out openly and oppose what our own commission had recommended", and so decided judiciously not to comment publicly on the call for the federalization of relief until the release of the Rowell-Sirois committee's recommendations. A battle developed in cabinet over whether \$25 or \$75 million should be spent on unemployment relief public works projects; the compromise figure of \$40 million was no more than what Bennett had spent on the projects of the Public Works Construction Act, which had been negotiated between himself and Pigott. To find ideas for projects, King took the neglected ideas of

the now defunct NEC off the shelf; these included its recommendations for low cost rental housing. This measure, contained in the National Housing Act of 1938, was approved at a May 20 cabinet meeting along with the Municipal Improvements Assistance Act which offered federal loans for construction projects that would eventually pay for their costs. Although King supported the rental housing sections of the NHA drafted by W.C. Clark, he had some reservations; the legislation was "so complicated" as "to irritate rather than please".<sup>22</sup>

King's realization of the complexity of the low rental provisions of the National Housing Act of 1938 was quite insightful and points to modifications made of the NEC's proposals. While the NEC had proposed flexible standards to ensure that reasonable economies were made in project construction, Section Two of NHA placed a rigid limit of "\$2,410 for each family unit" for a limited dividend company, \$2,700 in the case of a housing authority. These limits were unrealistic. Clark saw the NEC's proposed \$2,700 cost estimate as "too low". He believed its estimate of \$200 for land costs should have been raised to \$1,000. In view of these calculations Clark had actually drafted an act which set ceilings that his own estimates had shown could not produce any housing. Clark placed another road block to the success of the government's rental housing legislation by requiring a provincial guarantee of the bonds of municipal housing authorities and limiting municipal taxation of housing projects to one per cent of their construction costs. None of these features, which later would prove to be so fatal to the success of Section Two, were included in the NEC's original draft bill.<sup>23</sup>

The NEC had called for rentals to be subsidized by Rent Reduction Fund in which the federal government would pay half of the subsidies. The NHA simply permitted provinces and municipalities to establish such funds using their own revenues. Consequently Clark could maintain that the federal government had accepted the principle of subsidized housing, while leaving the costs this involved to be borne by other levels of government.<sup>24</sup>

Section Two of the NHA of 1938 was the long awaited response to the growing movement for a social housing policy that had produced the parliamentary housing committee of 1935 and, in response, the DHA legislation. The social workers, unions, architects, professionals and business groups affiliated with the CCA did not abandon their program after the passage of the 1935 legislation. This has been demonstrated from the recurring efforts for low rental housing in Vancouver, Montreal, Winnipeg and Toronto. These municipalities were not isolated examples. In Canadian cities' response to the depression, they did not attempt to lure industries away from each other or have senior levels of government award them transportation privileges to capture a greater share of the declining private economy. Instead, municipalities lobbied for the removal of the economic burdens that the depression placed on them and for employment projects that met evident social needs, especially low rental housing.

In its brief to the Royal Commission on Dominion Provincial Relations (Rowell-Sirois Commission), the Canadian Federation of Mayors and Municipalities called on "the federal government to enact a

national low rental housing act". The brief pointed out that "private enterprise and local authorities have found no way thus far to provide decent housing for those with low incomes".<sup>25</sup>

Many municipal leaders were involved in the formation of the National Housing and Planning Association, a lobby formed in 1937 specifically with the aim of encouraging low rental housing projects. This association emerged out of an Informal Conference on Planning and Housing which took place at the Chateau Laurier in Ottawa during the 16th and 17th of March 1937. This was held in conjunction with the Dominion Conference of Mayors and the Union of Canadian Municipalities. The conference had work shops on such topics as "Technique in Housing Surveys" and "Low Cost Housing". Some 235 delegates were registered. Of these, 95 indicated a particular interest in town planning and housing. As a brochure publicizing this gathering noted, it was "the first time that the housing and town planning experts of the country and the heads of all Canadian municipalities" were "together in one room to discuss the vital subjects of housing and town planning" to "co-ordinate their efforts towards reaching a solution to these problems".<sup>26</sup>

The introduction of the low rental housing provision of NHA, especially when coupled with federal legislation for public works, was an enormous political boost to King's government in dealing with the growing opposition for its neglect of newly prominent national urban political issues. The most trenchant critics of the long delay of King's government in providing for low rental housing, such as CCF member A.A. Heaps and Conservative M.P. Denton Massey, extended

congratulations to the government for the measure. The NEC's more liberal proposals remained a secret to opposition members and the complexities of matters such as the need for provincial guarantees and limitations imposed by cost ceilings were not discussed.<sup>27</sup>

Housing experts active in reform agitation soon began to see the limitations of Section Two of NHA. Horace Seymour estimated by using the NHA's limitation of project rents to 20 per cent of income, that it would take an income of \$850.00 per year for families to meet the "economic rentals" of a \$2,400 limited dividend unit paying five per cent in profits. Yet of all gainfully employed Canadians, 55 per cent earned less than this level of income. Although in some cases family income figures would alter this situation, they would also change the amounts needed to purchase a home. Parents with young children who could not participate in the labour force faced higher costs and a reduced amount of income that could be spent on shelter. Writing in Canadian Forum, Humphrey Carver estimated that even workers earning the average Ontario industrial wage could not afford to live in the envisaged NHA financed rental dwellings. Consequently such projects would only serve "the aristocracy of labour". Carver shrewdly saw two major changes needed in housing policy. The first was that the "principle of the subsidy must be incorporated", into the National Housing Act, preferably "in the form of annual contributions made by the Dominion Housing Authority to local Housing Authorities". The second was that the administration of federal housing acts "should be removed from the Department of Finance". Without knowing exactly how well he had seen into the workings of the federal government, Carver

had identified the basis of his conflict, the power and philosophy of W.C. Clark over federal housing policies. Isolated by a world of secret memoranda, Carver and other housing reformers of the era would never understand what a resolute, skilled opponent they had in Dr. W.C. Clark.<sup>28</sup>

More cruel than Section Two's restriction of benefits to well paid workers was the frustration experienced by municipalities which attempted to use the complex machinery of Section Two of the National Housing Act of 1938. In city after city, events unfolded as a race against the deadline of March 31, 1940, for signing agreements for low rental projects with the federal government. None would make it.

A clear cut example of how the cost formulas of the federal legislation made it unworkable was found in Winnipeg. The city was well situated for participation in the NHA rental scheme. As a result of previous work on Clark's limited dividend company for low cost home ownership, such a firm for rental units was formed without much difficulty, the subscribers investing the required \$150,000. Since this company could not make an estimate for the cost of construction of a new housing unit below \$2,666, it could not qualify for a federal loan.<sup>29</sup>

Edmonton, like Winnipeg, saw discussion of housing take place along polarized lines of conflict between unemployed organizations, the labour council and tenant groups on one hand and the various interests of the property industry. Property owners first successfully pressured the Alberta government to refuse amendments to the City's Charter permitting the city to establish a housing

authority, then defeated a plebiscite on the city borrowing \$250,000 from the federal government for a rental project.<sup>30</sup> After this rejection of a municipal housing authority, the city council through a unanimous vote on November 28, 1938, began to promote a limited dividend scheme. This was still opposed by dentist Dr. Hope of the Taxpayers Association, on the ground of it being "subsidized competition", tending to "discourage private enterprise".<sup>31</sup>

Vancouver was prepared for the federal low rental housing scheme as the city had been the scene of a growing movement for social housing since 1937. This was initiated by a housing survey carried out by the Workers' Alliance. A subsequent survey was conducted by the city with the support of a variety of community organizations. These included the Trades and Labour Council, the Rooming Housing Guild, the Vancouver Ministerial Association, the local chapter of the newly formed National Housing and Planning Association, the United Church of Canada, the Workers' Alliance, the Vancouver Youth Council and the University of British Columbia. Its survey found that the rentals paid to landlords were too low to encourage landlords to make repairs or improvements. Many families were found living in 210 boat houses and 110 dwellings erected above the water on piles. Such homes lacked a direct water supply and sometimes were located near sewage outfalls. "Cabins" were also reported that lacked indoor plumbing and were stove heated. A Workers' Alliance survey appended to the report found houses infested with rats, leaking roofs, six persons sleeping in one room, bugs crawling on walls and a family of three living in a five by nine room. After the receipt of the survey, the city council

adopted a motion by CCF alderman Helena Gutteridge calling on the federal government to fund a low rental housing program.<sup>32</sup>

Nicolls at least gave Vancouver residents concerned with social housing an advanced warning of the difficulties they could expect from the program. He told a meeting of the B.C. Architectural Institute on May 26, 1938, that they "had better be ready", or, they would "miss the boat". After this address, Helena Gutteridge, chairman of the City Council's Housing Committee, immediately began preparations to secure Vancouver's participation.<sup>33</sup>

The principle shoal that Gutteridge's efforts would founder on was the NHA's requirement of limiting taxation to one per cent of construction costs. Opponents of public housing seized upon the issue of unfair taxation. Typical of this view was an aldermanic denunciation of "a privileged class of taxpayers". It was argued that the residents of these projects would be enjoying lower taxes in comparison to their fellow citizens. Such protest forced a plebiscite by property owning tax payers which defeated the city's public housing proposal.<sup>34</sup>

The plebiscite's defeat did not end the city's efforts to secure a federal loan for rental housing. A vigorous chapter of the National Housing and Planning Association spearheaded the campaign. Gutteridge spoke to a meeting of all the presidents and secretaries of Vancouver Women's organizations on the issue. The Vancouver Housing and Planning Association organized a public meeting with 300 persons. To create a non-partisan appeal, speakers included Liberal B.C. Cabinet Minister Dr. George Wier, Conservative M.P. Howard Green and C.C.F.

Alderman Helena Gutteridge. She presented motion pictures made by the CCF featuring slum conditions.<sup>35</sup>

In the later stages of the efforts to obtain public housing, Vancouver city council experienced little co-operation from federal officials. Ignoring the 1937 survey, Nicolls told the council that Vancouver might prove ineligible for a housing loan, as it had failed to prove "that slum conditions do exist here". Nicolls then proceeded to tour around Vancouver after which he announced, "I haven't seen any slums."<sup>36</sup>

The experience of Montreal with Section 2 of NHA was well summed up by Percy Nobbs. He observed that all "those who hailed the passing of the initiation of 'a new day in housing' in so far as Montreal and the industrial areas of Quebec are concerned, have been sadly disappointed in the wholly negative result". The requirement of a provincial guarantee for municipal projects caused extreme difficulties during the period of the legislation's life. For only three months was there political compatibility "shown between the Provincial and Municipal governments". In a last minute request for a housing loan sent to J.L. Ralston, Minister of Finance, on March 26, 1940, the Montreal Civic Improvement League, pointed out that a necessary amendment of Montreal's charter would "shortly...come before the Provincial Legislature". However, the legislature would not meet "until April 2nd, two days after the statutory expiry date set by the act". The League pleaded that "Montreal has drifted into a position where it is demonstratively short of 30,000 low-rent dwellings for the lower-wage groups, with less than one per cent

vacancies, over all wards, and practically no vacancies in those wards best situated for the lower wage groups". The League pledged its belief that Section Two "represents a sincere effort on the part of the Government" to "deal with low rental housing". However, it noted that "in certain quarters"; it was believed that the legislation "was not written in good faith; that its complexities were designed to render it abortive".<sup>37</sup>

Another revealing example of the failure of Section Two of the National Housing Act was the effort made to apply it to Halifax. Unlike every other Canadian municipality, there were no legislative changes required to make the act operative. Existing provincial laws provided for limited dividend housing corporations and municipal taxation exemptions for such enterprises. Much of the debate experienced during 1938-40 in other parts of Canada had been resolved four years earlier with the appointment of the Nova Scotia Housing Commission.

Nova Scotia's advanced legislation serves to bring the basic problems that stymied low rental housing during the depression into clearer focus. The Nova Scotia Housing Commission was caught in the same narrow ideological bind of the earlier Halifax Citizens' Committee. It felt compelled to have private enterprise, assisted by government, provide low rental housing but also meet minimum health and quality standards. Despite public subsidies no such private investors came forward.<sup>38</sup>

Halifax was in a far better position than any other municipality to take part in Section Two of NHA. Elsewhere municipalities had to ask their provincial governments for permission to give differential

taxes, or to assist in other ways, limited dividend companies. The Halifax Housing Corporation was already formed to serve as a limited dividend company to meet the requirements of the act. However, the combination of local class conflict and the federal deadline made Section Two a dead letter in Halifax, as in every other Canadian city.

At the February 14, 1940, meeting of the city council, the proposal of the revived Halifax Housing Corporation was reviled by the city's assessor and auditor. This was done in remarkably class conscious terms, with clear sympathy for the Halifax property industry. The provision of low rental housing, the officials argued, would cause existing property owners to "lose revenue" and to aid a "competing enterprise". The proposal was assailed as "a class benefit" which "if generally followed would finally result in penalizing the thrifty and capable". Taking this reasoning to its extreme, the municipal officials asked, "Is it part of the civic function to raise the standard of living of the people?"<sup>39</sup> However, a meeting held at the Council Chambers, that saw not only the Trades and Labour Council, but "every important welfare organization in the city" and the Board of Trade and Civic Improvement League, support the proposal, overcame such objections. On March 14, the city council approved the project. Although the council exempted the project from some municipal taxes, it retained charges which it believed were necessary to recover municipal costs incidental to the development's upkeep and construction. On March 20, Clark wrote to S.H. Prince, who succeeded Pearson as Housing Commission Chairman,

that the city's tax exemptions did not go far enough and listed other tasks to be completed in 11 days. A certified copy of the corporation's charter was to be presented to the federal Finance Minister. The company's subscribed and paid capital officers and directors would have to be listed. The details of an option to purchase land for the site would have to be sent. Also, the outline of a complete project proposal, was to be submitted immediately. Prince was unable to meet this exacting schedule. On April 26, he wrote Clark to obtain an extension, noting that "the necessary provincial legislation is now available" and "civic co-operation assured". However, this was rejected.<sup>40</sup>

The future of Section Two did not receive examination by the Economic Advisory Committee, since it expired before the review took place. Never was its revival suggested as a means to house wartime munitions workers. Clark in an October 25, 1939, memorandum to Ralston, suggested making a public announcement that only the Montreal and Winnipeg projects would be given consideration for approval due to the closeness of the deadline. While this suggestion was not followed up, it clearly indicates no serious consideration was given to extending the deadline. Clark frankly told Ralston, in connection with the Winnipeg project that "Mr. Nicolls has had to do a considerable amount of 'stalling'". The exact meaning of this is uncertain. Clearly it does indicate that Clark did not view Nicolls' role as one of enthusiastically working with municipalities to speedily make final applications for municipal housing loans. To some degree, it indicates his role was to make it more difficult for

municipalities to proceed with their plans.<sup>41</sup>

King's government and Clark's Department of Finance were masterful in managing the political impact of their policy. The chief focus of the National Housing and Planning Association's first and only annual meeting was to explore why no municipality had yet been able to use Section Two of the NHA and to press for more workable legislation. A conference invitation brochure stressed that even if "full advantage" were taken of the legislation, "the problem of adequate housing for the great mass of low wage families" still could not be solved.<sup>42</sup> The conference organizers hoped to have the meeting produce a statement urging the federal government to pass housing legislation involving federal rental subsidies. The original motion, drafted by Humphrey Carver, was mysteriously lost and in its place a motion was passed praising the existing National Housing Act as being in general "soundly conceived". This motion, coming from an individual who was a stranger to the convenors of the conference, defeated much of its purpose. Carver made up for some of this loss by writing up the conference summary with the observation that "authoritative speakers at the conference all alluded to the fact that no Housing Act can be expected to reach low income families without direct government contribution to a rent reduction fund or without a capital grant".<sup>43</sup> Considering how diametrically opposed their views on housing were, it is somewhat ironic that Carver should write Clark on August 17, 1939, asking if he could "suggest any particular move that would make for progress" in connection with his campaign for low rental housing. In the circumstances Clark's response is quite

understandable; he should avoid pressuring Ottawa but "concentrate on the development of public opinion in your own community". This included "not only the people but their representatives in the City Council and at Queens Park".<sup>44</sup>

Carver's letter and Clark's reply is illustrative of the confusion surrounding discussions of social housing in the later depression years. Carver had taken the unusual step of asking the chief formulator of the federal government's avoidance of a social housing policy, how to mobilize a campaign against it. Coming from one of the most articulate spokespersons for public housing in the nation, this awkward move is indicative of the blunted nature of the era's political opposition. Clark's views on housing subsidies would be buried in secret memorandum and not expressed openly. His remarks at the 1939 National Housing and Planning Association conference focused on the intricacies of the NHA of 1938 and did not invite an open debate on the merits of federal housing policy. Just as Clark avoided an open debate at the 1939 conference, the federal government was able to escape a debate over the failure to enter the social housing field. Legislation for low rental housing was in place, the only trouble with it was that it could not work to produce any accommodation.

Clark, in refusing municipalities the right to subject housing projects to normal taxation, attempted to place the burden of subsidy on the level of government least able to afford it. Cities were the most strained by the enormous burden of depression relief expenditures. That so many large Canadian cities would be willing to

consider the NHA despite its heavy burden on them, does indicate the strength of the movement for social housing in these communities. The provision of a rent reduction fund, to be financed solely by municipal and provincial contributions, at the very time the Rowell-Sirois Commission was examining means to prevent the threatened bankruptcy of provincial governments, is typical of the federal government's attitude in the era of sacrificing potential measures of relief for unemployment, in order to gain an upper hand in battles with provinces over constitutional points.

Whether the unworkable nature of Section Two reflected a calculated effort to "render it abortive", or was the product of a cautious conservative timidity in a new area of government intervention, or constitutional wrangling about who should pay for what, there was an evident lack of commitment to improving the shelter conditions of the most destitute Canadians. A government, which held the relief payments required to sustain life to be too generous, refused to change its mind when confronted with the unsanitary housing conditions such parsimony produced. To do so would be to embark on programs of increased public expenditures that King, Clark and Dunning clearly opposed. Such expenditures could have involved a combination of national social insurance, increased federal grants in aid of relief, subsidized rents in municipal housing projects and payments to encourage home repairs and shelter allowances. While none denied the prevailing misery, convenient foils prevented action along such lines. Clark's depiction of an "inefficient" building industry and Whitton's visions of rapacious "housing harpies", served to prevent federal

policy from moving towards some form of shelter subsidy which would have made a transfer of income from the affluent to low income Canadians. That the housing "subsidy" should be so seized upon, by both Clark and Carver, as key issues in federal policy, (the first to oppose, the latter to advocate) is indicative of how much the debate in the period revolved around a basic class issue of how large a share of national income was to be enjoyed by different social groups.

That housing surveys had to be employed at all, as a facilitator of action during the great depression, is indicative of the resistance to the idea that lower income Canadians were worthy of assistance. The housing surveys of the period ignored the worst housed of the era. These were the homeless. They lived in shanties on locations such as the Don River "flats", or inside abandoned structures such as brick kilns. The surveys did not describe the hostels that held single persons. In one, the men were housed in "a very small basement, fourteen by twenty, with double bunks", without blankets, only newspapers. The estimated 60,000 to 70,000 single male transients lived in conditions of peril, akin to those faced by soldiers in wartime. In 1938 alone, 120 transients were killed in railway accidents and 202 injured.<sup>45</sup> The frequency of homelessness was not surprising, considering the meager shelter allowances given single men. In Winnipeg these amounted to one dollar a month.<sup>46</sup> That such a small sum could not buy a single room is borne out in the surveys and also through the overcrowding which these reports invariably stressed. The Winnipeg Board of Trade's suggestion, that warehouses should be used to store single men, is representative of the outlook of state policy which viewed the depression's victims as

akin to criminals.

Clark's housing policies, aimed at the encouragement of construction, through, as he confided to David Mansur, "the building of high cost houses". In this approach, the goal was to create the biggest "bang" of economic stimulus for the smallest possible federal "buck". It is difficult to gauge the extent of public opinion in support of such a policy. King was able to win the 1935 election on the promise of a National Employment Commission, which would bring Canadians together in a patriotic flush of unity, to tackle the problems of the depression. The Prime Minister was well aware that his insistence on limited federal expenditures when faced with the contrary recommendation of this very Commission he had proclaimed as a national saviour in the 1935 election, presented a situation of acute political danger. This was only prevented by an adept silence until the release of the Rowell-Sirois committee's report. It was, indeed, fortunate for King that their recommendations, for the federalization of relief and the payment of equalization subsidies to poorer provinces, were delayed until Canada's participation in the Second World War had altered the central issues of political debate.

The hegemony of Liberal housing views was more indicative of adept maneuvers, such as the maze of Section Two of Housing Act of 1938, than an indication of popular support for their housing policies. The views of the budding lobby for social housing which had produced the 1935 housing committee had blossomed in many directions. A national housing association had been formed and a strong position taken for subsidized low rental housing, by the newly formed Canadian

Federation of Mayors and Municipalities. The All Canadian Congress of Labour paid planner Horace Seymour to write a series of articles on social housing, especially on developments in European social democracies. Housing reform had also become part of the agitation of the unemployed. It became an important part of the platform of the CCF. This was seen not only in local campaigns in Vancouver and Winnipeg but in the parliamentary speeches of its leader J.S. Woodsworth and in the work of important League for Social Reconstruction figures such as Humphrey Carver and executive director of the Canadian Federation of Mayors and Municipalities, George Mooney. Conservative critics such as T.L. Church and Denton Massey made similar arguments.

In the depression era when public opinion surveys were in their infancy, reliable sources of data on the views of the electorate on matters of public policy are difficult or even impossible to obtain. What can be measured are the views of organized interest groups who made representations on political issues and whose views were considered in the process of policy formation.

Both King's and Bennett's corporatism recognized the importance of organized interest groups on Canadian politics. King structured the NEC to reflect the existing realities of interest groups. Bennett was a late, and considering his failure to follow up with his Economic Council of Canada, a timid, follower of the corporatist model. King was bold in his original intentions but weak when it came to carrying out the implications of his efforts to achieve a corporatist consensus.

The National Employment Commission, chaired by one of the nation's leading corporate magnates, was in touch with many currents in Canadian society urging a bolder federal response to the Canadian depression. Its outlook reflected that of its chairman and vice chairman - an enlightened corporate executive and a conservative labour leader respectively. In rejecting their approach on housing and other issues, King allied himself with the most conservative business and property owning groups that opposed the creation of the welfare state. In accepting many NEC advocated reforms in his 1938 budget, King recognized the political reality of the need for change. However, the unhappy history of Section Two of NHA, part of this belated conversion of King's ministry to a mildly interventionist approach to the depression, illustrates well how the elite nature of the decision making process blurred political will and ministerial intent. The Prime Minister admitted in his diary that he was quite baffled by the complexity of the NHA's provisions for low rental housing. It would be even more of a mystery to the housing reformers who strove to implement it. In their race against the clock they would stumble against a cleverly laid path of obstacles installed by the Department of Finance. The designers of the race course had views that were hidden from public view and so immune to political criticism. King's own devious delays and deferrals to inquiries were in the same league for ingenuity of his civil service's framing of legislation for low rental housing that was unworkable. With ministers and civil servants own intentions being scarcely intelligible to each other, the electorate on the outside had a very difficult time in comprehending the drift of government policy.

**FOOTNOTES TO CHAPTER SEVEN**

- 1) "Low Cost Housing Diary P. Shephard Housing Consultant", PAC, RG27, Vol. 3356, File 12.
- 2) "National Employment Commission Low Rental Housing Proposal", February 3, 1937, PAC, RG27, Vol. 3374, File 18; "Summary of a Low Rental Proposal", PAC, RG27, Vol. 3348, File 21; "Low Rental Housing Specific Proposal" from W.A. Mackintosh to NEC January 6, 1937, PAC, RG27, Vol. 3374, File 17; "Low Rental Housing Proposal", February 9, 1937, PAC, RG19, Vol. 706; Draft "Act to promote Slum Clearance and Assist the Construction of Low-Rental Housing", PAC, RG19, Vol. 3388, File 1.
- 3) PAC, RG27, Vol. 3373, File 21.
- 4) "Memorandum to Mr. Dunning, Re: Low Rental Housing Program, March 7, 1937" and attached "A Low Rental Housing Program Summary of Criticisms" both by W.C. Clark. This is a very important document, for it is one of the few times when W.C. Clark's ideological outlook on low rental housing was clearly expressed in the still limited quantity of Department of Finance files that have been moved to the Public Archives of Canada. Clark also shared a widely held view of conservative government and business leaders that many of the unemployed were so out of a temperamental disinclination to work. Not favouring a job creating low rental housing program, Clark saw such improved housing as reducing the employability of the unemployed. He told Dunning that "many on relief do not want jobs now", PAC, RG19, Vol. 3888.
- 5) Ibid.,
- 6) Windsor Daily Star, July 17, 1937, "Ottawa's Attitude Irks Purvis" Press clipping in PAC, RG27, Vol 3352, File 12.
- 7) Letter February 18, 1938, from A.B. Purvis to W.C. Clark, PAC, RG19. Vol. 706. Purvis felt that since housing had not become "big business" as yet, it was, "therefore a very nebulous sort of affair". He felt both he and Clark were relying on "a more or less non-existent entity". Purvis also was surprised that his experience with the HIP plan revealed that "the innumerable small contractors" did not "know how to utilize the Plan to their own advantage". He surmised this was typical of "the inefficiencies that go with scattered effort and lack of imagination in the small entity". Clark told Purvis he wished he had control of a residential construction company to show "what a little pre-planning, efficient organization and selling ingenuity could do in the house-building game". Purvis to Clark, Oct.5, 1937, Clark to Purvis, Oct. 6, 1937, both in PAC, RG27, Vol. 337, File 16.
- 8) Copy of letter from David Mansur to John A. Flanders, June 14, 1937 in PAC, RG19, Vol. 3435.

- 9) Letter from S.F. Beutley, City Clerk of Winnipeg to W.L.M. King, April 6, 1937, summary of Winnipeg Housing Efforts, Press Clipping "Legislators Decry Slum Conditions", Winnipeg Free Press, March 19, 1937, all in PAC, RG19, Vol. 3435.
- 10) Extract from Winnipeg Tribune, June 1, 1937, "Sara Criticizes Lending Firms' Aloof Attitude", The DMIA, "Extract June, 1937" all in PAC, RG19, Vol. 3435.
- 11) Letter from Winnipeg Board of Trade to W.C. Clark, June 9, 1937; Letter the Dominion Mortgage and Investments Association to W.C. Clark, June 8, 1937; "Mortgage Loans Association of Manitoba, Bulletin No. 87" all in PAC, RG19, Vol. 3435.
- 12) Copy of letter from Mansur to Flanders, op.cit.; Letter June 23, 1937 from D.B. Mansur to W.C. Clark, Letter R.A. Sara, Chairman Winnipeg City Council Special Committee on Housing, June 15, 1937 to W.C. Clark all in PAC, RG19, Vol. 3435.
- 13) Letter from R.A. Sara to W.C. Clark, August 31, 1937, PAC, RG19, Vol. 3435.
- 14) Mansur to Flanders, op. cit.,
- 15) Ibid.,
- 16) "Confidential Report of A.N. McLean on Slum Conditions", Report from Charlotte Whitton re Relief Standards, both in PAC, RG27, Vol. 3375, File 16.
- 17) Ibid.,
- 18) Ibid., Montreal Board of Trade and Civic Improvement League, A Report on Housing and Slum Clearance for Montreal, PAC, RG19, Vol. 706 pp. 5,21,22.
- 19) Whitton op.cit.; "Flood of Evictions; Flood of Overcrowding", Press Clipping, October 8, 1937 in Housing Docket One, Nov. 1918 - Jan. 1939, M4289-1, Vancouver City Archives. For a description of the "amateur" or "informal" economy that produces the housing stock afforded by most low income tenants see Reger G. Krohm, Berkeley Fleming and Marilyn Manzer, The Other Economy: The Internal Logic of Local Rental Housing (Toronto: Peter Martin, 1977), passim. An excellent description of Whitton's overall commitment to reduced relief expenditures can be seen in J.S. Struthers, op.cit., pp. 77-79, 153-4, 170-1.
- 20) Struthers, op.cit., pp. 138-196.
- 21) Ibid., King Diary, January 12, 1938. King felt that the NEC's call for the federalization of relief was "more disturbing than anything that has occurred since the present Government came into

office...more disturbing I have seen thus far in public life", save for "the upsetting conditions...occassioned by war." King's diary for January 22, 1938 indicates Rogers proposed resigning over his conflict with the NEC's recommendations. On March 11, 1938, he predicted that "Rogers, Mackintosh, Purvis et al, will find that all they have succeeded in doing is putting the Liberal Party out of office for the rest of their days". Rogers pointed out to King that the NEC's call for the federalization of relief was supported by every Canadian newspaper save the Regina Leader Post and the Montreal Gazette and that "none of press more than remarked of Mrs. Sutherland's dissension", opposing the federalization of relief. King Papers, Memorandum and Notes, 1933-1937, pp. 1375-4. King believed the commissioners "were really seeking to stab in the back those who had given them their opportunity for public service". Though King backed down from his original intention to "denounce the report on the floor of the House" (King Diary, Dec. 23, 1937) his adamant refusal to accept a reform accepted by the federal civil service, elements of his cabinet, organized labour and much of the business community, newspapers, the provincial and municipal governments presents him in the light of a bastion of the status-quo-a conflicting view with his historical reputation as a social reformer.

- 22) Struthers, op.cit., pp. 170-200; King Diary, March 11,18,19, 1938, April 1, 1938, May 2,5,13,16,17,20,25, 1938. King saw Dunning as his sole cabinet ally in battle to reduce federal expenditures, which he felt was caused by other ministers "displeasure encountered at moments of visits of their own constituents" and the pressure of Liberal backbenchers. One such Liberal M.P. complained "there was strong feeling on men of the Party in the House and out in the country that the Government was not doing enough."
- 23) Based on comparison of NEC's draft housing legislation, its model "Act to Promote Slum Clearance and Assist the Construction of Low Rental Housing" op.cit.; Clark's critique of its economics contained in his "A Low Rental Housing Program Summary of Criticisms", op.cit., and the actual NHA legislation on low rental housing contained in Statutes of Canada, 1939, pp. 358-364.
- 24) Ibid.,
- 25) House of Commons Debates, 1938, 1:324.
- 26) Brochure for "Informal Conference on Planning and Housing" PAC, Seymour Papers, MG 30, B 93, Vol. 4.
- 27) House of Commons Debates, 1939, 3:3975-4268.
- 28) Humphrey Carver, "Still No Housing", Canadian Forum, December 1938, pp. 267-269.

- 29) Winnipeg Housing Survey in PAC, RG19, Vol. 716, File 203, C-15.
- 30) Newspaper Clippings Edmonton City Archives, "Alderman Raps Legislature for Housing Lull in City" Sept. 13, 1938, "Assisted Housing in Edmonton", Sept. 9, 1938, "Plebiscite Votes" Nov. 9, 1938.
- 31) Ibid., "Council Considers New Housing Plan" May 28, 1939, "Spurn Protests on Housing Plan" Feb. 28, 1939, "Low Cost Housing and Taxpayer" March 1, 1939, "Continue Efforts for Housing Plan" Nov. 14, 1938.
- 32) Vancouver Housing Survey, November 15, 1937, City of Vancouver Archives (VCA).
- 33) Newspaper Clippings (VCA), "New Federal Act Will Aid Slum Clearance" May 27, 1938.
- 34) Newspaper Clippings (VCA), "Civic Plebiscite Looms this Year on Housing Plan" July 17, 1939.
- 35) Newspaper Clippings (VCA), "All Parties Unite to Banish Slums Through Housing Plan" Jan. 6, 1939.
- 36) Newspaper Clippings (VCA), "Declares City Has No Slums" Jan. 26, 1939.
- 37) Civic Improvement League of Montreal to J.L. Ralston, March 26, 1940; a Critique of the National Housing Act 1944 by Percy Nobbs, File Commentary (likely written by W.C. Clark) re Nobbs housing efforts all in PAC, RG19, Vol. 7094, File 203-1A-8015.
- 38) Journals and Proceedings of the House of Assembly of Nova Scotia 1937, Appendix No. 34, Report of the Housing Commission for the year ending November 30, 1936, pp. 5-91.
- 39) Memorandum of J.F. McManus, City Assessor and A.M. Butler to City Council, Feb. 14, 1940, Public Archives of Nova Scotia, RG35-102, Series 3, File 103 (Housing Conditions 1938-43).
- 40) Letter from W.C. Clark to S.H. Prince, March 20, 1940. Letter of S.H. Prince to W.C. Clark, April 26, 1940, both RG19, Vol. 706, File 203-1A.
- 41) Memorandum to Mr. Ralston from W.C. Clark, PAC, RG19, Vol. 2679.
- 42) Program for National Conference on Housing, PAC, MG30, B93, Vol. 4.
- 43) Humphrey Carver, Compassionate Landscape, (Toronto: University of Toronto Press, 1975), p. 45.

- 44) Ibid., pp. 44-46; Letter from W.C. Clark to H.M. Carver, August 19, 1939. H.M. Carver to W.C. Clark, August 17, 1939, PAC, RG19, Vol. 709. Carver's views are all the more significant because in his memoirs he attributes the failure of his motion to W.C. Clark's failure to provide for rental housing subsidies in the 1944 National Housing Act. Clearly, Clark's drafting of the 1944 NHA was consistent with his general philosophy; it is difficult to imagine how he could have been swayed by a gathering of people assembled in order to protest his own policies.
- 45) House of Commons Debates, 1939, 2:2874.
- 46) Winnipeg Board of Trade, op.cit.

## CHAPTER EIGHT

### One Step Backwards, Two Steps Forward:

#### The Dismantling and Remaking of Federal Housing Programs

#### in Response to Wartime Conditions: 1939-1942

The initial reaction of government policy makers to housing, after the advent of the Second World War, was to eliminate all existing federal housing programs, alleging they contributed to an unnecessary drain on the war effort. Such a negative thrust was adopted because the original purpose of the programs became obsolete in a time of war. Lacking any social motivation, their goal was not to better the housing conditions of the nation - certainly not the poor - but to stimulate employment. When the demands of war production absorbed surplus labour, the home repair and joint mortgage schemes were slated for repeal. They no longer served any significant purpose for the Canadian government.

However, it soon became apparent that housing issues would not vanish. War-induced rent increases and housing demands later became a threat to the efficiency of the wartime economy. Escalating rents threatened to send labour and production costs soaring. Massive transfers of population created increased competition for a slowly expanding housing stock, causing labour shortages for related purposes such as munitions industries. These trends resulted in a retreat from curtailing housing production. New positive policies emerged that were a radical departure from the approach of stimulating the private residential building market that was favoured in the depression. This

new departure was accomplished through the adoption of wartime rent controls and rental housing construction.

The new path of special wartime measures was only adopted after the negative policies of the early war years had been shown to be counter-productive to the aim of maximizing war production. Housing construction had been cut back to such an extent that the war effort was damaged. Consequently the innovative policies of rent control and the public construction of rental housing would be kept to the minimal level that a consensus of senior civil servants would agree was required to reach maximum wartime efficiency.

#### The Curtailment and Suspension of the National Housing Act

The joint-loan provisions of the NHA averted the war-induced fate of the eliminated HIP because of the political force of the various private interests that had benefited from the scheme. A powerful lobby had developed since the DHA was negotiated between W.C. Clark and the representatives of the DMIA in the spring of 1935. The role that any concern for national housing conditions played in this decision was insignificant.

The first government housing program to be axed with the advent of war was Section III of the NHA's provision for the federal government to pay the taxes on newly built low priced housing. Clearly the Department of Finance saw this program as having served no purpose other than stimulating employment. This was redundant in wartime.

On October 11, 1939, Clark wrote to Ralston outlining how the federal government could get out of its pledges. Like the rest of the federal government's housing effort in the depression, activity under Section Three was modest. The total amount of federal tax payments amounted to \$426,037.33, involving 3,594 taxpayments for three years, 3,986 for two years and 4,549 for one year. However, municipalities made a large contribution; 24,501 lots had been made available at nominal prices.<sup>1</sup>

Initially the impact of war did serve to direct the NHA more towards the needs of lower income earners. Loans for single family homes in excess of \$4,000 were refused after December 31 1940. This meant in effect that the NHA no longer financed homes costing amounts afforded by the top ten per cent of Canadian households. Clark's memorandum to Ralston on this subject, illustrated points made by pre-war critics, namely that:

Persons wishing to finance higher cost houses, should under normal circumstances, have comparatively little difficulty in arranging their financing directly with an insurance, loan or trust company.<sup>2</sup>

Even in its curtailed form the survival of NHA's joint mortgage loans would be jeopardized. W.C. Clark exhibited consistency in his housing policies. Clark directed his depression era efforts to expanding housing production to solve the problems of unemployment, but during wartime he endeavoured to contract it for two purposes: first, to direct resources to war production; second, to assure a backlog of unsatisfied housing demand to encourage high rates of post-war employment.

Conflicts over the joint-loan scheme peaked at an October 15, 1940 meeting of the Economic Advisory Committee, chaired by W.C. Clark.

The committee accepted Bank of Canada's Governor Graham Towers' position that:

in the first place the Housing Act had the stimulation of employment as its principal purpose and that other things were secondary. This stimulation of employment was now unnecessary and even undesirable or would be within a reasonable period.<sup>3</sup>

It agreed that "this measure to stimulate employment should be dropped now that a labour shortage was impending". Clark's view in regards to creating a housing shortage to provide post-war employment was also accepted. A proposal was made that NHA continue through Nicolls' National Housing Administration's specifications, inspections and standards which would permit lending institutions to make an 80 to 90 per cent mortgage without a government share. This scheme was dropped after Clark wisely pointed out that under such conditions "the lending institutions would presumably make very few loans".<sup>4</sup>

The EAC rejected counter arguments for the continuation of NHA made by Nicolls and David Mansur (Mansur had left his post at Sun Life to head the government's ill-fated Central Mortgage Bank). Nicolls and Mansur defended the joint-mortgage scheme. They stressed two basic points. First, the termination of NHA would mean an end to 80-90 per cent loans and a return to usurious second mortgages. Secondly, the end of NHA inspections would encourage speculative builders to return to their practices which resulted in "shoddy construction".<sup>5</sup>

Towers and Clark and their colleagues on the Economic Council cannot be accused of "burying their heads in the sand" in regard to the impact of their policies on Canadian housing conditions. The committee examined and accepted Nicolls' findings as to the extent of residential

residential vacancies in Canada. Out of 155 Canadian municipalities, 42 had vacancy rates listed as "0.00" Another 61 had rates of one per cent or less and three were with rates of two or less. Only 11 had rates of over three per cent. Of these only three were municipalities having populations above 10,000. The normal Canadian vacancy rate seemed at the time to be five per cent. Nicolls, in an August 19, 1940 memorandum to Clark, stressed:

If half the number of families who are now "doubled up" were to be properly housed in individual dwelling units, there would not be a vacant dwelling in Canada. Vacancies have completely disappeared in many of our municipalities and a large proportion of the remaining municipalities report serious shortages and acute increase in rentals.<sup>6</sup>

Clark and other senior civil servants were fully cognizant of the hardships their proposed contraction in national housing production would bring. In the clearest possible terms, in a report of the Economic Advisory Committee on Housing Policy to Cabinet, completed on November 13, 1940, Clark indicated:

If this argument is valid, namely that the war demands for labour and materials is a consideration so important that it must override the normal expansion of house building in most communities at least, then it follows that during the war, Canada must accept an increasing amount of "doubling up" and overcrowding in existing housing units with all the social disadvantages which are thereby involved. These lowering housing standards are part of the reduction of the standard of living which we must accept as a price of the war. The outlook in this connection is not bright and we should not gloss over the evils that will result and the unrest, and public criticism that will follow.<sup>7</sup>

On November 28, 1940, Privy Council Secretary A.P. Heeney told Clark of the Cabinet's acceptance of his proposal to terminate NHA loans. Heeney also told Clark that the Cabinet had still not decided

the nature of "any general housing programme". However, Munitions and Supply was given the task of making "provision for appropriate temporary accommodation" for employees involved in war related production.<sup>8</sup>

The Economic Policy Committee was clear in its calls for the termination of NHA, but it was vague in its descriptions of the ways in which housing problems that disrupted war production would be solved. Already certain armament industries were making provision for housing some of their own employees. At Sorel, Nicolls explained at the critical October 15, 1940 meeting, special provisions had been made for housing munition workers. However, "it was only the higher paid people who were being taken care of". For the unskilled, a staff house was built with 40 rooms. For "the better class of mechanics and skilled workers, many of whom were being brought from England and would be earning \$50 to \$75 a week", 115 houses were constructed. These were permanent brick houses which were expected to be utilized after the war. Clark viewed these developments with suspicion. He told Angus L. Macdonald, Acting Minister of Munitions and Supply, that he had learned:

of two housing projects already undertaken where I consider that the present national war interest has suffered by too much architectural refinement, too expensive a type of construction, and by paying too much for the housing accommodation secured.

To have Canadians contribute \$1.00 and \$2.00 weekly to war-savings bonds, Clark felt that it was necessary "to impress the local population that an economical job is done". Consequently it was necessary that the government not "build a more fancy or more costly

house than local workmen occupy". Clark was clear in calling for "resistance to the tendency of architects to plan garden villages, introduce special trim, special doors, special roofs, special porches, all of which increases expense".<sup>9</sup>

Clearly Clark wanted to do everything possible to keep the government's expenditure on wartime housing to the absolute minimum, consistent with munition production targets. In doing so, he took this position to a logical extreme of advocating industrial barracks. He told MacDonald that the government should examine:

The possibility of using bunk houses...as in mining, paper and other industrial towns. The families might easily remain in their home localities, as do soldiers' families, and thus decrease the dislocation of those towns, and thus facilitate the post-war return of population to its pre-war domicile.<sup>10</sup>

Clark envisaged the creation of a wartime crown corporation to build temporary housing. However, he stressed that much of the additional war related housing vacancies could be solved "by filling up existing vacancies, such as they are, by encouraging the taking in of lodgers and by conversion of older houses to give more dwelling units". Also envisaged was a subsidized transportation system to move war workers to areas of higher residential vacancy rates. Such subsidies, Clark believed, would prove "much more economical than government housing on the one hand, or higher wages to cover fares, on the other".<sup>11</sup>

The government's decision to terminate NHA without announcing a special wartime housing program left it in a highly vulnerable position. Not only would it alienate the longtime beneficiaries of

NHA, the lending institutions, builders and various suppliers involved in home construction, but the groups concerned with addressing social aspects of housing problems would be aroused as well. The announcement of the creation of Wartime Housing Limited to build temporary rental housing for munitions workers only increased the opposition of business related groups, while not reassuring social reform bodies of the government's commitment to maintaining a housing responsibility.

### The NHA Repeal Debate

1941-1942

Private interest groups that benefited from the NHA launched a massive campaign for its retention. The Ontario Retail Lumbermen's Association urged its 600 members to wire their members of parliament and to follow up their cables with phone calls. Likewise mortgage lending companies who were major users of NHA, such as Sun Life, protested. These private interests did manage also to appeal to broader groups with social concerns for housing. The impact of this combined opposition can well be seen in a May 23, 1941 letter from Minister of Finance J.L. Ilsey to C.D. Howe, Minister of Munitions and Supply. Ilsey told Howe that:

the pressure for continuing the NHA is very strong indeed (I have resolutions from no fewer than 52 cities and towns, as well as a great many communications from religious or welfare organizations, building interests, real estate men, insurance companies, etc.) and it is going to be extremely difficult to convince them of the soundness of our decision.<sup>12</sup>

After the creation of Wartime Housing Limited, the dispute over NHA began to take on the aspects of a bureaucratic power struggle. Wartime Housing and Construction Control (both part of Munitions and Supply) argued strongly for NHA's termination. Construction Controller, C.B. Jackson, took the view shared by many Canadian architects and planners, that the legislation encouraged wasteful suburban sprawl. He viewed housing built under the Act as subject "to speculative demand without proper consideration of essential necessity of the supply of building resources".<sup>13</sup> Victor Goggin, General-Manager of Wartime Housing Limited, sent Minister of Munitions and Supply, C.D. Howe, a 14 point memorandum urging the discontinuation of NHA. Goggin repeated Jackson's concerns about waste and speculation but added several others. These included the low quality of housing built during wartime for home ownership, due to the inferior construction materials available, the waste to the war effort of workers investing in buying houses, the war's disruption of the private rental construction industry, and the lack of desire of the often transient munition workers for home ownership. Goggin told Howe that the campaign for retention of NHA was led by "speculative builders and material supply companies and municipal authorities who make capital out of what these interested parties tell them". Such parties saw "prospects of bonanza in the present swollen pay envelopes of our workers". Goggin, also, disputed this lobby's claim that his agency's housing was temporary in nature. Rather it was "as permanent as any housing that ever was built of wood", being good for 30 to 50 years, "if properly maintained".<sup>14</sup>

Wartime Housing's effort to curtail NHA injured the agency because of the counter-attack it inspired by Nicolls, speculative builders and their allied interests. Nicolls had developed close ties to the lobbyists in his appeal to save NHA; he was quoted in Daily Commercial News as having told a public meeting in Port Arthur that "only the force of public opinion" could "induce the government to continue the NHA". Nicolls equated Wartime Housing's encouragement of rental tenure as an erosion of the vital goal of homeownership which was a precondition sine qua non of social stability. Nicolls warned:

it would be to the advantage of our democratic form of government to foster home ownership at any cost, in place of providing for rental housing, the obvious reason being that home owners make the kind of citizens that we want, whereas tenants are good prospects for the various kinds of "isms". At the end of this War we may be in a very serious situation. By encouraging home ownership we will be fortifying our Government against this possible menace.<sup>15</sup>

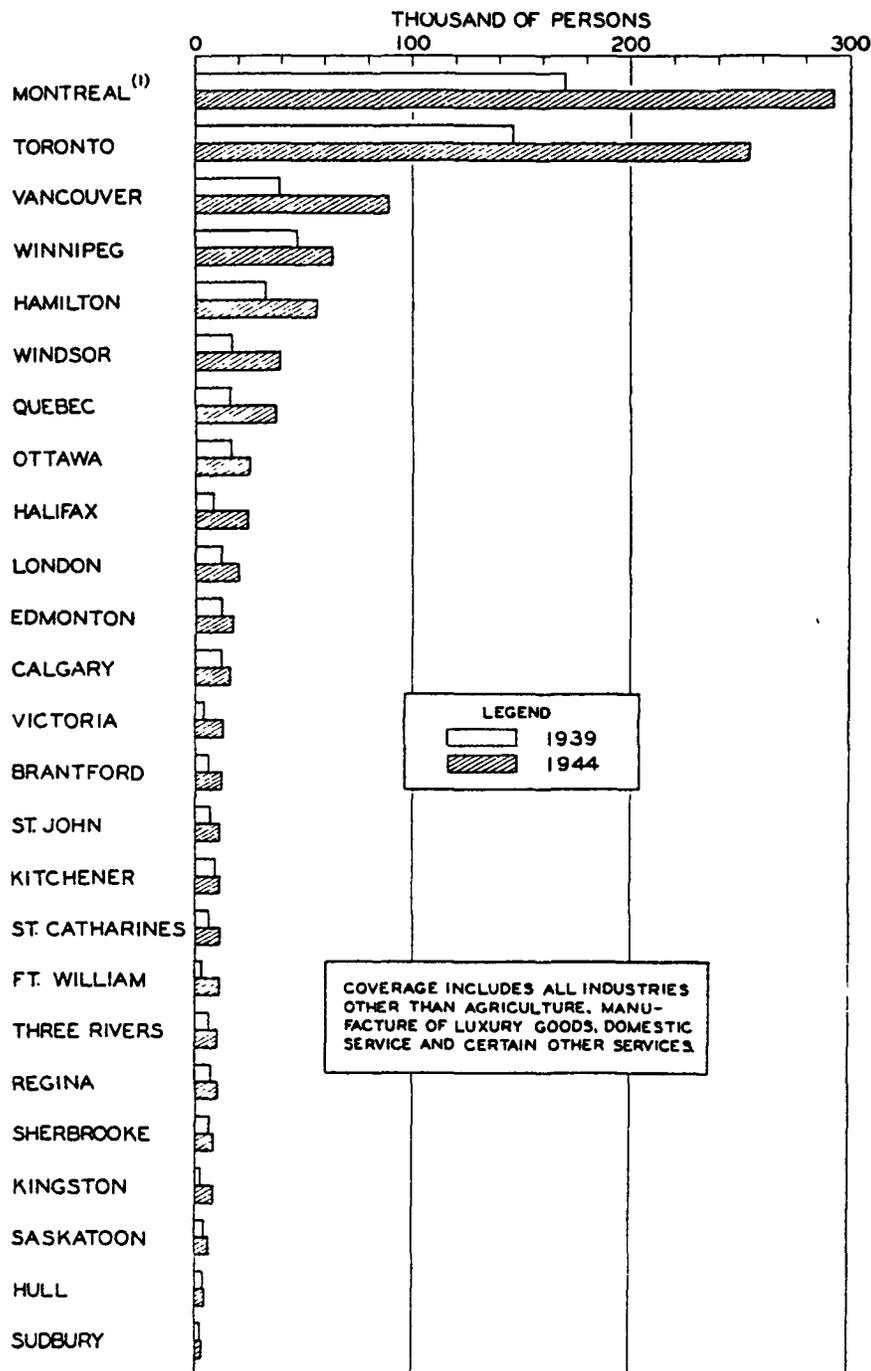
The various conflicting interests in the NHA repeal debate were adroitly brought into a compromise by the government decision in Vote 452 of the Appropriation Act of 1942. An additional one million dollars was voted by parliament for the government's share of NHA loans. The limitation on cost was lowered from \$4,000 to \$3,200. The Minister of Finance had to be satisfied that the construction served to "relieve the serious housing shortage without creating a post-war surplus". The homes were to be "of non-essential materials and constructed upon lots already serviced by local improvements in order to conserve labour and essential materials".<sup>16</sup> The government's decision evidently went a long way to meeting the concerns of Munitions and Supply about building in the wrong way and in the wrong place and

the lending institution's desire for the continuation of NHA's innovation in mortgage finance and building standards. The volume of these loans was not great. In 1944, for example, only 1,393 housing units were constructed under the wartime modified NHA.<sup>17</sup> Regional disparities were more marked than the depression era DHA. These appear to have been more related to builders' and lending institutions' preferences than to wartime needs. No loans were made in the province of Quebec despite some overcrowding in its urban centers. Despite similar conditions in Nova Scotia, only six loans were made in the province. Also, as during the depression, no NHA loans were made in the province of Alberta.<sup>18</sup>

The Impact of the Second World War  
on Canadian Housing Conditions

The Second World War intensified housing problems in communities experiencing rapid urban growth. Such pressures intensified as, simultaneously, housing construction was curtailed to encourage munitions making and post-war employment. From 1941 to 1944 some 286,000 farm residents moved into urban centers. Over 125,000 persons moved from the Prairies to industrial centers in Quebec and British Columbia. Approximately 26,000 persons moved from Prince Edward Island and New Brunswick. Most of these migrants moved to the burgeoning naval center of Halifax. Employment in Montreal rose from 170,000 at the outset of war to 290,000 by July 1, 1944. Hamilton's iron and steel employment rose from 6,000 in 1939 to 11,000 by 1944. Entirely new industries were created. For example, 3,000 persons were employed in making shells and bombs in Hamilton. Windsor's automotive employment rose from 8,000 to 23,000.<sup>19</sup> Such massive increases were found in every Canadian city, as is illustrated in the following table.

**TABLE 8.1 - Wartime Industrial Employment  
in Major Canadian Cities, 1939-1944**



\* INCLUDES ALL CITIES WITH POPULATION OF 30,000 AND OVER.

(1) INCLUDES OUTREMONT AND VERDUN.

Source: Dominion Bureau of Statistics, Department of Reconstruction,  
Economic Research, (PAC, RG28-A, Vol. 2226)

Despite the upsurge in residential construction during the Second World War, in contrast to the slump that took place in the depression years, the pace of new building could not keep up with the influx of population into rapidly expanding urban centers. This is illustrated by the war years' exceptionally low residential rental vacancy rate, in comparison to both the depression era and the period of prosperity during the residential construction industry during the 1920's.

**TABLE 8.2**

Non-farm Residential Vacancy Rates, 1923-1945

World War Two		Depression		Peacetime Prosperity	
1940	1.8	1939	2.6	1929	4.4
1941	1.8	1938	2.6	1928	4.7
1942	1.7	1937	2.7	1927	5.1
1943	1.6	1936	3.3	1926	5.2
1944	1.6	1935	3.7	1925	5.7
1945	1.6	1934	4.9	1924	6.3
Average	1.6	1933	6.7	1923	5.6
		1932	6.7	Average	5.2
		1931	4.7		
		1930	4.1		
		Average	4.2		

Source: F.H. Leacy (ed.), Historical Statistics of Canada, Second Edition. (Ottawa; Statists Canada, 1983), p. S232-246.

The impact of a sudden rise in national income and increased housing demand, was to intensify national housing inequalities and the competition for available shelter. This was expressed quite eloquently in a memorandum of federal Rentals Administration Owen Loblely. He observed how:

Farmers benefiting from war prosperity have bought hundreds of houses in such places as Regina, Saskatoon and North Battleford; they have moved from their houses and have evicted the tenants therefrom. War workers who have migrated from the country to the cities, have saved up war wages and bought houses over the heads of such tenants as milkmen, postmen, servicemen and the like, whose incomes have not benefited from wartime wages. Manufacturers, great and small, who have obtained lucrative war contracts, have purchased homes over the heads of such tenants as middle-class salary earners in banks, insurance companies, department stores, railways and the like, whose salaries have been frozen and thus unable to defend their tenure by buying the house.

Lobley found the war caused "a greater number and volume of sales of houses than ever before in the history of this country". Prices for individual homes in major urban centers exceeded those at the peak of the 1929 boom.<sup>20</sup>

One measure of the reduced availability of housing, the low vacancy rate, has previously been illustrated. Another was the rise in multiple family households. These were defined as two or more families living in the same dwelling unit and sharing the same bathroom and cooking facilities. Both families may or may not have had additional boarders. The heavy increase in this "doubling up" from the depression to the war years can be seen in the following table.

**TABLE 8.3 - Percentage Increase**  
in Multiple Family Households,  
1931-1941,  
Canadian Cities of 30,000 and over

Cities	Total Households in Sample 1941	Multiple Family Households in Sample 1941	Percentage of Multiple Family Households 1941	Percentage of Multiple Family Households 1931	Percentage Increase of Multiple Family Households 1931-1941
Halifax	1,264	218	17.2	9.2	87
Saint John	1,152	78	6.8	6.4	6
Quebec	2,637	214	8.1	6.1	33
Three Rivers	703	64	9.1	7.3	25
Montreal	19,735	1,489	7.5	6.4	17
Verdun	1,572	93	5.9	4.1	44
Ottawa	3,141	411	13.1	8.2	60
Toronto	14,646	2,800	19.1	8.4	127
Hamilton	3,893	481	12.4	7.8	59
Brantford	815	76	9.3	6.3	48
Kitchener	807	82	10.2	6.5	57
London	2,009	152	7.6	7.3	4
Windsor	2,509	200	8.0	8.0	-
Winnipeg	4,818	727	15.1	7.3	107
Regina	1,286	128	10.0	4.5	122
Saskatoon	1,032	95	9.2	5.3	74
Edmonton	2,171	164	7.6	4.3	77
Calgary	1,992	241	12.1	5.2	133
Vancouver	7,125	606	8.5	5.1	67
Victoria	1,127	118	10.5	4.9	114

Source: Preliminary Report on the Housing Situation in Canada and Suggestions For Its Improvement by Leslie R. Thomson, PAC, Wartime Prices and Trade Board Papers, Vol. 89.

The declining rental vacancy rate and the resulting overcrowding were originally viewed by the government simply as an indication that necessary wartime sacrifices were being made. Federal rent controls did not mark a fundamental departure from this policy. They simply lessened the economic hardships faced by tenants and provided some security from eviction. The usual reservations against rent controls, reducing the production of new housing in this situation, would make controls an asset by discouraging housing production which would best be left to the war's termination.

#### The Origins of Wartime Rent Controls:

1939-1941

It was almost a year after Canada's entry into the Second World War that the federal government took its first rent control measures. These were taken when such controls were introduced into 150 Canadian communities during September 1940.<sup>21</sup>

Concern for the need for rental controls began to emerge within the Wartime Prices and Trade Board by May 1940. Information came to the WPTB from some 200 real estate agents and "other informants" reporting to the Dominion Bureau of Statistics in May of each year. This formed the basic rental component of the cost of living index. Homes were divided into "a typical workman's dwelling" and a "medium grade dwelling". The desire of real estate managers to maximize their rental income in the setting of rents was noted in the WPTB's reports.

Differences in levels of rents in a city were frankly ascribed to "the fact that some agents are much more efficient than others in gauging changing conditions and collecting from tenants the full economic rent".<sup>22</sup>

By May 1940, the impact of war on rents in some Canadian cities had become quite significant. In Halifax, one agent reported that rents were "already 8 to 20 per cent above pre-war". In New Glasgow, Nova Scotia, rents had risen on the average, by "20 to 33 per cent". All informants in Kingston agreed that "everything is getting scarce" with "rents already 6 to 35 per cent higher".<sup>23</sup>

In medium sized cities, such as Kingston, New Glasgow and Halifax, the impact of war on the rental market was rapid and dramatic. In larger communities, change was slower. By May 1940 the main difference in major metropolitan centers was that the favourable terms, which the saturated depression era rental market had afforded tenants, were no longer available. Typically in Toronto, the WPTB noted, while "most informants report no increase as yet, several report that workmen's dwellings are getting scarce, and some report no vacancies and no arrears -- a forerunner of advanced rentals".<sup>24</sup>

In communities immediately affected by war-induced housing shortages demands for rent control quickly emerged. Halifax was a prime example. As early as October 20, 1939, the Halifax Labor Council newspaper, the Citizen, complained that an influx of soldiers had "gobbled up all rooming houses and residential premises". It estimated that 1,500 persons in the city were displaced. The Citizen charged that "wealthy corporations and foreigners have scooped up all available real

estate". By April 11, 1940, the Halifax Trades and Labor Council had sent telegrams for rent controls to prominent politicians.<sup>25</sup>

By July 1940, rental increases came to the attention of the Minister of Labour, Norman McLarty, who asked W.C. Clark's Economic Advisory Committee for an opinion on the advisability of federal rent controls. McLarty noted that at first both he and the Wartime Prices and Trade Board had taken the view that because of "the localized nature of the problem ... it might be well to invite either the provinces or municipalities affected, to deal with the matter."<sup>26</sup>

On July 26, 1940, Clark's Economic Advisory Committee responded, that considering the reason for the rent increases, federal responsibility should be accepted. However, the committee rejected a program of overall national rent controls. Instead federal rent controls would only be "extended to localities designated after investigation had shown an acute situation to exist". Such a locally based program was justified by the only two per cent rise in rentals on the average across Canada. The EAC recognized the need to prevent increases of a more substantial magnitude than this national average. It recognized that nothing could "be used so quickly as the basis for increases in wages as the rise in rents, for house rents constitute the biggest single expenditure of the wage earner".<sup>27</sup>

The Economic Advisory Committee split over having federal rent controls be a responsibility of the Ministry of Labour or the Wartime Prices and Trades Board. The EAC believed it "highly probable" that municipal and provincial authorities would be "biased in favour of real estate". It also warned that "no system of rent control should be

dominated by a Property Owners' Association". To prevent this, appeal boards were to have a balance of interests. Such a board would be composed of a county judge as chairman and a "local assessor or real estate broker" and an "appointee of the district labour council".<sup>28</sup>

In determining the optimal level of rents, Wartime Prices and Trade Board officials, in the summer of 1940, noted that market rents were usually based on "the old rough rule to obtain 10% of the property value". For an alternate ceiling, the WPTB felt maximum rent should cover carrying charges, a \$100 repair and decorating allowance, and a profit of "6% of assessed value, less encumbrances". Also included would be the "charges of a collecting agent".<sup>29</sup>

In September 1940, a series of orders-in-council, established the first federal rent controls. P.C. 4616 specifically included housing among the "necessary of life" to be regulated by the WPTB. On September 24, 1940, Order No. 7 specified the Board's powers to fix rentals and define conditions of leases to prevent evictions. Local committees were set up in the 30 controlled areas, which were mainly in Nova Scotia and Ontario. The maximum rental was fixed at the level in effect as of January 1, 1940.<sup>30</sup>

The WPTB had little grasp of the magnitude of the housing problem it was facing. An early memo of the Board predicted that "the increased demand for housing was not likely to outlast the war".<sup>31</sup> The extension of rental controls read like a mounting inventory of communities suffering war induced housing shortages. On February 11, 1940, rental controls were extended to eight additional communities. By June 1941, the list was extended to another 151 municipalities. For

these localities, rents were fixed at the level prevailing on January 2, 1941. By October 1941, a policy of general wage and price ceilings had become effective across Canada. As part of this policy new maximum rent ceilings were set on all real property (including commercial premises) on November 21, 1941. These were fixed at the level charged on October 11, 1941.<sup>32</sup>

By the time of the adoption of general wage and price controls, rent restrictions were already an essential part of federal anti-inflation policy. A WPTB memo, written during this period, noted how inflation in the "later stage" of war, "when production is underway", would "break down any system of priorities or order of allocation of materials". This would "slow down the whole war effort ... as well as increasing the cost of the war to the government and the fixed costs payable after the war". Inflation would "promote social disorganization". Not only could it cause a "continuous succession of industrial disputes"; it would "bring forth demands for radical measures either costly or destructive".<sup>33</sup>

At the time of the adoption of general wage and price controls, rent controls had already served as one of the most effective areas of the government's anti-inflation policies. Rents, which had been uncontrolled in most of Canada from August 1940 to September 1941, had risen by 5.7 per cent in that period. However, after rent controls were imposed on most Canadian communities, the increase from May 1941 to September 1941 was zero per cent. Most of the average 4.8 per cent increase in inflation in this period was caused by higher food prices.<sup>34</sup>

The Origins  
of Wartime Housing Limited

The Canadian government accepted the need for rent controls in advance of its realization of the desirability of a wartime rental housing construction program. While rent control was accepted earlier as an appropriate way to channel national income, in a manner compatible with the war effort, housing production of any kind was viewed by influential policy makers, such as W.C. Clark, as sabotaging it. Housing for munition workers was begun by state owned war industries for very practical reasons. These were determined by such basic considerations as the need for adequate housing to attract skilled workers to their plants. These early efforts were viewed by W.C. Clark with suspicion. He distrusted their architects for wanting to design better quality housing than workers could afford in the private market. Such construction activities were large enough to arouse the suspicions of W.C. Clark, but building by industries only amounted to \$500,000 worth as late as February 8, 1941.<sup>35</sup>

In January and February of 1941, F.W. Nicolls, director of the Department of Finance's National Housing Administration, pressed quite vigorously for the approval of an emergency wartime housing program. Nicolls pointed out that while the United States had spent \$520 million on munition plants, it still had managed to spend \$300 million for housing. He told Clark how, "whether we recognize it or not Canada has a housing problem on her hands which, if not attended to promptly, will result in the curtailment of our war industries". Nicolls gave concrete

examples of how the labour shortages encouraged by a lack of housing had handicapped the war effort. Such conditions, he demonstrated, had led to delays in the unloading of British warships engaged in convoy work. Nicolls sent Clark the following table to show how, although "many thousands of men" were "required within the year there are practically no houses available".<sup>36</sup>

**TABLE 8.4: Housing Demand  
and Labour in Munitions Industry  
February 1941**

Centres	No. of men at present on war work	No. of men required on war work in nine months	No. of vacant dwelling units
Brantford, Ont.	549	1,044	55-Sept/40
Hamilton, Ont.	13,499	20,831	None
Fort Erie, Ont.	1,353	4,250	None
Fort William, Ont.	4,650	8,700	None
Malton, Ont.	2,238	4,250	None
Nobel, Ont.	602	3,028	None
Ottawa, Ont.	1,748	4,511	None
Welland, Ont.	3,239	4,950	None
Winnipeg, Man.	1,120	4,855	157 houses - 50% require extensive repair- 160 suites
Calgary, Alta.	82	1,562	None
Longueuil, Que.	3,357	7,378	None
Montreal, Que.	12,829	30,939	Less than 1% in industrial parts
St. Paul l'Ermite, Que.	80	6,000	None
Sorel, Que.	1,680	3,680	None
Valcartier, Que.	2,680	11,000	None
Trenton, N.S.	813	2,410	None
St. Catharines, Ont.	2,173	3,056	None
Arvida, Que.	2,931	4,100	5-Oct/40

Source: Memorandum to the Honourable J.L. Ilsley and Dr. W.C. Clark from F.W. Nicolls, PAC., RG19, Vol. 3890 H-1-15.

Nicolls also told Clark how, unlike the building boom of the early First World War, Canada was now "slipping behind in our housing building by 20,000 to 25,000 houses per year by the past two years". Each government department which had in "any way encountered a housing shortage" was forced to take to itself "the duty of preparing a housing program". Munitions' manufacturers, he found, were worried, "not about tools, not about plant, but about housing". Nicolls urged that 10,000 units of housing be constructed in an emergency wartime program.<sup>37</sup>

Nicolls' memorandum did sway Clark for by February 19, 1941, he had drawn up a charter for a "National Housing Company". This was quite similar to the charter of the soon to be created Wartime Housing Limited. Order-in-Council 1286 created the latter on February 24, 1941.<sup>38</sup>

Many features suggested by Nicolls were incorporated into the new crown corporation. These included conducting surveys, exemption from rent controls and, of course, the power to "construct housing units and staff houses". Many features, however, were modified. Most importantly, the responsibility for Wartime Housing was placed under the Department of Munitions and Supply. This was a major departure from the previous control of federal housing programs by the Department of Finance's National Housing Administration.<sup>39</sup>

The placing of Wartime Housing Limited under Munitions and Supply freed it from the rigid ideological supervision of W.C. Clark. Munitions and Supply's approach would allow Wartime Housing to move in directions unwelcomed by Clark and the traditional allies of his housing policies, the mortgage lenders, small scale residential builders and

retail lumber dealers. Although Clark favoured large scale private residential construction, the existing large commercial builders saw many of his schemes, such as limited dividend housing, as unworkable. They were not interested in being private land developers, but wanted to carry out contracts for important public purposes. Until the end of the Second World War W.C. Clark made no efforts to implement his vision of a large scale residential construction industry. During the depression and Second World War, such a tinkering with a contracting industry would be difficult to achieve. He would be placed in an uneasy alliance with an industry which his basic precepts maintained was unsoundly organized. Clark strove to compensate for this situation by an emphasis on architectural standards in NHA approved homes. This was viewed as having the effect of upgrading the entire industry.

With the coming of the Second World War, the employment orientated objectives of the federal government's earlier housing schemes became evident when the Economic Advisory Committee set out to abolish them largely on the grounds that a labour surplus no longer existed. Indeed, with the boom in munitions production and troop enrolments, a labour shortage soon developed. The termination of housing programs that no longer served any social purpose was viewed as an easy way to direct resources into war production. Under the direction of Clark's vision of a housing shortage as a boon to post-war prosperity and as a necessary wartime sacrifice, housing programs were eliminated and all residential construction was reduced. Against a background of rapid urbanization this aggravated the problems of munitions production by encouraging a shortage of skilled workers, who would often leave a manufacturing area

if they could not live with their families. In order to meet war production orders, federal housing policy had to be directed to the very area that the housing reformers had unsuccessfully urged in the great depression, public rental construction for wage workers. The creation of Wartime Housing Limited to meet such an objective marked a major departure from the previous policies of market stimulation to reduce unemployment.

Clark had not viewed the increase in construction standards achieved by NHA as sufficient to justify its continuation into the war. Eventually Nicolls did prevail in his efforts to retain NHA, with an aroused constituency of small builders, mortgage companies and building supply dealers. This same lobby would soon oppose the rental projects of Wartime Housing. This crown corporation itself would be led by many of the advocates of social housing of the great depression. Its board would include CCA leader Joseph Pigott, architect and public housing supporter William Sommerville and Halifax Housing Commission Chairman Major W.E. Tibbs. By the time of Wartime Housing's creation in February 1941, the volatile mixture of the federal civil service was soon fixed, that would be the scene of major disputes over housing policy during the course of the war.

### FOOTNOTES TO CHAPTER EIGHT

- 1) "Memorandum to the Minister" from W.C. Clark October 11, 1939, PAC, RG19, Vol. 2679; Summary of Housing Programs in PAC, RG19, Vol. 706, File 203-1A.
- 2) "Memorandum to Mr. Ralston: Re: National Housing Act", from W.C. Clark, December 5, 1939 in PAC, RG19, Vol. 704, File 203-1A.
- 3) Minutes of a meeting of the Economic Advisory Committee, October 15, 1940, p. 2, PAC, RG19, Vol. 3890.
- 4) Report of Economic Advisory Committee on Housing Policy, November 13, 1940, by W.C. Clark, p. 7, PAC, RG19, Vol. 3890.
- 5) Minutes of a meeting of the Economic Advisory Committee, op.cit., p. 3.
- 6) Memorandum to Dr. W.C. Clark from F.W. Nicolls, August 19, 1940; Memorandum for the Economic Advisory Committee of wartime housing policy, both in PAC, RG19, Vol. 3890.
- 7) W.C. Clark, "Report of the Economic Advisory Committee on Housing Policy", pp. 4,5, PAC, RG19, Vol. 3890.
- 8) Confidential letter from A.P. Heeney to W.C. Clark, November 28, 1940 PAC, RG19, Vol. 3890.
- 9) Letter December 30, 1940, from W.C. Clark to Angus L. MacDonald, PAC, RG19, Vol. 3890; Minutes of a meeting of the Economic Advisory Committee, both in RG19, Vol. 3890.
- 10) Ibid.
- 11) Memorandum for the Economic Advisory Committee on Housing Policy, op.cit., p. 4.
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- 13) "Brief on Housing with Special Reference to the National Housing Act, by C. Blake Jackson, Controller of Construction", PAC, RG19, Vol. 704, File 203-1A.
- 14) Letter from Victor A. Goggin, General Manager Wartime Housing, to C.D. Howe, May 2, 1942. Memorandum from W.L. Sommerville,

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- 15) Letter May 8, 1942 from F.W. Nicholls to J.L. Ilesley, Memorandum to the Honourable J.L. Ilesley and Dr. W.C. Clark from F.W. Nicholls January 24, 1942, both in PAC, RG19, Vol. 704, File 203-1A.
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- 27) "Report of the Advisory Committee on the Control of Rentals", PAC, RG19, Vol. 4663.
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- 30) Report of the Advisory Committee on Reconstruction, op.cit., pp. 37, 38.
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- 32) Report of the Advisory Committee, op. cit., p. 37.
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## CHAPTER NINE

### Between Necessity and Ideology:

#### Conflict over the Nature of the Federal Housing Role

1941-1944

Federal rent controls and the creation of Wartime Housing Limited represented a major shift in the thrust of federal policies. This change, however, made out of pragmatic consideration to accommodate the demands of a wartime economy, did not signal an end to the intense debate within the federal government as to how far the demands of war justified moves toward a socialization of the housing market. Wartime Housing Limited would be kept constantly under the scrutiny of the Department of Finance and the supporters of its policies from elements of the shelter industry. Wartime Housing and the Department of Munitions and Supply, and later Reconstruction, would strive to counter this conservative influence. These branches of government also had allies outside government, among progressive groups mentioned in previous chapters. The most powerful of these was the Canadian Construction Association, which had supported public housing since the depression. Between these two poles, other parties such as Construction Control and the Wartime Prices and Trades Board would make shifting alliances. The tendency over time, however, would be for power to reconcentrate in the hands of W.C. Clark. The chaos of conflicting interests drawn into the Housing Co-ordinating committee proved a congenial environment for the determined Clark to

have his status quo emerge intact. This would become apparent when Clark, in the spring of 1944, drafted the new National Housing Act. This established that the foundations for post-war housing policy would remain fixed in the narrow parameters of the depression era housing legislation.

### The Early Achievements of Wartime Housing Limited

Wartime Housing Limited President, Joseph Pigott, personified the dissenting current in federal housing policy. His views were separated vividly from the prevailing outlook of W.C. Clark. Pigott, like the majority of his colleagues in the Canadian Construction Association, was a large scale commercial and residential builder with enlightened views on labour relations and social housing issues. Pigott, a long time supporter of social housing, was innovative and supportive of even broader social experiments like community centres and tenant relations officers. With considerable insight, he told Federal Finance Minister Dunning, that the NHA provisions for low rental housing were so burdensome to municipalities that a city would have to "be very hard up indeed for houses before it will embark on anything so onerous and complicated as this".<sup>1</sup> One federal civil servant critic, Cyril DeMara, Rentals Administrator for the WPTB, summed up Pigott's outlook quite well when he concluded his views were "far reaching and rather startling".<sup>2</sup>

Pigott quickly saw that Halifax was the Canadian community suffering from the "most critical" war induced housing problems. With Major Tibbs, of the Halifax Housing Commission, (also a director of Wartime Housing), Pigott toured Halifax and personally selected several sites for building. The Halifax project had an estimated cost of \$600,000 and involved 225 family dwellings and four staff houses.<sup>3</sup>

Other areas quickly targeted included the industrial centres of south-western Ontario. These regions had been given priority in the previous surveys of the Department of Finance's National Housing Administration. Typically such surveys found that industries in St. Catharines had "lost skilled workers because of the lack of homes." In these circumstances "scores of labourers from outside centers... flatly quit their jobs after a few weeks work", being unable to find accommodation for their families. This situation also prevailed in "cities like Kingston, Belleville, Hamilton and Brantford." In these Ontario cities housing was so scarce that people were forced in winter "to live in unheated tourist cabins".<sup>4</sup>

Although the conservative Department of Finance could see the need for major wartime housing projects in Halifax and south western Ontario, proposed projects elsewhere encountered greater resistance. On June 24, 1941, the WHL board reviewed the situation in Quebec. It concluded that the only major projects in the province that needed to be undertaken were 150 bungalows in Valleyfield and another 200 in Quebec City. Despite the support of two surveys, local municipalities and officials of munitions plants, action was blocked. This was done

by Colonel Theriault, of the Department of Munitions, "who stated that no houses were necessary". Pigott told the WHL board that he felt the company could not undertake a housing project in Quebec until "much stronger pressure was felt from the industries concerned". C.D. Howe advised Wartime Housing that the situation in Sorel Quebec had "already been taken care of". In Montreal and Longueuil, factory managers took the view that "transportation will solve the problem". Pigott noted that such concerns might be removed when the war plants were operating at full capacity. He felt, however, that company "could not undertake housing projects where the industries themselves were apathetic to the housing program".<sup>5</sup>

The extreme inadequacy of WHL's building program in Quebec could be seen in Cartierville where three plants employing 16,000 workers were built on pasture land in an area lacking immediate housing facilities. Charles David, an architect and member of the WHL board, recommended that an additional 1,000 Wartime houses be built in Montreal, but no action was taken. Of the 15,802 Wartime houses built before June 11, 1943, only 2,232 were located in Quebec.<sup>6</sup>

In its first 16 months of operation, WHL surveyed housing conditions in 88 Canadian communities. The surveys covered every province but Prince Edward Island. Some cities were repeatedly surveyed to determine changes in housing conditions.<sup>7</sup> Surveys began with courtesy calls to the mayor. The presidents and general managers of all firms having war contracts were supplied with a questionnaire which provided information on such topics as: the number and "average hourly rate and average salary" for groups of employees such as single

men, single females and married men; if an increase in employees was expected; and "opinions of management as to the relationship between war production and the lack of adequate housing facilities". These estimates were checked against Munitions and Supply's inspections in regards to the quantity and time of peak production. Contacts were made with trust companies that managed real estate, local hotels, the YMCA and YWCA, in order to appraise vacancy rates in houses and single rooms. Municipal building inspectors were contacted to provide information and trends in residential construction and conversion. Studies were also made of the possibilities offered by housing rehabilitation. Inquiries were made by walking to see if likely work journeys housing was near war industries. Transportation was also examined. Data was placed on city maps and studies made of proposed development. Before completing the survey, WHL staff took care to discuss its proposals "with representatives of the local Board of Trade or Chamber of Commerce". Such business bodies were told that in "no instance would WHL houses be in the open rental market". Its housing assistance would only be given "to those engaged in war industries".<sup>8</sup>

A standard WHL survey would make one of three recommendations.

- A) No need for WHL housing and therefore no action taken.
- B) No need for WHL housing at present, but whole situation to be reviewed, say three months hence or six months hence.
- C) A housing programme should be launched at once by WHL for the area in question.<sup>9</sup>

To meet the housing needs found by its surveys, WHL devised standard sets of design for family and single housing units. Through its own architectural and engineering staff, the company developed

preliminary plans and specifications. These were later examined by independent authorities, such as the Royal Architectural Institute of Canada and the Heating and Sanitary Engineers.<sup>10</sup>

WHL decided that, while its housing plans should be as flexible as possible to meet the differences of the national environment, the number of housing types would be limited. This would reduce the per unit housing costs through standardization. Consequently, it became possible to manufacture component parts in large numbers. Also, they could be made well ahead of field construction.<sup>11</sup>

Wartime Housing's family dwellings were divided into various standard categories. Half of its homes were "the small four roomed houses Types 1, H-1 and H-2." Another 15 per cent were large four roomed houses and 35 per cent were six roomed. All these homes were designed to be easily demountable.<sup>12</sup>

Designed with the view of placing as little of an investment of public funds as possible, WHL accommodations nevertheless were considered acceptable shelter by the families of skilled mechanics who had come from high quality homes. In deference to the demands of the Department of Finance, WHL homes were officially for temporary accommodation. In practice this meant that its shelters were designed without basements and were consequently heated with stoves. Conversion to "permanent" housing was a relatively simple task that involved digging basements for furnaces.<sup>13</sup>

WHL innovated ways to reduce waste. Unusable hallway space was kept to a minimum. Care was also taken to vary outside appearance. Varied materials and finishes such as clapboard, shingles and plywood

were used for outdoor trim. Homes were well insulated and colour schemes varied and houses. They were not placed in a straight line. Generally 40 foot lots were provided. Special attention was given to landscaping the surroundings. For this purpose, landscape architect, H.B. Dunnington-Grubb, was retained. Community facilities such as dining halls and playgrounds were also provided.<sup>14</sup>

WHL's pragmatism had a darker hue. Concern for the needs of industry promoted its construction of moderate cost quality rental housing with a full range of supportive community facilities; however, its innovations stopped with the perceived needs of industry. These did not extend to racial integration. Wartime Housing built segregated "quarters" for "coloured" and Chinese single male workers. Its construction of staff houses for single female war workers aided the entrance of women into industry, but the housing needs of this group were always awarded the lowest priority in the company's construction program.<sup>15</sup>

One area where Pigott's broad social outlook combined well with pragmatic concerns for a contented and stable work force was tenant relations. Here Wartime Housing sponsored active community organizing programs. These evolved in stages. One early experiment was a Hamilton's men's center. "Almost vacant at first", the project soon had a waiting list for admission. A Lions Club provided meals and recreation. Another early venture was WHL's construction of a community hall in Windsor upon the requests of tenants.<sup>16</sup>

Wartime Housing's Department of Tenant Relations viewed its mission as part of the company's function as a "plant staffing job".

The mandate of both was to "keep men and women in the production lines". The department was aware of how often uprooted war workers were viewed as alien "newcomers" by established residents. By integrating these workers into local communities, Tenant Relations sought to reduce "unrest, high labour turnover and unco-operative tenant attitude".<sup>17</sup>

By the end of 1943, Tenant Relations employed 39 social workers and councillors. It published Homelife Magazine, a 32 page booklet with a circulation of 14,000. The department encouraged 162 active tenant groups. These included "prenatal clinics, well baby centres and libraries, supervised play and young people's organizations, garden clubs, home improvement associations and Community councils".<sup>18</sup> Tenant groups made some remarkable achievements. One built a community hall from aeroplane crates. Others achieved success in reducing juvenile delinquency, developed post-war planning committees, cooking and sewing classes, first aid and public speaking courses, credit unions, kindergartens, nursery schools and group health insurance schemes.<sup>19</sup>

Pigott protected Tenant Relations from the suspicions of more conservative members of Wartime Housing's board of directors. Some viewed its social workers as "very dangerous"; being likely to "stir up trouble". Director Hedley L. Wilson, manager of the Maritime Trust company, wanted the service to be terminated.<sup>20</sup>

While conducting its surveys to solve the housing problems faced by munitions industries, Wartime Housing officials invariably encountered a "serious degree of overcrowding and ominous housing

shortage" that was of a general nature. This general housing shortage was outside of the housing corporation's mandate, which was strictly limited to facilitating the staffing of war industries. However, the company wished to meet the overall national housing shortage. This outlook resulted from the enlightened attitude of most of the crown corporation's directors, especially its president, Joseph M. Pigott.<sup>21</sup>

Pigott's views, although forged by his long experience with the CCA, became sharpened more recently by his critical role in a national joint conference of construction industry employers and employees. This gathering, sponsored by the federal Department of Labour, took place shortly before Pigott's appointment to head the newly formed Wartime Housing Corporation. Pigott represented employers at this conference which was remarkably similar to another such gathering held in 1921. Both meetings created a National Joint Conference Board to represent unions and employers in the construction industry.<sup>22</sup> Pigott served along with like-minded corporatist leaders of the labour movement such as former NEC Chairman Tom Moore. The conference committee drew up a comprehensive program for the construction industry including reforestation, prairie farm rehabilitation, conservation, the construction of sewage disposal plants, farm electrification, school modernization, public baths and swimming pools, the extension of unemployment insurance to the construction industry and the development of a national apprenticeship training program.<sup>23</sup> Far reaching as these plans were, housing was placed on the top of the list of the conference's envisaged 14 future programs. This package of housing

reforms was quite sweeping. It called for the liberalization of HIP mortgage lending, a re-introduction of the HIP scheme, slum clearance and the "development of modern housing and town planning schemes, landscaping and garden home plans, with play-ground and park improvements".<sup>24</sup>

The CCA's program of public rental housing with extensive community services, would only be accepted by the federal government for munitions workers -- and after considerable pressure, the families of servicemen and returning veterans. For other groups, such innovations were seen as dangerous precursors to the socialization of the residential construction industry and real estate markets. The housing problems caused by the war for social groups not directly tied to the war effort, would be set aside unless tenant protests, such as the resistance to evictions, forced government action.

The Showdown Over Subsidized Housing:  
Conflict Within the Federal Government  
1941-42

J.M. Pigott and W.C. Clark soon became the lightning rods of conflict over housing policy in the federal government. Pigott told Wartime Housing's board of directors that his efforts to encourage the construction of permanent dwellings for general housing needs had been rejected, "because of the attitude of Dr. Clark, the Deputy Minister of Finance". In contrast to "the views of the Department of Finance",

Pigott wished it "to be known", within government circles, that "there should be permanent houses, whether or not we build them ourselves, where there is now and will after the war still be a need for them".<sup>25</sup>

Clark and Pigott first collided over a Vancouver Wartime Housing project proposed in June 1942. After Clark was informed of this project by the Deputy Minister of Munitions and Supply A.K. Shiels, he complained "that men, material and credit were needed for other things". In early February 1942, Pigott supported a request of Hamilton builders for priorities in materials for 200 homes to be financed under NHA. His request was answered on February 14, 1942 by Minister of Munitions and Supply, C.D. Howe. Howe told Pigott that his request was denied, since there "was nothing we could do in the face of the attitude of the Department of Finance". The only exceptions to the rule that housing should be only for munitions workers were in Halifax, Windsor, Hamilton and St. Catharines. Here families of overseas soldiers facing eviction were let or rented homes owned by Wartime Housing. This was developed through arrangements whereby municipalities leased the dwellings or guaranteed the rent.<sup>26</sup>

The conflict between Finance and Wartime Housing actually preceded Pigott's and Clark's disputes. An opening salvo was fired by F.W. Nicolls on December 23, 1941, in a memorandum against Wartime Housing. Nicolls told Clark, that in his own opinion and that "of the lending institutions", Wartime Housing was "endangering our security and the investment of our borrower-owners". Likewise one of Nicolls' assistants, J.D. Forbes, called for the exclusion of Wartime Housing

from the metropolitan areas of Hamilton, Winnipeg and Toronto. Wartime Housing, he felt, should be "confined to remote and small districts where munitions factories have been established".<sup>27</sup>

Clark was naturally sympathetic to Nicolls' critique of Wartime Housing, especially as the agency had been born partly out of Nicolls' own urgings, in January 1941. He was not inclined to view as serious the mounting housing problems induced by war. These shortages simply followed his earlier predictions to the Economic Advisory Committee. Clark told Deputy Minister of Munitions and Supply, A.K. Shiels, that:

doubling up in wartime is one method of making the necessary savings which the civilian must make if he is not to sabotage the war effort. Furthermore, the deferment of this construction of permanent housing until after the war will make a fine contribution to the support of the business structure and of improvement in the post-war years.<sup>28</sup>

By the summer of 1942, Clark and Pigott had set on a collision course. Pigott, pushed by municipalities suffering from severe emergency housing problems, began to formulate an ambitious program of subsidized rental shelter. His first model for such a program was drawn up between Wartime Housing and the City of Halifax. Finalized by February 1942, the agreement had WHL lease 50 homes to the city. Twenty of these houses were reserved for servicemen's families facing eviction. The rest would be reserved for hardship cases. The city of Halifax was faced with 422 applicants (involving 1,757 persons) for the remaining 30 homes. Seeking to alleviate such shortages, the Halifax council sent a delegation to meet with Howe and Ilsley in Ottawa. The outcome of this exchange was that a 199 unit Wartime Housing development was agreed upon. This Admore Park project, like the

earlier 50 homes, was administered by the city for rental to families suffering from conditions akin to homelessness. The Admore Park project, however, only covered a minority of such cases; Halifax had to select the 199 tenant families from a list of over 1,000 applicants.<sup>29</sup>

Pigott decided that the terms of the Admore Park project would cause "a terrific loss" to Wartime Housing. This caused Wartime Housing to devise a new model agreement. It made the new form of federal subsidy less injurious to the crown corporation. In place of the heavy cash deficit it incurred in the Halifax agreement, shelter subsidies would be provided at low interest rates over a 30 year period.<sup>30</sup>

Hamilton became a city to pioneer the model agreement. It, like Halifax, had an extreme shortage of emergency shelter. Some 130 children lived in an old shirt factory. As many as nine children and their parents lived in a single room. The agreement negotiated between Wartime Housing and the city of Hamilton had the corporation lend \$1,380,500 to the city for the construction of 300 permanent houses (with basements and chimneys). These homes would be rented to low income families, suffering from housing hardship, at rentals of \$24.00 a month. The federal loan would be amortized over thirty years at three per cent interest.<sup>31</sup>

Pigott was shrewd enough to loan on the three per cent basis, at which the federal government lent money in the joint-loan NHA scheme. However, details of the Hamilton agreement caused an immediate furor among mortgage companies, retail lumber dealers, real estate agents,

small residential builders and their allies in government. The Rental Administration (composed of former real estate managers) was particularly hostile. Rental Administrator, Cyril De Mara, on November 2, 1942, sounded an alarm. He warned that Pigott was "of the opinion that now and in the future, permanent housing for workers will have to be subsidized by the government, in order to provide homes for workers, at rentals within their earning capacity". "In a nutshell" this amounted to "the New Zealand plan of wide scale state-owned housing for low income groups with capital provided by Government at low interest rates".<sup>32</sup>

In posing his objections, De Mara utilized the same analysis employed by T. D'Arcy Leonard against public housing in 1935. Unlike D'Arcy Leonard's hasty public testimony to a parliamentary committee, this was written in a confidential memorandum. Consequently, the arguments were phrased with greater clarity and force. De Mara predicted that should Pigott's plans be "permitted to become nation wide in scale", the "capital values of all existing housing offered for rent" would be "forced down radically". This would mean "the socialization of all our housing". For the Rental Administrator this would be "the most dangerous and far-reaching programme that has ever been suggested in any of our present wartime endeavours to meet emergencies". He felt it would "inevitably carry through into peace-time conditions with probable disastrous results to our present economic policy of private home ownerships".<sup>33</sup>

Clark hastily informed WPTB Chairman Donald Gordon that he was "afraid" De Mara's alarming memo "reflects pretty accurately the views

held by Mr. Pigott". Ilsley warned C.D. Howe that if the Hamilton project proceeded, it would be "impossible for private industry, either through the National Housing Act loans or otherwise, to compete". This would cause "the private construction and financing of houses" to utterly cease. Like falling dominoes, this would take place:

first in the cities with which agreements are entered into, then in other areas which would expect to receive the same treatment from the Government in so far as they have any housing shortage at all.<sup>34</sup>

The business interests favouring the same positions as Clark, De Mara and Ilsley, quickly mobilized their opposition to the Hamilton agreement. Pigott told his fellow Wartime Housing directors how "loan companies, builders, lumber companies and others started a campaign across the country, sending representatives to Ottawa and Toronto". This caused the Ontario government to step in and refuse "to pass the necessary legislation on grounds composed of fictitious figures and mis-statements".<sup>35</sup>

Pigott's statements contained little hyperbole, for a formidable lobby against the Hamilton Project had been created with startling speed. A "Greater Toronto Permanent Housing Committee" was formed for the sole purpose of repealing the Hamilton agreement. It included the Toronto Real Estate Board, the Ontario Retail Lumber Dealers Association, the Toronto Property Owners' Association and the Lumbermen's section of the Toronto Board of Trade. These Toronto based groups were joined by the Ontario Association of Real Estate Boards, the Windsor Real Estate Board, the Property Owners' Association of Ontario, the Ottawa Home Builders, the Brick Manufacturers' Association

and the Canadian Lumbermen's Association. Together they wrote an eight page brief to Prime Minister W.L.M. King. It was endorsed by the suburban municipalities of Leaside, Scarborough and Etobicoke.<sup>36</sup>

The anti-wartime housing lobby repeated the concerns of conservative civil servants about an impending "public monopoly on the construction of new dwellings". To diminish the need for special wartime projects, the adoption of "billeting arrangements" was urged. Private rental construction could be encouraged through 90 per cent NHA loans with a "special guarantee" to secure lending institutions' participation. The Dominion Mortgage and Investments Association issued a protest that shared the outlook of W.C. Clark. The DMIA similarly maintained that "construction not essential to the war effort should be postponed". Only "the bare minimum of housing essential to the efficient production of the war" should be built. "Doubling-up" was, therefore, "desirable in order to conserve materials and manpower". Also the "construction of permanent houses" was to be "left to private industry". The DMIA also complained the Hamilton project's three per cent interest rate was unfair competition against the higher combined NHA rate, especially since their firms were "conserving their financial resources to purchase Victory Bonds at comparatively unremunerative rates".<sup>37</sup>

The hurricane of controversy unleashed by the Hamilton agreement precipitated a high level meeting on November 5, 1942. Howe, Ilsley, Gordon, Clark, Pigott and Wartime Housing's Vice-President and General Manager, Victor Goggin attended. They decided that Wartime Housing was "to leave the field of Permanent Housing to others unless they are

required by the Government to take over construction and management of projects that cannot be handled by other means". A new office under the Wartime Prices and Trade Board, the Real Property Controller, would ensure that the most efficient use was made of the existing housing stock, through surveys and "a campaign to bring out voluntary offerings of rooms, houses, etc."<sup>38</sup>

An elaborate set of safeguards and red-tape was set up to monitor and control the activities of Wartime Housing. Any proposed housing projects not related "directly to the manning of war industries", Howe reassured Ilsley, would "be turned over to the Real Property Administrator, Wartime Housing, to act only if requested to do so by the administrator". The Deputy Real Property Controller, Norman Long, (past president of the Toronto Property Owners' Association) would meet with Wartime Housing to remove "certain centres" from Wartime Housing's ongoing housing surveys. If, through their own surveys, the office of the Real Property Administrator (placed in the WPTB), encountered conditions where a municipality "required additional housing in some quantity", it would request a further survey and a concrete proposal from Wartime Housing. In order to prevent a repeat of the Hamilton agreement, this proposal would include "a budget for the financing of the project". The finalized plan would then have to be approved by a newly created Housing Co-ordinating Committee. This watchdog body was composed of Real Property Controller, Russel Smart; Munitions and Supply Co-ordinator of Controls, Henry Borden, who served as Chairman; Nicolls, representing the Department of Finance's National Housing Administration; Construction Controller, G. Blake Jackson; Deputy

Minister of Labour, A. MacNamara and Pigott, representing Wartime Housing.<sup>39</sup>

By establishing the office of Real Property Controller and the deceptively named Housing Co-ordinating Committee (which was a regulatory body, rather than an agency to co-ordinate federal activity related to housing), Clark had clearly triumphed over Pigott and Wartime Housing. New Wartime Housing projects were stopped even in Halifax, the most congested center in the nation. On December 7, 1942, Howe told Ilsley that he had rejected WHL's proposals for 200 houses to be built for dockyard workers and another 300 for shipyard employees in Halifax. Also no further requests would be considered unless they had been "advised by the Administrator of Real Property". Howe felt that since:

expansion of industry, has been brought to conclusion, and since, with the exception of the aircraft industry, our plants are in general fully staffed, it is in my opinion that exceptional reasons must be given to justify further wartime housing.<sup>40</sup>

Clark's desire to delay the construction of "permanent" housing until after the war was given further expression by new construction control regulations which required permits for all residential construction in excess of \$500. Pigott informed Wartime Housing's board that "the main effort" of the Housing Co-ordinating Committee; the Controller of Construction; the National Housing Administration and Real Property Controller was in "the direction of stopping all further building". In such circumstances the 36,800 dwellings constructed in Canada during 1943 would be the lowest level of new dwellings completed since 1936.<sup>41</sup>

The function of the Housing Co-ordinating Committee, ambiguous in the Cabinet-Order-in-Council establishing the body, became evident at its first meeting on December 16, 1942. Committee Chairman, Henry Borden and Deputy Minister of Labour, R. MacNamara, threatened to resign, rather than allow the committee to be "concerned with any planning of general policy of this kind" (pertaining to setting housing production targets). They also refused Russel Smart's request for the release of information dealing with construction materials priorities. After the meeting Smart told Gordon that its members "were not concerned with any general planning to deal with the housing problem". Instead, they viewed their function as simply "considering any plan for Government building which may be put before them".<sup>42</sup>

By bottling up Wartime Housing's initiatives in layers of red tape and having construction control applied to all new residential construction, Clark's vision of a minimal wartime housing effort to provide for post-war prosperity predominated. Of course, this view was in harmony with an objective of conserving wartime materials and labour by reducing housing production to the minimum required for war production. The energetic campaign of the Real Property Control office to encourage the maximum use of the existing housing stock would, however, reveal the limitations of this approach. Basically, the campaign would find that the existing housing stock was already overcrowded and so reaffirm the need of the very policies which Pigott had advocated.

The Education of Russel Smart;  
The Return to a Recognition of the Need  
For More Rental Housing During 1943

Although a man of some socialist sympathies as witnessed by past financial support for the LSR, at the time of his appointment, Real Property Administrator, Russel Smart, shared the negative assumption surrounding future housing policy that he was instructed to implement. This assumption was that new housing was not needed to solve Canadian housing problems which could be solved by making a more efficient use of the existing housing stock. However, in the process of administering these policies Smart became aware of their inability to resolve the severe housing problems facing the nation. The surveys and registries intended to solve housing problems by releasing more rental accommodation provided the most irrefutable evidence of the hardships caused by the housing shortage. Smart would reverse his policies by September 1943; his assistant, Norman Long, would return to the property industry to become managing director of Monarch Mortgage and Investments Limited.<sup>43</sup>

Shortly following his appointment, Smart expressed his full agreement with his assigned mission to squeeze more accommodation out of the nation's existing housing stock. He told Gordon he was fully aware of the "considerable criticism" received by Wartime Housing as a result of the agency's advocacy of building more subsidized rental housing. In contrast, he intended to launch an "intensive campaign that will encourage householders to re-let their backroom flats". It

would also seek to divide "up existing houses and other buildings that lend themselves to conversion".<sup>44</sup>

Smart's views at this time were shared by Construction Controller, C. Blake Jackson. Jackson maintained that "before there is any thought of new housing, we should be certain that present dwelling places are used to reasonable capacity". Jackson denied the reality of a "housing shortage of great magnitude". There was simply a demand for better housing than provided by the "doubling up" conditions of the depression. This, he felt, was caused "by the increased spending power of the working classes".<sup>45</sup>

Smart viewed home conversions as meeting the pressing need for housing facilities for light housework (as opposed to boarding rooms, for which no great shortage existed). Conversion also had been the aim of the Department of Finance's Home Extension Plan. This scheme operated on the same basis as the Home Improvement Plans. It also guaranteed loans made by chartered banks. It assisted loans to provide more rental units by building extensions to existing dwellings. This Home Extension scheme, however, produced meager results. Only 21 loans were made in 1942. This figure was only raised to 28 in 1943 and dropped to eight during 1944.<sup>46</sup>

H.L. Robson, Assistant Secretary of the Canadian Bankers' Association, outlined to Nicolls why financial institutions felt that HEP had failed. Robson felt the \$2 million ceiling on loans had caused "the impression that the authorities in Ottawa are not seriously interested in the plan". All applications for loans over \$500 had to be routed to Ottawa for the approval of the Construction Controller.

Also, prospective borrowers were plagued by a lack of access to building materials. Contractors consequently could make no cash estimates. Also, the "high price and inferior quality of certain building materials, particularly plumbing and hardware", served as deterrents. Indeed, the low \$2 million originally allocated to the program and the failure to assign material priorities to it, show how the minimal Home Extension scheme fitted closely into Clark's plan of curtailing residential construction during wartime.<sup>47</sup>

While the new construction required in home extensions still posed problems of supply allocations, Smart's Home Conversion scheme provided the opportunity to increase the number of housing units with minimal demands on scarce resources. Under the scheme the Minister of Finance leased for five years large dwellings for conversion into rental units. During 1943, its first year in operation, Smart's scheme involved 36 conversions. These increased to 1,209 in 1944. They dropped to 778 in the last year of the war.<sup>48</sup>

Smart had proposed a far more extensive Home Conversion plan for 1943 than what was adopted by the government. Unlike previous government housing programs, Home Conversion was never passed by parliamentary legislation. Orders-in-Council had to be drawn up for various projects in different cities. Consequently a cumbersome approval process developed, one that required endorsement of the Housing Co-ordination Committee, Treasury Board and Cabinet. The 3,000 units Smart envisaged for 1943, were reduced to a mere 36. Like the ill-fated Hamilton agreement, Home Conversion posed the spectre of a dangerous "socialization" of the housing industry. Fear again was

expressed of a dangerous "precedent which would quickly spread to other parts of Canada".<sup>49</sup> When a scheme for 50 house conversions in Toronto was narrowly approved by the committee, its chairman, Henry Borden, wrote a dissenting letter to Ilsley. Borden successfully persuaded the government that the project's financing "should be done by private individuals".<sup>50</sup>

Frustrated in his efforts to increase the nation's rental housing supply, Smart received no opposition from government in his campaign to encourage people to take in boarders and rent vacant rooms. This posed no threat to the property industry and the campaign was directed by Deputy Real Property Controller, Norman Long. Long established "local housing committees" in districts suffering from war induced housing shortages. The committees appealed "to the patriotism and enlightened self-interest of householders who are 'hoarding' living space -- to make a more direct appeal to them to offer their place for rent". Long saw the campaign as an extension of the earlier advertising efforts of the Women's Advisory Committee of the Wartime Prices and Trade Board, to increase the number of rooms for rent. An additional feature would be the use of compulsory surveys. In these designated areas of greatest housing shortage, each householder would be required to declare if he or she, was or was not, willing to rent out part of their home. By February 18, 1943, Gordon reported to Ilsley that such compulsory surveys in Windsor, Kingston, St. Catharines and Sarnia, made available between 550 to 1,100 additional rooms in each city. Housing registries had opened in 16 centers and active committees were operating in 60 other communities.<sup>51</sup>

Smart's optimism over the possibilities provided by existing shelter soon vanished after the newly opened registries began to reveal chronic housing shortages. Pigott had predicted earlier that Smart's proposed house to house surveys would, when applied to a country facing a shortage of 300,000 homes, serve "to bring demands"; rather than cause the situation to "quiet up". When the compulsory survey was taken in Vancouver, many householders replied that they were already suffering from being "doubled-up" with other families.<sup>52</sup>

In cities across Canada, the registries demonstrated the inadequacy of the efficiency expert's approach to housing problems. In Montreal the Housing Registry's opening was delayed, since the city's housing shortage made it impossible to obtain 60 stenographers at once. In Victoria a "shortage of room and board" was found. Victoria's landladies had begun to discontinue meals. Ottawa was the scene of great hardships, after the passing of the May 1, 1943, deadline for the freeze on evictions of well behaved tenants. In Ottawa many families had to "be divided, some staying with relatives and the small children placed in the care of the Children's Aid". Lethbridge Alberta reported protests against "landlords who refuse to give accommodation to families with children". By May 4, 1943, the Halifax registry decided to terminate its publicity efforts. These were now futile since there was no longer any space "to be uncovered in Halifax at the present time". In Edmonton, efforts to stretch the city's housing stock had also come to a dead end. Families had quickly found themselves to be "stretching their hospitality to the limit" by setting up cots in their living rooms to accommodate servicemen over the weekend. Similar

conclusions were reached in Toronto and Quebec City. In Toronto after the registry had built up a waiting list of over 900 names, it began to press for more housing construction. The Quebec city office stopped its publicity efforts after it failed to cope with a flood of evictions on the first of May of 1943. It could only find 43 spaces for 363 applicants. Likewise in Moncton despite appeals from the pulpits, radio stations and the local press, it was "impossible to find accommodation for girls wanting room and board, and for families deserving 2 or 3 rooms for light housekeeping".<sup>53</sup>

The rejection of his proposals for home conversion and the lessons of the housing registries taught Smart to alter his positions. He became convinced that Housing Committee Chairman Henry Borden was inclined to oppose all "positive" housing measures. Smart also felt that Munitions and Supply should not continue to have control over the issuance of construction priorities. He told Gordon that similar agencies in Great Britain and the United States lacked the same authority. These countries, he argued, had more "sufficiently in mind the needs of the civil population, which, if not satisfied, are likely to impair the over-all war effort". Smart now believed that (contrary to the limited mandate given Wartime Housing) there was "little distinction between those who are actually making munitions and those who are carrying out other necessary work in the economy". This was because "a munitions worker could not get along without bread". By September 24, 1943, Smart concluded the housing shortage was developing "to a point where it will seriously interfere with the war effort and be likely to produce a social or political disturbance".<sup>54</sup>

Smart embraced Pigott's policies, almost a year after he had been hired to develop an alternative to them. He plainly told Gordon that:

the majority of people who need houses in Canada want to rent, not to buy them, and it is these persons who are suffering extreme hardship at the present time, due to the fact that there has been a cessation of building for rental purposes over a long period of time.

Smart also found that "very few people for six or seven years before the war were investing money in accommodation to be rented". He recommended the restriction of the sale of scarce bathtubs and heating units to the construction of rental housing. Failing this Smart urged the release "of more of these critical materials, even if it involves the transfer of some labour from direct munition work". Like Pigott, Smart also identified the focus of housing concern as "the low income group who are, and will be, unable to find places at the rent which they can afford to pay".<sup>55</sup>

Smart's shift in analysis was accompanied by a taste of the extreme means employed by the Department of Finance to block Wartime Housing projects. This change was also shared by C.D. Howe. On April 13, 1943, Howe suggested that Nicolls be removed from the Housing Co-ordinating Committee. Wartime Housing's General Manager, Victor Goggin, told Howe he felt the committee would "serve no useful purpose as long as Mr. Nicolls' actions can nullify the decisions of the committee or be a motivating factor for holdups or vetoes in the Treasury Board". Nicolls told the Mayor of Kingston that a proposed Wartime Housing project which the city had requested "would bring about some kind of blight on the City generally in so far as mortgage loans are concerned". Nicolls told Smart he had repeated what Kingston's

lending institutions had said. Smart suspected that the lending institutions had developed this idea after "a hint from Nicolls".<sup>56</sup>

Municipalities appealed to Smart to use his authority as Real Property Controller to exempt their cities from the ban on non-munitions workers' Wartime Housing projects. On May 13, 1943, Toronto's City Council made a detailed submission to Smart, in order to receive 300 wartime houses. The council pointed out that many war workers had obtained housing by purchasing homes as "the only means of securing accommodation". Consequently, "an endless chain or wave of eviction notices and orders" ensued. This meant that increasing numbers were "on the verge of being left homeless". The City Welfare Department calculated that 200 families faced eviction and that 15 court orders to vacate were still pending. The city documented 603 cases of extreme housing hardship.<sup>57</sup>

Despite Smart's sympathy for Toronto's plight, the ban on Wartime Housing did not break there. Smart was more successful in Edmonton where the city council made a request on November 18, 1942 for Wartime Housing. By April 1943, evicted families with their children had moved into tents. Noting the refusal of landlords to rent to children, the Edmonton Labor Council predicted the creation of a "tent city". By June 15, 1943, the Edmonton Housing Registry had a waiting list of 1,350 persons. Smart approached Wartime Housing with a proposal for 250 homes. He told Wartime Housing of his preference for permanent housing for Edmonton, as it was destined to have "a larger population after the war". He realized there was no danger of competing with the

NHA and private home builders in Edmonton. These had long since withdrawn from residential construction, as they would not commit their "own money in Alberta because of Provincial debt legislation". On May 17, 1943, Howe approved the project in a letter to Ilsley. Howe overturned the usual objections of the Department of Finance to the effect that approval would make it difficult "for the Dominion to resist applications from other municipalities similarly situated".<sup>58</sup>

In order to reduce the influence of the Department of Finance over housing, especially upon the Minister of Munitions and Supply, C.D. Howe, Pigott had a study of Canadian housing problems and programs commissioned. It was written by Leslie R. Thomson, Associate Economic Advisor to Munitions and Supply. Thomson's 330 page report, completed on October 22, 1942, provides a striking portrait of the divisions over Canadian housing policy, both within the federal government and throughout Canadian society.<sup>59</sup>

Thomson's report was an impressive call for a major shift towards a socially-responsive federal housing policy. It concluded that "one million people today are undergoing definite and unnecessary hardship because of the lack in varying degrees, of decent, sanitary and adequate shelter". Using 1941 census data the report showed that 74.6 per cent of Montreal's lower third in income, 59.7 per cent of Winnipeg's and almost half of Toronto's and Vancouver's low income residents, lived in overcrowded conditions of more than one person per room. A housing shortage of 230,000 was estimated. This amounted to a construction backlog worth \$750,000,000.<sup>60</sup>

Thomson's report extended Wartime Housing's critique of the Department of Finance's joint mortgage scheme. It demonstrated how NHA housing was too expensive for 80 per cent of Canadian householders. Wartime Housing's call for the termination of NHA during the war was repeated. The report described how despite its priorities, Wartime Housing often found it difficult to obtain hot-water boilers, nails, bolts and leg screws, lighting fixtures and flooring. Scarce supplies, Thomson argued, should "not be drawn upon by private interests who are building for resale or for individual ownership".<sup>61</sup>

Thomson's report bore the imprint of Pigott's and the CCA's thinking on a number of critical points regarding the future role of government in the residential construction industry. A long term assumption of a public responsibility was seen as ending the "violent swings between super activity and stagnation". These were found as "almost inevitable if all construction and private home building are left to private initiative with private profit as the motive and private capital taking the whole risk". With long range planning, economies would be larger and organized labour would moderate its wage demands, consequently reducing housing costs.<sup>62</sup>

About a third of Thomson's massive report was spent reviewing the housing experiences of other nations, with particularly favourable attention drawn to the social democratic states of northern Europe and the socialist municipality of Vienna. It concluded that it was "the universal experience of western societies that private capital has been wholly unable to provide adequate housing for the low-income group of the population". The housing programs of Vienna were given particular

praise. This was an advanced stance for the report to take. The Vienna programs writing off of capital costs was considered too radical by even some progressive Canadian advocates of social housing, such as Noulan Cauchon and Percy Nobbs. The report sympathetically described how "the municipality used its own granite works, paving-stone works, tile works, lime shops and repair shops". Also as the supply and purchasing of materials were centralized, "the middleman, where efforts are sometimes parasitic, was almost completely eliminated". Indeed the Vienna housing program closely resembled that of the National Construction Council. It had realized many of its cherished hopes such as the standardization of building parts and having the executing of building plans given "to skilled contractors". Vienna's program achieved a key goal of Canadian housing reformers, for here, the "speculative elements" were "entirely eliminated".<sup>63</sup>

Other examples in Thomson's report assailed the world view of the Department of Finance, mortgage lenders and small builders. One "outstanding example" of a successful housing program was the Swedish government's lending at 0.75 per cent interest rates to co-operatives and building societies. This would gear federal housing policy toward financing non-profit housing associations, instead of its current emphasis on assisting private lenders. Recommending a dramatic turn around in federal policies, the report proclaimed:

success is to be attained in creating a large number of houses for the use of the low income bracket, it will be essential to develop adequate local authorities, rather than to limit the local contacts to a series of trust companies, or the like, whose principal function is having lent a dollar to get it back.<sup>64</sup>

Thomson's report was of considerable breadth and philosophical depth. It noted that while "capitalism has made the most astonishing advances in western society", it had failed to solve "the problem of how to distribute the wealth that it can create".<sup>65</sup> The report's central recommendation was the formation of a "Special Research Group" and a "National Housing Commission" to further study housing. These recommendations appeared to be mild, but the proposed composition of these bodies demonstrate that their intention was to set the stage for sweeping reforms.

The Special Research Group was to be placed "under the direct guidance and control of Wartime Housing Limited; but also be in liaison with the Advisory Committee on Reconstruction, chaired by Dr. Cyril James, Principal of McGill". It would be composed of economists, engineers, architects, sociologists, specialists in tenant relations and trained administrators. The SRG's study of "the housing situation in Canada as it is now and it is likely to be at the close of hostilities" would be given to a national royal commission on housing. This National Housing Commission would have representation from "organized labour" and the other groups that had been active over the past decade in urging a social housing program. These were the Royal Architectural Institute of Canada; the Engineering Institute of Canada and the Canadian Construction Association. Thomson also recommended the appointment of one of three internationally recognized female housing experts (none of whom were Canadians). These were Catherine Bauer, Edith Elmer Wood and Elizabeth Denby. Also suggested was a representative from the Canadian Medical Association, from public

health and an industrialist known to be "gifted with good interests as a citizen". Groups such as the Dominion Mortgage Investments Association, property owners leagues, retail lumber dealers and real estate boards were not suggested as potential committee members. Likewise the omission of certain civil servants, from Thomson's list of acknowledgements is revealing of conflicts. Nowhere mentioned were any officials of the Department of Finance. However, many key figures in other areas, were mentioned, such as R.H. Coats and H.F. Greenway of the Dominion Bureau of Statistics; Leonard Marsh, Research Advisor to the James committee on reconstruction; and civil servants in Wartime Housing and Munitions and Supply. Also working with Thomson was J. Clark Reilly, Secretary of the Canadian Construction Association; but not his antithesis as a lobbyist, T.D'Arcy Leonard.<sup>66</sup>

Thomson's call for a royal commission was an effort to place the same intense pressures on King's government, as had been prompted by the earlier Purvis and Rowell-Sirois' inquiries. Thomson's Preliminary Report on the Housing Situation in Canada and Suggestions For Its Improvement was never publicly released. However, the study's influence was felt on the James Committee on Reconstruction. Indeed, its recommendations for housing and community planning did create considerable political pressures on King's government for action.

By the fall of 1943, federal housing policy remained deadlocked. The Department of Finance had failed in its efforts to curtail completely Wartime Housing's building for non-war workers, but both Pigott and Smart had only achieved very limited departures from this

norm. Inter-agency struggle had become quite intense. Wartime Housing still wished for the suspension of the National Housing Act. The Department of Finance lobbied at every level against Wartime Housing's proposed new rental construction contracts. Russel Smart tried to have the Construction Control officials produce information about materials' priorities which they would not give. It would be wrong, however, to see this conflict as a bureaucratic power dispute, devoid of any broader social consequences. Personalities and power inevitably played a role, but the agencies were basically fighting out, within the government, the conflicts over housing policy that existed in Canadian society.

Russel Smart's Efforts to Expand  
Public Rental Housing  
and the Mirage of Limited  
Dividend Housing 1943-1944

Smart tried a number of schemes to increase the supply of moderate and low rental housing, but was blocked by byzantine twists and turns. The Department of Finance did approve of an Ottawa Home Conversion plan. However, the federal Cabinet rejected the project on the advice of Housing Committee Chairman, Henry Borden. Borden waved the usual alarms against the creeping socialization of the housing stock. He pointed out it would be "a dangerous precedent to have the Government enter into the direct purchase of buildings for the purpose of creating

housing accommodation". Borden, a dollar a year man and President of Brazilian Traction, served as a watchdog against measures which tended toward the socialization of the housing market. A Smart proposal that managed to get through Borden's committee was blocked subsequently when the cabinet declined to approve the necessary Order-in-Council. It called for the loan of \$200,000 to the city of Saint John to build multiple family rental dwellings. This was rejected on the usual grounds of the danger inherent in "establishing a precedent of making a loan to a municipality".<sup>67</sup>

One proposal of Smart's, that was not extinguished until a most tortuous process had been undertaken, was for low rental housing in Montreal. Smart set the train of events in motion in a memorandum of September 21, 1943, to Donald Gordon. Smart described Montreal's housing conditions as "indescribable". He found the "effect on health and morale is now serious and may become dangerous". He chronicled the "run around" endured by Montreal and pointed out that this city, along with the province of Quebec generally, had "received much less assistance in its housing problem" than English Canadian provinces. The building of war industries on "pasture land far removed from any housing accommodation" had intensified housing problems. The City of Montreal offered 50,000 fully serviced vacant lots free of charge to Wartime Housing. As a "useful guinea-pig", Smart suggested a project somewhat similar to Pigott's Hamilton scheme. The federal government would lend money at two per cent interest for homes to be built on city owned lots. Smart hoped this would be a model for other cities facing housing shortages. He urged that "a sufficient allocation must be made

to take care of civilian needs of this kind even if it means the transfer of some workers from war industries".<sup>68</sup>

Knowing the opposition he faced, Smart presented a detailed report on housing conditions in Montreal. It was prepared by his executive assistant, MacKay Fripp. Fripp alleged that the conditions "of the poorest negro families in Halifax" were "palatial", when compared to those that prevailed in Montreal. Even "respectable middle class families" had "been forced to live in stores". Also, some 420 families lived in "garages, empty warehouses, sheds and shacks". In addition to the 4,000 "doubled up" families, 300 families lived in homes occupied by three families. People lived in "cellars, summer cottages, tourist camps, trailers and in boats and yachts tied up at local warehouses". Shortages in plumbing materials, electrical fixtures and hardware, had caused Montreal's residential builders to be "slowly disintegrating". Fripp also demonstrated that, "due to high rentals", the vacancies listed by the city's housing registry were "only available to white collar workers". Although Montreal always "has had a housing problem", the present shortage forced people "in a position to pay rent for decent housing to live in slum conditions". This had produced "social dissatisfaction, the breaking up of families, absenteeism, crime, child delinquency". Most seriously, Montreal's level of health was falling, as shown by the increase in tuberculosis. Tenants that Fripp observed were paying rent for "windowless, unheated quarters, infested with rats and vermin".<sup>69</sup>

Fripp also documented Montreal's long standing requests for Wartime Housing, first made over a year earlier on August 5, 1942. On

August 7, 1942, Pigott told Montreal's planning commission that no action could be taken until the Hamilton scheme had been approved. Pigott did co-operate with Montreal's officials. He sent a copy of the draft Hamilton agreement to Montreal. It was used by the city to formulate a proposal. However, after Howe's decision to re-route all requests for Wartime Housing from other than munitions plants, Montreal was told its requests had to go through the Real Property Controller. On September 2, 1942, former real estate lobbyist, Deputy Real Property Controller, Norman Long, told Montreal that "full use must be made of all existing accommodation before new construction can begin". For the next eight months, the matter was tossed back and forth among Smart, Pigott and C.D. Howe.<sup>70</sup>

As Smart's proposal was fully supported by Wartime Prices and Trade Board Chairman Donald Gordon, it could not be simply dismissed by Clark in the fashion of Pigott's Hamilton project. Moreover the proposal had the support of Montreal's civic administration and the area members of parliament. Rather than provoke another heated battle within the civil service, Smart's proposals for public housing were altered to a scheme for a limited dividend corporation. This would reduce the threat of government intervention posed to the property industry, especially as Clark ensured that the project's standards would not exceed similar moderately priced rental accommodation. Like the stillborn low rental housing provisions, of the NHA of 1938, these efforts would not create additional shelter. They only served to deflect political criticism and inter-governmental disputes.

Clark and Montreal Rentals' Administrator, Owen Loble, drew up a

model for a limited dividend scheme. It combined the goals of low rents and investors' return. This was accomplished by designing plans for building below accepted minimal building standards. Nicolls complained to Clark's assistant, Mitchell Sharp, that he found it "hard to enthuse over a proposal to create housing in a community notorious for its bad housing by duplicating the mistakes which have been made in the past". He believed that because of its avoidance of contemporary standards, the scheme "might not be approved by the Montreal Building Department". If it were "the reaction of the public, particularly those familiar with the trend in low cost housing ... might prove embarrassing to the government". Nicolls predicted that "the Canadian Government would be the laughing stock of the world in building such poorly designed units". He complained to Sharp that the government was "throwing into the discard all the experience accumulated by the Housing Administration", on "the advice of a mere real estate agent"<sup>71</sup> (Montreal Rentals Administrator, Owen Loble).

Although Clark and Loble could design financial plans and architectural specifications fairly quickly, the search for a Montreal businessman to spearhead the limited dividend company they envisaged proved more difficult. J.M. McConnell, Liberal publisher of the Montreal Star, declined Ilsley's request to participate. McConnell took the view that the scheme was, as Ilsley "intimated", simply "a gesture towards placating those who are clamouring for immediate housing relief". McConnell also felt that since its construction would not be completed for nearly a year, it would "certainly not provide the relief presently sought by many unfortunate individuals". Also

McConnell did not want "any committee of private citizens" to assume responsibility for "the continuation of the antiquated type of French Canadian dwelling". These involved an "ever present fire hazard", from "the out-dated method of heating by stoves, and extension of stove pipes throughout the dwellings". Taking part in such a project he felt, would not be "charitable work", but participation in a profit seeking business venture. Ilsley unsuccessfully attempted to persuade McConnell that the government was not seeking to encourage the participation of private capital to provide opportunities for speculation. Its purpose was to guarantee "a nucleus of sound business judgement and management".<sup>72</sup>

By December 1944, Clark and Ilsley found in George W. Spinny, President of the Bank of Montreal, a prominent businessman who would accept the task of organizing a limited dividend company. Spinny obtained a board of directors and \$400,000 in capital from his colleagues in Montreal's business community. While McConnell regarded the project as a shady, disreputable venture, other business magnates regarded it as a dangerous "socialistic" scheme that would cause "considerable disturbance in the minds of leaseholders generally". To encourage business participation, Clark agreed to freeing the project from corporate income and excess profit taxes. Also, an exemption from sales tax on the purchases of materials was obtained.<sup>73</sup>

Smart and Gordon did indicate to Clark their preference for a public project over a limited dividend housing scheme. Smart attempted to have its size restored to 2,000 rather than 900 units and have the minimum rents lowered from \$22 to \$8 a month. He pointed out that

"even an increase in a dollar or two in rent cuts out a number of people who cannot afford to pay increases in rent". At the same time, on February 25, 1944, Gordon pointed out that the last lifting of a freeze on leases, on May 1, 1943, caused some 958 evictions in Montreal. Some 500 householders from this group were still homeless. Gordon stressed that if a public rental scheme had been quickly carried out, this problem would likely have been less acute.<sup>74</sup>

Spinny was placed in the impossible position of trying to reconcile what public opinion in Montreal saw as housing of acceptable quality and the economics of Clark's limited dividend scheme. This unfolded between May and October of 1944 as the directors of his company grappled with this contradiction. The directors found the use of stoves for heating in the project to be a "retrograde step". However, after they agreed to the installation of central heating, projected costs were forced up by 10 per cent. This caused the board to reduce the project by 100 units and to raise rents to the \$29.50 to \$39.50 a month range. This latter step, as Spinny told Clark, forced the company to abandon "what we originally started to do, namely, to provide low income housing". Indeed 63 per cent of Montreal's population paid "rentals today lower than the minimum figure" of the special government initiated low rental project (emphasis Spinny's). He admitted that "our plan has now got completely outside the original orbit of low rental housing and we are now missing the original mark". Spinny pointed out that the federal government had refused to commit scarce "building materials and plumbing equipment" to the project.<sup>75</sup>

Spinny's memorandum of September 9, 1944, wherein he told Clark of his desire to end the "low rental" scheme placed the government in an awkward situation. The protracted experimentation with the Spinny scheme had simply delayed for another year what Smart's Housing registries had delayed the previous year; government commitment to a program of low cost public rental housing. Both efforts showed the validity of the basic point of social housing reforms since 1935, namely that only subsidized rental housing could improve the shelter needs of low income groups. The pressures for such accommodation had greatly increased since the war. Spinny's failure threatened to prove especially embarrassing, since the new NHA of 1944, passed less than a month before his memo calling for his scheme's termination, had no provision for subsidized rental housing. Only the limited dividend approach which had just failed was provided for. Clark waited for almost a month to give Ilsley a copy of Spinny's decision. When this was finally done, he took special pains to "avoid giving a formal reply in case production of correspondence is later asked for in the House".<sup>76</sup>

Although Montreal's quest for low rental housing was repeated in many cities, it was a particularly bitter and winding trail in Halifax, whose black residents were seen by the WPTB as having the second worst housing conditions in Canada. During Wartime Housing's period of building, the city continued to experience severe housing problems. At its peak, on November 21, 1942, Smart told Gordon how these efforts were hindered from the lack of "accommodation for the workmen who would build the homes".<sup>77</sup> Shortly afterwards, in response to the

Hamilton controversy, the freeze on new Wartime Housing projects was extended to projects intended for munitions workers, such as the housing of Halifax ships and dockyard workers. On December 7, 1942, Howe told Ilsley of his rejection of Wartime Housing's proposals to build 500 houses for these Halifax workers. Howe believed that "expansion of industry has been brought to conclusion ... with the exception of the aircraft industry". Consequently, any further requests for more Wartime Housing would require "exceptional reasons".<sup>78</sup>

The failure of the Real Property Administration to produce the required report was the product of a convenient chimera. This image attempted to attribute housing shortages to an influx of persons who failed to contribute to the war effort. Also implicit in this view was an undervaluation of the clerical work of women. On December 15, 1942, Prime Minister King received an urgent appeal from Betty Paice, stenographer to the Naval Provost Marshall. Paice described how for her first three months in Halifax the best accommodation she could secure was a large bedroom shared by six women. Her salvation by finding a room in Waverley House was now endangered by the government's intended conversion of it to a home for Air Force women. Earlier, she noted, the residents of another residence had been similarly evicted.<sup>79</sup> Paice's pleadings of the "great deal of bitterness" among Halifax tenants against "high-handed" actions of the federal government brought little response. This was in contrast to the steps taken after a memorandum of P.B. Carswell, Controller of Ship Repairs and Salvage. On May 8, 1943, Carswell wrote Howe regarding how the "refitting of escort vessels for convoy duty has become a serious

problem in the Maritimes". This was because "conditions in the Port of Halifax offer serious resistance to our efforts to fully man facilities". Not only was "sleeping space ... not available to workers to rest", but "good food is difficult to procure ... transportation facilities are inadequate and in the event of an air raid panic conditions would follow". Carswell seized on a blunt solution: the "evacuation of large numbers of new inhabitants who stay in Halifax", contributing "nothing towards winning the war".<sup>80</sup>

Carswell's concept was copied by Wartime Prices and Trade Board Real Property Administrator, H.D. Fripp. He argued that "additional military dependents and non-essentials" be barred from entry "within 50 miles of the city". Those already in would "be cleared out from the area". Fripp found that of the 12,500 dwellings in Halifax, 90% were of frame construction and half were taking roomers. Only 776 "houses and living units" had been built from 1938 to July 14, 1943. Some companies built bunkhouses for their employees, an action followed by the National Harbour Board. It had 130 of its 750 workers "sleeping in freight cars". The National Selective Service refused to allocate workers to employers unless they could guarantee accommodation. The Board had requests for "5534 additional males and 933 females" to do work in the city.<sup>81</sup>

After a September 8, 1943, meeting of the Cabinet War committee the problem of housing in Halifax was delegated to an inter-departmental committee of senior civil servants. Restrictions were placed on servicemen obtaining accommodation outside of barracks and warnings issued against service personnel bringing dependents to the

city. E.L. Cousins, Administrator of Canadian Atlantic Ports, was given greater powers by the Cabinet War Committee upon this body's recommendation. This was to facilitate the removal of 4,000 persons to create "the equivalent of 1,000 houses". This approach was endorsed by Halifax Mayor J.E. Lloyd. He argued that "the solution is not more houses", but removing "thousands of people in Halifax who did not need to be".<sup>82</sup>

Cousins reported to Howe that he found existing housing data inadequate for the envisioned evictions. He consequently had the Civilian Defence Corps conduct a housing survey at an estimated cost of \$30,000 to \$40,000. Under Cousins' command the Navy provided barracks for an additional 3,000 officers and ratings by mid-April 1944. Rejecting entrance control Cousins had the federal government undertake a publicity campaign against unwarranted travel to Halifax. It involved "the C.B.C. news, moving pictures in every theatre in Canada, general press publicity" and posters "in the various railway stations in Canada". Another 4,000 service personnel were removed from the Halifax area, largely through the RCAF's turning over its "Y" Depot to the Navy. Cousins noted that 180 wartime houses originally planned could not be completed because of the city's strained finances. However, he would not recommend more wartime housing, only that this receive "further consideration".<sup>83</sup>

The view that the under employed caused Halifax's housing problems was abandoned by Cousins in his report of July 17, 1944, based on a Halifax-Dartmouth population census, conducted under a special Order-in-Council. This census found that 19,195 arrivals had been added to

the city's pre-war population of 65,000. Of these, with the exception of 501 women married to service personnel, only a "very few" were unemployed, or not "members of families whose heads are in business employed in Halifax". These 501 women did not cause housing shortages, as all but 119, lived in rooming houses, which currently had 349 vacant rooms. Even in this select group of 119 persons "living in houses, flats or apartments", 46 were "employed on necessary war work". The 73 women eligible for eviction consequently amounted to ".890 per thousand of the population" whose deportation would provide only "negligible" relief. The census revealed that while the scaring away of visitors by publicity had been effective, housing shortages continued. This was witnessed in cases of a family of eight living in a single room, 25 persons in a four-room house, and 36 in a 12-room structure. Some 270 houses had been condemned by the Health Department, but tenants could not be evicted due to the prevailing overcrowding. Also, 43% of Halifax's dwelling units were "not structurally good". Eighteen per cent had inadequate sanitary facilities. Another 400 dwellings lacked inside toilets and 2,500 had neither bathtubs nor showers. Approximately 5,800 homes were heated by stoves.<sup>84</sup>

While eviction was rejected by Cousins the federal government's housing efforts remained decidedly modest. Wartime Housing moved 25 houses from Liverpool to Halifax for emergency accommodations. Cousins gave material and labour priorities to the St. Lawrence Construction Company. This encouraged its building of 120 private homes, almost double the 67 constructed from January to July of 1944. Cousins recognized the inadequacy of this response. He told Howe he had "no

hesitancy" in saying that "the Halifax-Dartmouth area could advantageously use a further 1,000 houses, to rent from \$30 to \$35 per month".<sup>85</sup>

The continuing freeze on the production of new Wartime Housing projects in Montreal and Halifax during 1943 and 1944 illustrates the extreme lengths the Department of Finance would resort to in order to prevent the growth of social housing. The stillborn Spinny scheme and the contemplated eviction of servicemen's wives from Halifax were all time consuming, fruitless ventures. These only served to buy time for the Department of Finance's efforts to curtail Wartime Housing. Although such ingenious measures would limit social housing, they would not suffice to achieve the Department of Finance's objectives in postponing residential construction to the post-war period. By the spring of 1944 greater flexibility would be shown on this issue, primarily because of the havoc the housing shortage was causing with the administration of rent controls.

#### The Tennis Game of Rent and Eviction Control: 1942-1944

The prime difficulty faced by the administrators of rent control during the Second World War was that so much of Canada's rental housing stock was in the form of detached homes, easily sold for a high price in a heated real estate market. Largely under the management of trust companies, these properties were owner-occupied until the surge in

foreclosures caused by the depression. During the depression these homes could not be advantageously sold on the private market, but the war-induced housing shortage quickly reversed this situation. Regulations concerning the eviction of well behaved tenants became the focal point of disputes between trust companies and tenants.

In November 1942, the Administrator of Rentals for Quebec and the Maritime provinces reported that a major problem had emerged from the sale of tenanted accommodation and subsequent evictions. At the same time, the Wartime Prices and Trade Board became concerned how its regulations were being interpreted. Instead of repossession of housing for the use of the landlord or his family members, when it was "urgently needed" as the Board intended, evictions began to be awarded solely on the owner's "desire" for change. Consequently, on December 1, 1942 the WPTB issued Order No. 211. This allowed repossession only if a landlord "needed the accommodation for personal occupation as his residence for a period of at least one year". Evictions could no longer be based on the needs of the landlords' relatives. Also, tenants could require landlords to prove to a civil judge that the residence was in fact needed as a personal home. An internal unpublished history of rent controls, prepared by the Wartime Prices and Trade Board, noted that this measure proved "extremely popular with the tenant-class and equally unpopular with landlords and real estate agents".<sup>86</sup>

The end of profitable opportunities for real estate trading, caused by the WPTB order, resulted in a storm of protest. The WPTB internal history observed that this was caused by "the real estate

fraternity, by property managers and by landlords". Their energetic lobbying, fueled by opportunities for sales at high prices, caused the government to reverse order 211 by the summer of 1943. Mrs. Taylor, Secretary of the WPTB, advised Gordon that:

during the past two weeks we have received between 75 and 100 letters from Real Estate Agents, Property Owners' Associations and from persons who administer property on a professional basis, protesting usually in very strong terms against the requirements of one year's notice to present occupants in the case of the sale of residential property.

H.E. Manning KC, a lobbyist for the Toronto Real Estate Board (and writer of anti-public housing tracts) sent telegrams to Real Estate Agents' Associations and Property Owners' Associations "urging them to protest strongly and violently against this regulation".<sup>87</sup>

As a result of pressure from the property industry, the WPTB issued order 294. This allowed landlords to evict well-behaved tenants in six months if a landlord indicated a "desire" to use the property for a residence for himself, "his father or mother, his son, daughter or daughter-in-law". Being undefined, "desire" could be based "on nothing more tangible than the whim of the landlord". Regulations requiring that the landlord or his relatives actually live in the repossessed home were unenforceable. This was since WPTB rental appraisers, aware of the housing shortage, would not refuse sales permits and so allow the property to become vacant. Consequently, as "real estate agents seized upon the easy opportunity of selling houses".<sup>88</sup> Many other loopholes were used to evade rental regulations. In Halifax, "many kinds of space subdivisions were created, varying all the way from substantial structural alterations

down to imaginary lines separating one family from another". In "the pressure and confusion of makeshift arrangements for housing of a multitude of people", it became impossible for grievance officers to discover or to prove what rental was for a room or section of a house at the time rent controls came into effect. Under such circumstances, controls could be evaded by charging the same rental while diminishing the space given to a tenant. In Halifax, such officials seldom encountered "a written lease". Most new contracts were "oral and/or weekly or monthly tenancies". In the conditions of a "black rent market", tenants would hesitate to report overcharging out of fear of eviction. In Halifax there were "hundreds" of appeals for legal assistance from tenants who received notices to quit.<sup>89</sup>

Pressures on tenants in shared accommodation increased when it was removed from eviction control on October 1, 1943. This was done as part of Smart's original mission to ease the housing shortage by inducing "householders to open up their homes for those who were homeless". The WPTB history indicates how this resulted "in a tremendous number of tenants occupying this type of space being expeditiously evicted by landlords with the comparative ease which is possible under provincial law". In many cases, landlords evicted "soldiers' wives with children so that the space could be rented to persons without children or to tenants willing to pay higher rentals". As a result of such trends this loophole was plugged on July 29, 1944, when eviction control was returned to shared accommodation.<sup>90</sup>

Another scheme employed to evade rental regulations was for landlords to make the lease of an apartment contingent "upon the sale

of furniture or payment of substantial commission to third parties who were more usually relatives of the landlord". Sometimes a caretaker or agent who managed the apartment building would collect an extra charge. A would-be tenant was told his payment would "fix it" with the landlord so he or she "would be first in line for an apartment" which was going to be vacant on some "future date". On November 30, 1944, the WPTB passed Order 459 to prohibit such chargings of commissions to find accommodation. It closed another loophole by fixing, in the same order, the "price for used furniture which a tenant was compelled to purchase in order to obtain a lease".<sup>91</sup>

Coming from the real estate industry, many rent control administrators had evident sympathy for their former colleagues who were still administering rental property. During a moving crisis in May of 1942, Rental Administrator Own Lobley told the Department of Finance that he regretted how some 55,000 people "with nowhere to go" aroused "false sympathy". Lobley viewed the housing shortage as a simple product of the impact of the war's higher incomes on working class families. Previously low incomes during the depression had encouraged families to double up. Now he believed that greater affluence had provoked a tight rental market. He observed that even if Montreal's poor were "a little crowded", they were "much better off than in Singapore and Hong Kong".<sup>92</sup>

The most significant change to rent controls during the war was a reversal on January 4, 1944 of concessions made to landlords in regards to eviction regulations during the summer of 1943. This change in the pendulum of federal policy came about as a result of effective protests by tenants.

The full impact of the flexible provisions for evictions of tenants announced in the summer of 1943 was scheduled to take place on May 1, 1944. The Wartime Prices and Trade Board's own history notes show by late November of 1943 it had become evident in Montreal that 5,000 notices to vacate would come due in the city on first of May. This unpublished history written by the WPTB notes that this led Montreal tenants to become "alarmed" and inspired them to take "concerted action in their own defence". One Montreal city councillor, a member of the CCF, "organized meetings of tenants and urged a sit-down strike". Some five hundred "tenants attended his first meeting". Later protests stages during December of 1943 proved to be "equally well attended". These campaigns were helped by media attention. During December of 1943 "scarcely a day passed without some sensational article appearing in the newspapers" exposing Montreal's housing problems. The "most sensational" of these stories "contrasted the living conditions in Montreal with those of the worst Negro families of Halifax".<sup>93</sup>

As a result of tenant protests, the WPTB issued order 358 on January 4, 1944. This defined notices to vacate in multiple family dwellings as "null and void". The board decided that the "anticipated outcry, from the landlord class, while not politically desirable", appeared as "a lesser problem" than an anticipated "sit-down strike" by tenants. Evictions of well behaved tenants now would only take place if the landlord would prove he was "not already in occupation of housing accommodation in that building or in another multiple family building owned by him in the same municipality". The period for notice

was extended from six months to a year. All notices to vacate were henceforth to be made on standardized forms. A copy would have to be given to a WPTB rentals appraiser before it was sent to the tenant. Another change was requirements for filing an eviction notice. The relatives said to need housing would have to be specified and were required to sign statements. Also, notices could not fall due in winter.<sup>94</sup>

Tenant pressure at the end of 1943 had forced a restoration of the security of tenure of tenants which had been removed by the lobbying of the property industry. These protests invariably strengthened the hands of rentals administrators who were not from real estate backgrounds, such as former League for Social Reconstruction member, J.F. Parkinson. They also awakened the conscience of others and proved to be an effective counterweight to the lobbying of landlords. The conflict between tenants and landlords also sent a message to the Wartime Prices and Trade Board that an increase in the nation's housing supply could not wait until the coming of peace.

The Loosening of Construction Controls and the  
Chaos of Federal Housing Policy: 1944

The heated conflicts over rent regulations led to modest moves to increase new housing construction at the beginning of 1944. Although no moves were made to increase building by Wartime Housing, steps were taken to boost building for private rental accommodation and home ownership. This slight boost would later be constrained by what later events would show were too pessimistic estimates of construction supplies. The drift in decisions as to material priorities reflected a general confusion in government housing policies. With the departure of Borden, the Housing Co-ordinating committee ceased to play a restrictive, watchdog role. However, it could not develop into an effective co-ordinating body and agencies continued to operate independently of each other in the housing field. In fact those most concerned with the need for co-ordination, such as Donald Gordon, felt a necessary first step for this would be to dismantle the committee.

An early departure from Clark's policy of minimizing housing production was taken by the WPTB in February 1944, when it decided to stimulate the production of new rental housing by increasing rents for newly built dwellings. This was done by allowing rents to be 37 to 40 per cent more for newly built rental accommodation. This recognized "the increases which had occurred in construction costs". The move was in accord with the indications given from "private enterprise". The WPTB decided to give "no publicity" to this new policy which was relayed in confidence. In order to effectively prohibit the

construction of luxury rental accommodation, rent levels sufficient to permit entrepreneurs to build it were not awarded. The WPTB had come to the conclusion that "the only way to avoid recurring crises of evictions on moving days was to provide more shelter".<sup>95</sup>

At the same time, as the WPTB decided to encourage new rental housing, construction control restrictions were relaxed to encourage more residential building. Apartments were no longer restricted to a specific number of suites, but to the "three stories and basement walk up type", for maximum size. Single storey garages and open verandahs were no longer included in the maximum size calculations, for building for single family dwellings. Also, the maximum ground floor area for two storey houses and bungalows were increased. Financial Post predicted a 20 per cent increase in new residential building. However it cautioned that "wherever you go in Canada you will find building men clamoring without much hope for good grades of lumber, for quality millwork and better deliveries of such material". Montreal still faced a shortage of "unskilled and common labour". In Toronto many carpenters were reported as "permanently lost to other industries".<sup>96</sup>

However, such optimism for a modest increase in residential construction soon faded. By April 1944, it had become "evident" that the "projected increase in the heavy ammunition program together with the continued absorption of industrial workers would "seriously reduce" the projected production of construction materials. Structural steel, bricks, plumbing fixtures and hardware were all seen as being in short supply. There was the danger that approved construction projects

would "only be partially completed". J.G. Godsoe, Chairman of the Wartime Industries Control Board, asked what projected housing demands would be. Gordon, on May 12, 1944, replied that WPTB's analysis of MacLean building reports showed "a very serious shortage position". Gordon asked for "an analysis of construction permits" issued by the construction controller and the formulation of a priority system. He saw that the "real bottleneck" was the "shortage of manpower" in industries producing needed construction supplies. However, he did not deem it "advisable" to contact the National Selective Service to obtain more workers for such industries, as there was no government policy on the matter. Also, Gordon felt to remove existing restrictions on "the manufacture of bathtubs, furnaces and certain other essentials" would have negative "implications" for supply and also run contrary to "views which might be expressed in Washington".<sup>97</sup>

On May 24, 1944, a meeting was held involving Godsoe, Gordon, J.G. Fogo Associate Co-ordinator of Controls, and Chairman Housing Co-ordination Committee S.W. Withell Assistant to the Chairman Wartime Industries Control Board and H. Foreman Co-ordinator Capital Equipment and Durable Goods, WPTB. Godsoe indicated that although the Wartime Industries Control Board desired "a unified housing policy" he argued that this would have to wait "until the formation of the proposed Ministry of Reconstruction". Based on projected building trends and the residential construction programs of federal agencies, it was estimated that there would be 41,414 housing units built in 1944. However, looking at supplies, it was concluded that "under the most favourable circumstances" "less than 10,000 units could be completed"

(this was below the 1943 figure of 36,376 units). The committee decided to restrict the sale of furnaces on a permit system. Also, furnace installations being made for the improvement of existing homes were ended. No effort was made to have the National Selective Service reallocate workers. Builders were warned in their licences that they lacked "priority rights". On each licence a notice warned that it was "unlikely that the production of bathtubs, heating boilers and hot air furnaces will be sufficient for all demands". To encourage substitution, builders were told that showers and stoves would be available. Applicants for construction permits were warned to blueprint "in accordance with the type of material available".<sup>98</sup>

A target of 25,000 for private builders was set. This was left over from the 30,000 ceiling after accounting for approximately 5,000 housing units to be built by public agencies. The 5,000 figure included 900 units for the ill-fated Spinny project, 1,899 units of Wartime Housing and 3,000 homes to be built under the Veterans Land Act. The 25,000 allocation for private builders was divided among regions by the Construction Controller. Estimates for these regional quotas were based on local supplies and the year's past construction rate. Based on these calculations, construction control permits in Vancouver were by June, reduced by a third. No effort was made to have more residential construction permits awarded where housing shortages were particularly severe. The federal government lacked the detailed information that such decisions required.<sup>99</sup>

Fogo, Gordon, Godsoe and G.W. Withell, of Munitions and Supply, all became dissatisfied with the inability to plan beyond negative

construction controls and supervision over federal agencies. In a May 31, 1944 letter to Gordon, Fogo stated that the "whole housing problem" seemed "to turn on the lack of a central body charged with responsibility for housing generally and with sufficient organization and staff to enable it to make proper recommendations as to policy". Withell urged Godsoe to have the HCC reorganized to analyze "the housing needs in each area of Canada" and how these would be best met. Gordon wanted the WPTB removed from the HCC. He felt the "real difficulty" it faced was "the lack of a Housing Policy". If such a policy were developed it would serve "as an objective for the Committee to aim at". Without such a goal, Gordon felt the committee should disband, as the WPTB by itself could not "formulate a policy". J.S. Godsoe told Gordon that he agreed with his evaluation. He had only "assumed the Chairmanship of the Committee in order to preside at its abandonment". Godsoe, however, decided to stay on until the new Ministry of Reconstruction was formed. To resign or disband the committee now, he felt, would "prove embarrassing to the government".<sup>100</sup>

Gordon was disturbed at the lack of any federal housing policy. Following months of indecision after the death of Russel Smart in May 1944, it was agreed that his office of Real Property Controller would not be replaced. Consequently, no one was responsible for the preparation of a report for action by Wartime Housing to relieve severe housing shortages, by permanent housing projects. Gordon did not wish the WPTB to be held responsible for powers it could not use, which was a major factor in his efforts to disband the HCC.<sup>101</sup>

Housing production in 1944 did reach the level of 44,200 units. This was slightly in excess of the number of units that would be started if construction controls were not imposed. Consequently, the anticipated need to cut back residential construction did not materialize. An increase of 22 per cent increase in residential construction in 1944 was achieved over the level of 1943. This was close to the level predicted by Financial Post in March of 1944, a level of increase which construction controllers had feared could not be sustained. Of course the restrictions on furnace sales and encouragement of substitute products would have assisted this achievement. Although it was part of the 42,000 projected ceiling, publicly sponsored projects were fewer than expected and hence allowed more supplies to private builders. Not only was the Spinny scheme stillborn, but the anticipated 3,000 veterans' housing units never came about. Only 395 veterans' rental housing units were constructed. This was done after May 1944, by changing Wartime Housing's mandate to provide for the housing of families of servicemen as well as munitions workers.<sup>102</sup>

Although the general trend during the war was to a decline in new housing construction, the drop in new rental housing built was particularly severe. Although figures for rental and homeownership are not available, they do exist for the number of units in multiple unit structures and those built in single detached structures. The number of single dwellings built declined from 29,300 in 1941, to 26,500 in 1942, to 24,900 in 1943. The relaxation of controls encouraged an increase to 28,700 units in 1944. The number of units built in

multiple structures fell from 27,500 in 1941 to 20,700 in 1942, to 11,200 in 1943, rising to 14,100 in 1944. Consequently, from 1941 to 1944, the drop in construction for single dwellings had only been 5.4 per cent, while the same period produced a decline of 48 per cent for multiple building units. The pressures on rental housing stock caused by landlords' sales to home owners and the influx of war workers into new areas are quite apparent in resulting evictions, overcrowding and homelessness. The forty per cent increase in rents on new dwellings, only achieved a modest rental construction rise in 1944. Even when combined with its veterans' housing program, only 1,591 units were built by Wartime Housing. This was far below the 1943 level of 6,326 units. Despite the protests of organized labour, municipalities, Wartime Housing and the Wartime Prices and Trade Board, the Department of Finance turned Canadian housing production towards its preference for home ownership.<sup>103</sup>

A tendency to preserve Canada as a nation with a majority of homeowners would be in the minds of Nicolls and Clark during their drafting of the National Housing Act of 1944. Clark's continued predominant influence is best revealed in the orchestrated chaos of the poorly named Housing Co-ordinating Committee. Despite the protests of Gordon, Godsoe and Fogo, a weak and divided HCC floundered and could not provide any alternative of the Department of Finance's policy of minimizing housing production. Having blocked Wartime Housing from any action to solve the housing problems of other than munitions workers, it became a relatively easy task to assign a minor role to public housing in the post-war period. Clark's civil servant opponents lacked

command over the immediate area of housing within their legal jurisdiction. They would have even less influence in drafting the blueprint for the nation's post-war housing course.

## FOOTNOTES TO CHAPTER NINE

- 1) Letter from Joseph M. Pigott to J. Clark Reilly, June 13, 1938, in Public Archives of Canada, Department of Finance papers PAC, RG19, Vol. 3539.
- 2) Inter-office correspondence from Rentals Administrator, Cyril R. DeMara to Assistant Secretary of the Wartime Prices and Trade Board, R.C. Carr, in PAC, RG19, Vol. 3890 - File H-1.
- 3) Chairman's Report of Halifax Project, in Wartime Housing Minute Book, located in Public Archives of Canada, Defence Construction Limited Papers, PAC, RG83, Vol. 70, Book One.
- 4) Memo from J.D. Forbes to F.W. Nicolls, PAC, RG19, Vol. 3540; Memorandum to the Honourable J.L. Ilsley and Dr. W.C. Clark from F.W. Nicolls, PAC, RG19, Vol. 3890.
- 5) Minutes of Wartime Housing Executive Committee, June 24, 1941, PAC, RG83, Vol. 70, Book One.
- 6) Ibid.,
- 7) Lesle R. Thomson, Preliminary Report on the Housing Situation in Canada and Suggestions For Its Improvement, Public Archives of Canada, Wartime Prices and Trade Board Papers, PAC, RG64, Vol. 89, pp229,230.
- 8) Ibid., pp. 230, 231.
- 9) Ibid., pp. 241, 242.
- 10) Ibid., pp. 243, 244.
- 11) Ibid., p. 251.
- 12) Ibid., p. 252.
- 13) Ibid., p. 254.
- 14) Ibid., p. 248.
- 15) Ibid., p. 257. Pigott at one point told Howe that the only remaining problems was "finding space for women workers", Pigott to Howe, October 14, 1942, PAC, RG19, Vol. 709.
- 16) Minutes of Wartime Housing Board of Directors, PAC RG83, Vol. 70, Book One.
- 17) Ibid.,
- 18) Ibid.,

- 19) Ibid.,
- 20) Ibid.,
- 21) Thompson, op. cit., p. 241.
- 22) Pamphlet Wartime Control Established By Canadian Construction Industry, report of National Conference of Employers and Employees in Constructiton Industry, in McGill University Archives, James Papers, RG2, C-191, File 4187.
- 23) Ibid.,
- 24) Ibid.,
- 25) Minutes of Wartime Housing Executive Board, PAC, RG83, Vol. 70, Book One.
- 26) Ibid.,
- 27) Memorandum to Miss H.M. McKenna from F.W. Nicolls, PAC, RG19, Vol. 715, File 203C-11.
- 28) Letter from W.C. Clark to A.K. Shiels, August 30, 1941, PAC, RG19, Vol. 6425.
- 29) Minutes of Wartime Housing Executive Committee, op. cit.,; Journals and Proceedings of the House of Assembly of Nova Scotia, Appendix No. 33; Report of the Nova Scotia Housing Commission for the year ending November 30, 1942.
- 30) Minutes of Wartime Housing Executive Committee, op. cit.,
- 31) Ibid.,
- 32) Inter-office correspondence from DeMara to Carr, op. cit., Letter from Gordon to IIsley, February 18, 1943, PAC, RG64, Vol. 699, File 25-1-1.
- 33) Ibid.,
- 34) Letter from W.C. Clark to Donald Gordon, November 9, 1942, PAC, RG19, Vol. 3980, Letter from J.L. IIsley to C.D. Howe, October 30, 1942, RG19, Vol. 3539.
- 35) Minutes of the Wartime Housing Executive Board, op. cit.,; Report of the Nova Scotia Housing Commission for the year ending November 30, 1942, p. 12, in Appendix No. 32, Journals and Proceedings of the House of Assembly of Nova Scotia.
- 36) Letter of the Greater Toronto Permanent Housing Committee to W.L.M. King, September 23, 1942, PAC, RG19, Vol. 645, File 2-2-0.

- 37) Ibid.; Brief "Respecting the Construction of Housing Facilities in Wartime", from the Dominion Mortgage and Investments Association to C.D. Howe, PAC, RG19, Vol. 3540.
- 38) Letter from W.C. Clark to Donald Gordon, op. cit., Letter.
- 39) Letter from C.D. Howe to J.L. Ilsley, November 2, 1942, PAC, RG19, Vol. 3539.
- 40) Ibid., Letter December 7, 1942, C.D. Howe to J.L. Ilsley in PAC, RG19, Vol. 645.
- 41) Minutes of Wartime Housing Executive Board, op. cit., O.V. Firestone, Residential Real Estate in Canada, (Toronto: University of Toronto Press, 1951), p. 125.
- 42) Inter-office correspondence from R.S. Smart to D. Gordon, December 17, 1942, PAC, RG64, Vol. 699, File 25-1-1.
- 43) "You Can Build Again", Financial Post, March 11, 1944.
- 44) Confidential Memo re Housing, Russel Smart to Donald Gordon, PAC, RG64, Vol. 699, File 25-1.
- 45) Letter from C.B. Jackson to E.M. Little, Director of National Selective Service, PAC, RG64, Vol. 699, File 25-1.
- 46) Firestone, op. cit., p. 498.
- 47) Letter September 11, 1943, from H.L. Robson, Assistant Secretary, Canadian Bankers' Association, to F.W. Nicolls, Public Archives of Canada, PAC, RG56, Vol. 11.
- 48) Firestone, op. cit., p. 491.
- 49) Letter from Henry Borden, Chairman, Housing Co-ordinating Committee, to J.L. Ilsley, November 15, 1943, Public Archives of Canada, Munition and Supply Papers, RG28-A, Vol. 141.
- 50) Letter June 3, 1943, Borden to Ilsley, PAC, RG28-A, Vol. 141.
- 51) "Memorandum and Recommendation Real Property Administration Housing Surveys and Registries" by Deputy Real Property Administrator, Norman W. Long in PAC, RG28-A, Vol. 141; Letter Donald Gordon to J.L. Ilsley, February 18, 1943, PAC, RG64, Vol. 699, File 25-1-1.
- 52) Letter October 14, 1942, J.M. Pigott to C.D. Howe, PAC, RG19, Vol. 709; Newspaper clipping, April 22, 1943, "Start Monday on City Check", Vancouver City Archives, Housing Docket Two, M4289-2.

- 53) Taken from Monthly Reports of Housing Registries, March to August 1943, in PAC, RG64, Vol. 215.
- 54) Memo from Russell Smart to Donald Gordon, September 24, 1943, PAC, RG19, Vol. 714; Memo Smart to Gordon, Re Second Meeting of Housing Co-ordination Committee, PAC, RG64, Vol. 699, File 25-1-1.
- 55) Ibid., "Memorandum on the Housing Situation in Canada as of May 24, 1943", from Russel Smart to Donald Gordon, in PAC, RG64, Vol. 699.
- 56) Letter April 13, 1943, C.D. Howe to J.L. Ilsley, Letter April 10, 1943, Victor T. Goggin to C.D. Howe, Letter April 2, 1943, Joseph M. Pigott to Russel Smart, Letter April 6, 1943, Russel Smart to J.M. Pigott, in PAC, RG19, Vol. 3540.
- 57) Submission to Mr. R.S. Smart, National Real Property Administrator on the Housing Problem in the City of Toronto, from a Deputation of the City Council, May 13, 1943, PAC, RG28-A, Vol. 141.
- 58) Letter May 5, 1943, from J.L. Ilsley to C.D. Howe, Memorandum from Mitchell Sharp, re Edmonton Housing Project, April 30, 1943, both in PAC, RG19, Vol. 645, File 183-2-1.
- 59) Thompson, op. cit., passim.
- 60) Ibid., pp. 10, 11, 303.
- 61) Ibid., pp. 91, 92, 122.
- 62) Ibid., p. 125.
- 63) Ibid., pp. 172-174.
- 64) Ibid., pp. 202, 129.
- 65) Ibid., p. 305.
- 66) Ibid., pp. 319-330.
- 67) Memorandum November 19, 1943, Russel Smart to Donald Gordon re Housing Policy, PAC, RG19, Vol. 714, File 203-C, Vol. 1; Letter Borden to Ilsley, November 15, 1943, PAC, RG28-A, Vol. 141.
- 68) Memorandum from Russel Smart to Donald Gordon September 24, 1943, PAC, RG19, Vol. 714.
- 69) Report on Housing Conditions in the City of Montreal, by Mac Kay Fripp, September 10, 1943, PAC, RG64, Vol. 700.

- 70) Fripp appended a long series of correspondence to his memorandum calling for action on Montreal's housing problems to show how the city had been getting the proverbial "run around" from federal authorities. See letters June 14 Joseph Pigott to J.O. Asselin, June 12, 1943, C.D. Howe to J.O. Asselin, June 17, 1943, H.R.L. Henry to J.A. Mongeau, June 18, 1943, Victor T. Goggin to J.A. Mongeau. These and additional letters, all in PAC, RG64, Vol. 700.
- 71) Memorandum to Dr. Clark re Montreal Housing Scheme from M.W. Sharp, PAC, RG19, Vol. 715, File 203C-12.
- 72) Letter November 20, 1943, J.W. McConnell to J.L. Ilesley, Letter November 25, 1943, J.L. Ilesley to J.M. McConnell, PAC, RG19, Vol. 3980.
- 73) Anonymous confidential memorandum in PAC, Vol. 3980.
- 74) Letter February 25, 1944, Donald Gordon to J.L. Ilesley, memorandum February 25, 1944, Russel Smart to W.C. Clark, in PAC, RG19, Vol. 3980.
- 75) George W. Spinny, "Private and Confidential Memorandum for the Honourable J.L. Ilesley", September 9, 1944, PAC, RG19, Vol. 3980.
- 76) "Memorandum to Mr. Ilesley, Re: Montreal Housing Project", from W.C. Clark, RG19, Vol. 3980.
- 77) Letter from Russel Smart to Donald Gordon, November 21, 1942, PAC, RG19, Vol. 715, File re Congested Housing, Halifax.
- 78) Letter C.D. Howe to J.L. Ilesley, December 7, 1942, PAC, RG19, Vol. 645.
- 79) Letter to W.L.M. King from Betty Paice, December 15, 1945, Public Archives of Canada, Privy Council Records, PAC, RG2, Series 18, Vol. 9.
- 80) Letter from P.B. Carswell to C.D. Howe, May 8, 1943, PAC, RG2, Series 18, Vol. 9.
- 81) Memorandum July 19, 1943, re Halifax Housing from H.D. Fripp, Executive Assistant, Real Property Administrator, RG2, Series 18, Vol. 9.
- 82) Minutes of Meeting of September 17, 1943, to deal with the Housing situation in Halifax in accordance with Cabinet War Committee Minutes dated September 8, 1945; memorandum from F. Kent Hamilton, September 18, 1943, PAC, RG2, Series 18, Vol. 9.
- 83) Letter from P.B. Carswell to C.D. Howe, May 8, 1943, PAC, RG2, Series 18, Vol. 9.

- 84) Letter July 17, 1944, re Census Returns Halifax, from C.E. Cousins to C.D. Howe, R62, Series 18, Vol. 9, File H-13; Journals and Proceedings of the House of Assembly of Nova Scotia, 1945, Appendix No. 31, Nova Scotia Housing Commission Report for the year ending November 30, 1941, p. 9.
- 85) Letter Cousins to Howe, July 17, 1944 op. cit.; secret memorandum to Cabinet War Committee, Document No. 738, May 21, 1944, Cabinet War Committee Records, PAC, Reel C-4876.
- 86) Rental Control and Evictions in Canada World War II and the Post War Years in PAC, RG64, Vol. 29, pp. 38-41.
- 87) Ibid., pp. 41, 42.
- 88) Ibid., p. 42.
- 89) "Rent Control Housing Accommodation Maximum Rentals", PAC, RG19, Vol. 3961; Letter Donald Gordon to A.L. Wickwire, May 29, 1945, Report of the State of Rent Control in the Halifax Division, PAC, RG64, Vol. 706, File 25-9.
- 90) Ibid.,
- 91) Rental and Eviction Controls in Canada, op. cit., pp. 29-31.
- 92) What makes both Lobley's and Construction Controller C.B. Jackson's observations so peculiar in this regard, as the Thomson report illustrated, doubling up actually increased with the advent of the war. Lobley seems to have been grasping at a rationale to leave the private real estate market undisturbed by further government intervention. Memo to Mr. Ilsley, May 1, 1942, PAC, RG19, Vol. 3961.
- 93) Rental and Eviction Control in Canada, op. cit., p. 43.
- 94) Ibid., pp. 44, 45.
- 95) Ibid., pp. 33, 34.
- 96) "You Can Build Again", Financial Post, March 11, 1944.
- 97) Letter May 12, 1944, from Donald Gordon to J.S. Godsoe, Chairman, Wartime Industries Control Board, PAC, RG28, A, Vol. 226.
- 98) Report of Meeting to Discuss Housing Situation, G.W. Withwell to J.G. Godsoe, May 31, 1944, Housing Survey, Report on Recent Changes in Organization and Operation Policy in Construction Control PAC, RG28-A, Vol. 226.
- 99) Minutes of 17th Meeting, Housing Co-ordinating Committee; PAC, RG64, Vol. 699, File 25-1-1.

- 100) Letter J.G. Godsoe to Donald Gordon, September 12; 1944, Letter from J.G. Godsoe to Donald Gordon, August 21, 1944, PAC RG64, Vol. 337. Letter J.M. Fogo, to Donald Gordon, may 31, 1944, PAC, RG64, Vol. 699, File 25-1-1.
- 101) Letter from Donald Gordon to M.W. Sharp, June 14, 1944, PAC, RG19, Vol. 714, File 203-C-0. Gordon complained to Sharp that the WPTB was "handicapped without having any knowledge of what constitutes government housing policy".
- 102) Firestone, op. cit., pp. 215, 485.
- 103) Ibid., p. 394.

## CHAPTER TEN

### Continued Casting in the Clark Mould:

#### The National Housing Act of 1944

Frequently amended, the National Housing Act of 1944 still forms the basis of Canadian housing legislation. Despite its being drafted during a period of such innovative programs as Wartime Housing, Home Conversions and federal rent controls, the legislation bore the imprint of the policies which Clark had forged during the depression. However, unlike the ephemeral housing programs of the 1930's, the NHA of 1944 would have a significant impact on Canadian society. This legislation set the framework for federal assistance to mortgage lending in a post-war residential boom.

Much of the NHA of 1944 contained elements of public relations' intentions that obscure an understanding of the operation of the measure. Like its predecessors, the DHA of 1935 and the NHA of 1938, the new federal housing legislation of 1944 was puffed up to appear more innovative than the Department of Finance intended it to be. The NHA of 1944 would repeat the example set by the DHA of 1935 and NHA of 1938 in having dead letter clauses in regards to low rental housing. Even its basic provision for lower interest on joint loans would be delayed for a year until the end of the war. Its provisions for home improvement loans would not be proclaimed into law until a decade after the bill was passed in the House of Commons. Most significantly, its provisions for limited dividend housing for low rental accommodation

would remain moribund until subsequent amendments breathed life into them.

The delayed impact of the NHA of 1944 reflected, in part, the remarkable degree to which the day to day running of a wartime economy was divorced from the problems of post-war reconstruction. Indeed the NHA of 1944 was intended to set the framework of a long term federal involvement in housing and did not concern itself with the immediate problems of war induced housing shortages. The measure would be drafted not in the battle ground of the ill-named Housing Co-ordinating Committee, but by the Department of Finance. Its immediate concerns were focused not on housing issues, but on politics. As with the earlier legislation, there is strong evidence that the draftsmen of the NHA of 1944 were well aware that sections would be unused; such inclusions appear to have been in answer to political critics.

#### The Importance of the James Committee

1942 - 1943

Like earlier federal housing legislation, the NHA of 1944 was the product of detailed public inquiries and extensive policy debate. The pattern of the three critical housing bills of 1935, 1938 and 1944 was the same. All entailed widespread critical discussion of housing matters, sweeping proposals by a committee of inquiry and final federal intervention that gave the appearance of change but only strengthened the private housing market. The DHA of 1935 was largely a response of

the parliamentary housing committee, the NHA of 1938 of the National Employment Commission. The NHA of 1944 developed in response to the remarkable comprehensive and sweeping recommendations of yet another set of inquiries, namely, those of the Advisory Committee on Reconstruction.

Like the NEC's work on relief and unemployment during the depression, the James' Reconstruction Committee was charged with a task that was a matter of the highest political priority. On July 2, 1943, Brooke Claxton, future Minister of National Health and Welfare, warned King that "post-war problems lead all others in public interest among all classes -- war workers, farmers, industrialists". Claxton noted that the "present attitude" about reconstruction held by most Canadians was "highly unsatisfactory". Since it had been demonstrated that there was "full employment in war, they argue, why not in peace". Yet it was assumed that this would not happen because "they don't see enough being done about it". It was feared that this would "lead to a lack of confidence in the Liberal Party as the party to take charge of reconstruction". The Liberals already faced "serious losses ... to the C.C.F. in all age groups", according to opinion surveys. Claxton saw housing as a key reconstruction plank.<sup>1</sup> The role of the Advisory Committee on Reconstruction, as a result of the sensitive political nature of its task bore much resemblance to that of the National Employment Commission. Its recommendations could not be ignored because of the government's need to convince the Canadian people that it was not content to let social conditions return to their pre-war state with the coming of peace.

The origins of the federal government's post-war planning can be traced to a December 8, 1939, establishment of a Cabinet committee on Demobilization and Re-establishment, under the chairmanship of Minister of Pensions and National Health, Ian Mackenzie. Mackenzie attempted to assert control over the direction of post-war planning. He speedily resolved the matter of veterans' benefits and war gratuities. By early 1941 he began to tackle the thornier questions of reconstruction. In March of that year, Mackenzie gathered a group of men together to form an advisory committee on post-war planning. This group was composed of Principal Cyril James of McGill University, Principal W.S. Wallace of Queens, former NEC Vice-Chairman T.M. Moore, Canadian Packers executive J.S. Maclean and Dr. Edouard Montpetit, Professor of Commerce at the University of Montreal. The group cohered well under the chairmanship of James. It successfully battled to obtain a research staff and secretarial help and to gain access to similar reconstruction studies being done in Great Britain and the United States. Its research director, Leonard Marsh, had worked under the architect of the British system of social insurance, Sir William Beveridge. Marsh had also spent ten years at McGill's School of Social Work and was the author of numerous works on Canadian social problems. He had been an active member of the League for Social Reconstruction.<sup>2</sup>

Marsh's authorship of the influential James committee study, the Report on Social Security in Canada, popularly known as the Marsh Report, has tended to blunt the appreciation of many of the committee's achievements. Not only did the James committee sponsor the influential Marsh report, it had a major impact on the NHA of 1944. The committee

came into conflict with W.C. Clark's Economic Advisory Committee by the fall of 1942. The issue was the James committee's recommendation of a Ministry of Economic Planning. Clearly such an agency would undermine the central role that Clark had forged for the Department of Finance. In response, the EAC not only persuaded the government to reject the proposal for a Ministry of Economic Planning, but to denigrate the status of the James committee.<sup>3</sup>

Much of the substance of the conflict between James and Clark has been unexplored. The Advisory Committee on Reconstruction's call for the end to corporation and excess profit taxes has led to a perception of its conclusions as being "explicitly free enterprise in tone".<sup>4</sup> However, this "free enterprise" favoured by the James committee was of the style favoured by the heavily regulated notions of the social democracies of western Europe. It went beyond the traditions of stimulating the private market favoured by Clark as a remedy against the depression. In the housing area, the James committee's proposals resembled the program of a Labour or social democratic government.

The James committee's work on housing began quite early in its deliberations. By the end of 1941, the committee had assigned some important housing studies to Canadian experts. Queens Professor of Commerce and Administration, C.A. Curtis, was commissioned to study rent control. Percy Nobbs was assigned to low rental housing. Humphrey Carver and his planning associate, E.G. Faludi, advised Marsh on the structure and financial details of housing plans. Joseph Pigott, President of Wartime Housing, provided the committee with a copy of the Thomson report. As earlier indicated, this report had been produced in

collaboration with the James committee research advisor, Leonard Marsh. Several cities sent communications to the James committee regarding housing problems they faced.<sup>5</sup>

By March 28, 1942, the Committee on Reconstruction had recognized the "housing problem" as one "extremely difficult" to solve. The committee concluded that it was "doubtful" that adequate homes could "be financed without very substantial government aid". By January 10, 1943, the committee on Reconstruction decided to form a sub-committee on Housing and Community Planning. Its terms of reference were quite broad. It would have two basic tasks. First, the committee would "review the existing legislation and administrative organization relating to housing and community planning" across Canada. Its other mission would be to recommend the legislative and administrative changes needed "to insure the most effective implementation" of "an adequate housing programme for Canada during the years immediately following the present war".<sup>6</sup>

The sub-committee had among its members some of the most perceptive and progressive champions of social housing innovations in Canada. These included George Mooney, then Secretary of the Canadian Federation of Mayors and Municipalities; Nova Scotia Housing Commission chairman, S.H. Prince; architectural Professor and Bruce report co-author, Eric Arthur; and McGill Professor B.H. Higgins. Higgins, after completing his doctoral work in Canada, had served with American public housing agencies during the New Deal era, prior to obtaining his McGill position. His American experience as a public housing administrator would serve Higgins well in developing his skills in

polemical disputes against the housing policies of W.C. Clark. F.W. Nicolls and J.P. Pigott were members of the sub-committee. Although they had clashed in the Housing Co-ordinating Committee, their work in post-war planning was remarkably free of acrimony. Less notable committee members were planner J.G. Galbraith, architect C.D.K. VanNorman of Vancouver and Marcel Parizeau of Montreal. Committee Chairman C.A. Curtis, a Queens Professor and advisor to Prime Minister W.L.M. King on monetary issues, shared the social housing views of Mooney, Arthur, Prince and Curtis and maintained that the federal government should view housing as a basic social service like medicine and relief from indigency.<sup>7</sup>

In a Canadian Welfare article written during the sub-committee's deliberations, George Mooney conveyed a sense of the vision and imagination which he and his colleagues brought to their work. A passionate orator, Mooney was able to articulate vividly the sub-committee's sense of mission for the post-war reconstruction of urban Canada. He saw that the task would require "clear thinking, and unusual amount of determination and bold vision". What was needed, he felt, was a "courageous" federal housing policy that assured "every Canadian family minimum decent shelter accommodation". This could only be accomplished if other goals, "such as providing employment, restoring property values, rehabilitating the construction industry, providing outlets for investments, and even clearing the slums", were subordinated to a "central purpose of improved welfare and better living environments". A "first maxim" was to be that all housing, "no matter what income group it is being built for", was to be of "solid

materials and good craftsmanship". He pledged that the "days of jerry-built housing and speculative "high profit - low cost" real estate promotion should not be permitted in post-war Canada". Mooney envisaged public ownership of land for new communities, parks and parkways and a high standard of community amenities in housing. He urged "revolutionary neighbourhood replanning" to provide "inner-park area, playgrounds, day nurseries, laundry facilities, indoor recreation facilities and the like".<sup>8</sup>

George Mooney, being the member of the sub-committee most familiar with the workings of municipal government, directed the sub-committee's first task of developing recommendations on town and community planning. He reviewed all the planning legislation of six Canadian provinces and quickly obtained the sub-committee's agreement to the creation of a federal agency "concerned with the promotion and co-ordination of town and community planning". It would also serve as a "clearing house and disseminating centre" of planning information. Although there was "much material" on this topic both inside and outside of federal departments, there was "no satisfactory co-ordination" of this information. The federal agency would co-operate with citizen groups, conduct research, prepare minimum planning standards, model planning legislation, devise policies against urban sprawl and for the future use of wartime training bases and factories. It would also advise federal authorities of the adequacy of local planning and play a similar advisory role to provincial and municipal governments.<sup>9</sup>

The Curtis report presented an insightful analysis of land use planning problems which went beyond the analysis of the turn of the century public health reformers and that of the later generation of urban planners inspired by Thomas Adams. They repeated many of their predecessors' concerns, noting that such problems as land speculation, urban sprawl and unregulated shack towns on the periphery of Canadian cities, still posed serious problems. The sub-committee also noted a variety of central city ills. These included the presence of large privately owned tax free areas, inadequate and overcrowded public facilities, "despoiled waterfronts" and a lack of "lake or riverside parks, walks and bathing facilities". The general "ugliness and unsightliness" of urban Canada was deplored. This included such visual features as the lack of "space for trees and landscaping" and serious "menaces to health", such as "smoke, soot, dust, cinders and noise". In documenting such conditions the Curtis sub-committee, like Adams and other Canadian planning pioneers, relied heavily on American studies. Especially important to its work were those of the U.S. National Planning and Resources Board.<sup>10</sup>

The Curtis sub-committee went beyond previous planning proposals of Canadian experts. It called for planning boards to regulate the future of land use for an entire province. This would be done in order to designate lands to secure their permanent retention for "recreation, forestry, watershed protection, farming or other open development" and "the protection against destruction of natural beauty spots". The report also recommended that the federal government provide municipalities with low interest loans for land assembly.<sup>11</sup>

Like the Thomson report, the Curtis sub-committee noted the "dire shortage of adequately trained and experienced persons" in town planning. Not until 1943 had a town planning course been developed in a Canadian university. This was a special extension course on housing and community planning at McGill. The University of Toronto's School of Architecture also provided a course "on technical training with some field work for town planners". A special Dominion grant for courses "in the techniques of town planning, and in the co-ordinated social and economic subjects which are required to provide the proper background for such training" was recommended. One of the first tasks of the proposed federal town planning agency would be "to draw up a model curriculum for the training of planning personnel". The Curtis committee's educational proposals were not limited to the training of professionals. A broader program was envisaged, which would encourage the citizens of a community "to consider alternatives and voice their preferences".<sup>12</sup>

The Curtis sub-committee's initial agreement over town planning issues would set the pattern for its deliberations over the more contentious areas of home ownership programs and low rental housing. Its key meetings on these subjects were held during the spring of 1943 on weekends at the Toronto Royal York Hotel. Having followed George Mooney's lead on planning matters, the sub-committee turned to Nicolls for direction in the area of home ownership. Nicolls was undoubtedly the sub-committee's expert in this area, having directed, under the supervision of Clark, the federal government's activities in the field over the past eight years. Nicolls' basic proposals gained acceptance

at the second meeting, held on April 9 and 10. It was agreed that the joint-loan ceiling be raised to \$6,000 and that only a ten per cent down payment be required. In order to serve "as a stimulant to housebuilding", it was agreed to lower the interest to borrowers, "even if it meant some loss to the government". Also the amortization of NHA joint mortgage loans was to be extended to 30 years. This was a major change since the joint-loan program froze conditions of loans for 10 years. After this time, the mortgage "was renewable if agreed to by the parties thereto and subject to revaluation of the property". At Nicolls' suggestion, it was also agreed to extend the definition of a lending institution for NHA purposes, to include "any approved trustee of trust funds".<sup>13</sup> A four per cent interest rate to joint-loan borrowers was recommended. To further encourage home ownership, the provision of mortgage insurance, as was done in the United States, was also encouraged. In addition to the American insuring of creditors, insurance for home purchasers, for protection "against loss of equity in the advent of his death or disability before completed payment of his mortgage" was proposed. Town planning was to be made mandatory for the approval of joint-loans in a given locality.<sup>14</sup>

In addition to reviewing the adequacy of NHA joint loans, the HIP plan was also examined. It recommended that the HIP interest rate be lowered from 6.32 to five per cent. It was recommended that farmers be given an "even lower rate" of interest. This could include federal subsidization of home repairs on farms. Such loans would also be made adaptable to the seasonal nature of farm operations. According to the census, some 288,000 farm dwellings were in need of external repairs.

This amounted to 39.4 per cent of the farm houses in the country. The lowest percentage was 28.7 per cent in Prince Edward Island, the highest were shared by Saskatchewan's 47.2 per cent, and New Brunswick's 46.6 per cent. The lowest rate on the Prairies was Manitoba's 44.1 per cent. The sub-committee found that this was caused in part on the Prairies not only by "the poverty and deterioration of the drought years" but also "the comparatively flimsy structure of many of the homesteads built when the grass lands were first taken up". Very few prairie farm houses had foundations; also the insulation of walls, floors and roofs was "practically unknown". The inaccuracy of the census figures was also noted. In the summer of 1943, a farm housing study in the Cory-Asquith-Langham area of central Saskatchewan, found 90 per cent of farm homes to be in need of repairs, although the census 1941 listed only 47 per cent. The lack of conveniences long found in urban centers was also documented. Only 20.1 per cent of farm homes had electricity, while 92.6 per cent lacked bathing facilities and 91.9 per cent flush toilets according to the 1941 census. Grants "of specialized physical goods such as electrical, plumbing, heating and refrigeration equipment" were proposed. These would be contributed by rebates or in return for the labour of installation.<sup>15</sup>

While the severity of farm housing problems led the sub-committee to recommend bold subsidized solutions, its proposals for the revision of HIP, for urban areas, were relatively tame. The lower interest rate and simplification of payments by blending payments in equal instalments did not fundamentally alter the direction of the plan towards providing small decorative changes. No proposal was made to

increase the size limit of HIP loans to deal with structural problems in homes. This timidity is likely reflective of the lack of familiarity of the sub-committee with the HIP scheme which, even more than NHA joint-loans, was administered by the lending institutions. The prescriptions for home improvement could not seriously deal with the magnitude of urban rehabilitation problems, noted elsewhere in the sub-committee's report (Table 10.1). The depression and wartime construction controls contributed to a substantial "backlog of replacement and repair". Some 20.1 per cent of urban homes needed major repairs according to the 1941 census. Another 19.9 per cent of homes lacked separate flush toilets. Bathtubs or showers were absent from 36.3 per cent of the nation's homes. Conditions were worse in cities less than 30,000 in population. There was enormous variation in conditions: Hull, Quebec with 31.9 per cent of dwellings in need of repairs, had "the unenviable higher record of disrepair than any other city in Canada". Verdun, however, although also a low rental working class community, had one of the lowest figures of 7.4 per cent. It was "comparatively new and almost entirely brick built". Among Quebec cities, from 16 to 24 per cent of homes were heated by furnaces. In Ontario and the Prairie cities, such figures never went below 30 per cent. Based on the need for external repairs (sagging or rotten foundations, cracked and leaning walls, unsafe stairs, broken chimneys) and inadequate plumbing facilities, some 31 per cent of urban Canadian dwellings were defined as substandard. This amounted to a "minimum estimate" of 125,000 dwellings.<sup>16</sup>

**TABLE 10.1:** Dwellings in Need of External Repairs  
or Lacking Plumbing Facilities in the Major Canadian Cities  
(Population over 30,000) and in Urban Canada, 1941.

CITIES	DWELLINGS IN NEED OF EXTERNAL REPAIRS		DWELLINGS LACKING OR WITH ONLY SHARED USE OF			
	No.	P.C.	Flush Toilet		Bathtub or Shower	
	No.	P.C.	No.	P.C.	No.	P.C.
Halifax	3,203	23.7	2,379	17.6	3,690	27.3
Saint John	2,361	19.9	949	8.0	4,400	37.1
Montreal	26,054	13.1	7,160	3.6	32,020	16.1
Quebec	4,706	17.5	861	3.2	9,332	34.7
Verdun	1,186	7.4	64	0.4	497	3.1
Three Rivers	1,261	17.1	457	6.2	2,301	31.2
Sherbrooke	1,239	16.4	446	5.9	1,602	21.2
Hull	1,944	31.9	1,103	18.1	3,474	57.0
Outremont	560	8.1	48	0.7	76	1.1
Toronto	18,608	13.0	24,047	16.8	26,624	18.6
Hamilton	7,100	17.8	2,951	7.4	5,186	13.0
Ottawa	3,904	12.0	3,026	9.3	4,913	15.1
Windsor	5,677	22.5	1,715	6.8	2,851	11.3
London	4,186	20.7	2,123	10.5	3,640	18.0
Kitchener	2,074	24.5	914	10.8	1,422	16.8
Sudbury	1,605	22.5	2,432	34.1	3,459	48.5
Brantford	2,136	26.1	1,007	12.3	2,061	25.2
Fort William	1,615	25.4	1,139	17.9	2,168	34.1
St. Catharines	1,288	17.3	640	8.6	968	13.0
Kingston	1,269	19.4	805	12.3	1,289	19.7
Winnipeg	10,674	21.8	7,100	14.5	11,947	24.4
Edmonton	5,274	24.8	6,694	29.0	8,240	35.7
Calgary	4,372	20.1	4,350	20.0	5,307	24.4
Regina	2,558	19.7	3,804	29.3	4,661	35.9
Saskatoon	2,070	20.0	3,759	36.3	4,368	42.2
Vancouver	12,943	18.2	6,898	9.7	9,600	13.3
Victoria	1,913	16.7	1,088	9.5	1,719	13.0
Combined 27 cities	132,230	16.5	87,959	11.0	157,816	19.7
Cities pop. under 30,000	151,778	24.7	193,155	31.4	270,417	44.0
Total urban	284,008	20.1	281,114	19.9	428,233	36.3

Source: Report of the Housing and Community Planning Sub-committee,  
p. 102.

The Curtis sub-committee, despite its encouragement of home ownership, took the view that this could not be universal since it involved risks only "a relatively small proportion of householders can afford to take".<sup>17</sup> It was also concluded that home ownership was "easier and less onerous in smaller towns" while tending to decline in larger urban centers. It found 78.8 per cent of dwellings in rural areas were owner occupied. In small towns under 1,000 population, 63.8 per cent of the homes were owner occupied. In lesser urban centers this declined to 53.9 per cent. The lowest figures were for cities over 30,000, which averaged only 37.2 per cent. There were major regional difference in these figures, with a low point being reached in Quebec cities and a high incidence of home ownership being achieved in medium sized Ontario cities. Verdun and Quebec City had a low 9.7 per cent of owner-occupiers, while Montreal was similarly low at 11.5 per cent. In contrast, the three highest areas were Fort William's 62.9 per cent, Kitchener's 51.4 per cent and St. Catharines' figure of 51.2 per cent. The depression had caused a decline in home ownership from 45.6 per cent in 1931 to 41.2 per cent in 1941.<sup>18</sup>

The Curtis sub-committee was careful enough to note that the attainment of home ownership should not be equated with the end of housing problems. It found that most owner occupied homes in the nation were "distinctly poor structures". The 1941 census revealed that of the nation's 267,000 owner owned homes, only 148,000 were worth more than \$3,000. Those worth from \$3,000 to \$5,000 were "moderate sized and well constructed dwellings", owned only "by the better paid wage earners and white collar groups". Homes worth more than \$5,000

belonged exclusively to "the better-off and wealthy classes of the community".<sup>19</sup>

Despite the innovative quality of the recommendations for encouraging the attainment of home-ownership, the Curtis sub-committee was quite aware that the most generous programs in this regard would not solve the nation's housing problems. Most of these would remain even if the proposed mortgages for ninety per cent of a home's value to be lent at four per cent interest were accepted by the lending institutions and applied on a massive scale. It saw that while the section "of the population which can afford to purchase homes should be encouraged to do so", these were only "one of the sections which must be considered in a comprehensive postwar housing program". The sub-committee also found that the federal government should not encourage "one type of housing ... at the expense of another". To do so would reinforce the existing tendency of builders to build for upper income groups "because of the prospects of greater profit".<sup>20</sup>

A detailed memorandum on the need for subsidized low rental housing was prepared by Dr. O.J. Firestone (who later became economic adviser to the Central Mortgage and Housing Corporation). Firestone examined the housing conditions of the low and medium income groups of Montreal and Toronto, in a report which was completed on May 12, 1943. This was done for the critical third meeting of the sub-committee. It found that the lowest two-thirds in family income faced serious housing problems in Canada's two largest urban centers. Firestone took the view that "the average family should not pay for rent more than one-fifth of its annual income". To pay more would cause families to fall below "minimum nutrition standards" with a resulting endangering

of "the health of the families concerned". Only 7.7 per cent of the lower third of Montreal's families "paid 20 per cent or less for rent". In Toronto this figure was an even lower 6.9 per cent. For the middle third, "51.3 per cent of the families in Montreal and 36.7 per cent of families in Toronto paid rent within their means, the remainder paying a higher rent than they should". Overcrowding, unlike excessive income paid to rents, was more common in Montreal than Toronto. Using the figure of one room per person, as "one accepted standard of housing adequacy in Canada", Firestone found that "54,000 tenant families in Montreal and about 10,000 in Toronto live in overcrowded conditions". This involved "a population of approximately 230,000 and 44,000 respectively".<sup>21</sup> Firestone concluded that the "basic problem" of housing in Canada was that faced by the section of the population "which cannot afford to pay rents which would make house building a commercial proposition". Such a situation, he found, obviously called for a "public programme of remedy".<sup>22</sup>

Firestone called for a sweeping change in federal housing policies to meet the housing needs of most of the nation's population. He advocated a "publicly financed low-cost housing programme to assure decent living accommodation for low income groups at a rent they can afford to pay". For low income families, who could not obtain "proper housing accommodation in public housing", rental allowances would be given. Firestone also urged the continuation of rent controls in the post-war period. This was especially needed to prevent landlords from taking advantage of shelter allowances by raising rents.<sup>23</sup>

At its third meeting, the committee basically accepted Firestone's

arguments. Even Nicolls did not indicate a dissenting view. One recommendation was that provinces "should not be expected to make any substantial financial contribution" for low rental housing. The committee took steps to ensure that public housing would not be bottled up in the red tape and wrangling of inter-governmental disputes as had taken place with the 1938 legislation. To minimize such problems, the sub-committee agreed that the federal government should provide a "100 per cent subsidy as a simpler solution".<sup>24</sup>

In its final report, the Curtis sub-committee presented an impressive array of statistics to justify the need for a major program of subsidized housing. It noted the caution of its estimates for overcrowding; one person per room for "a four person household living in the same number of rooms ... means two persons per bedroom with a kitchen and one living room". This was "by no means lavish" since in some cases it would involve the living-room, being "used as a bedroom at night", if two children of a different sex were to have separate bedrooms. Also census returns would count a kitchenette as a room, which did "not provide the required living space".<sup>25</sup>

The Curtis sub-committee made a detailed analysis of the causes of overcrowding in Canadian cities. Overcrowding increased as income lessened. While only twelve per cent of the families with incomes over \$2,000 a year or more were overcrowded, 40 per cent of families earning less than \$500 a year lived in overcrowded conditions. Using the 1941 census, it found that 18.5 per cent of Canadian families were living in overcrowded housing<sup>26</sup> It showed how this ranged from the high of Three Rivers 34.7 per cent to the low of London's 8.8 per cent (Table 10.2).

**TABLE 10.2: Overcrowded Dwellings  
in the Major Canadian Cities  
(Population over 30,000) in 1941**

CITIES	Total number of dwellings	OVERCROWDED DWELLINGS	
		No.	P.C.
Halifax	13,571	3,542	26.1
Saint John	11,989	2,146	17.9
Montreal	201,388	49,139	24.4
Quebec	27,177	8,506	31.3
Verdun	16,119	3,208	19.9
Three Rivers	7,458	2,588	34.7
Sherbrooke	7,667	1,986	25.9
Hull	6,121	2,112	34.5
Outremont	6,982	489	7.0
Toronto	145,606	18,055	12.4
Hamilton	40,267	4,309	10.7
Ottawa	32,705	5,691	17.4
Windsor	25,443	4,325	17.0
London	20,639	1,837	8.9
Kitchener	8,515	971	11.4
Sudbury	7,393	2,188	29.6
Brantford	8,222	806	9.8
Fort William	6,367	1,458	22.9
St. Catharines	7,514	661	8.8
Kingston	6,640	923	13.9
Winnipeg	49,504	9,406	19.0
Edmonton	23,449	5,206	22.2
Calgary	21,841	4,041	18.5
Regina	13,064	3,135	24.0
Saskatoon	10,538	2,055	19.5
Vancouver	72,484	9,568	13.2
Victoria	11,633	1,291	11.1
Combined 27 Cities	810,296	149,642	18.5

Source: Report of the Sub-committee on Housing and Community Planning,  
p. 96.

The final report also extended Firestone's analysis to examine the relations between rent and income in all major Canadian urban centers. It concluded that "in general", it was not "fully realized how large a proportion of the people living in our cities are so near the margin, or

actually below it". The average desirable monthly rent, based on 20 per cent of income, for the lower third in income in twelve Canadian cities was \$11.72. However, the actual monthly average rent for this group was \$19.00. Across the nation 88.7 per cent of tenants in the low income group paid a disproportionate rent. These figures varied across the nation. The lowest third of tenants tended to pay disproportionate rent most heavily in Toronto (91.4 per cent) and were least likely to in Halifax (66.5 per cent). The Curtis sub-committee concluded that their figures illustrated how "three quarters to four-fifths of this lower of third of city families" would "depend on a public low-rent program if they are to be provided with proper housing accommodation".<sup>27</sup>

The Curtis sub-committee divided the tenants of Canadian urban centers into three divisions based on their relative affluence. It found that only the tenants in the top third of income tended to earn enough to be able to afford rents to cover the expenses of a landlord in a well maintained dwelling with modern facilities. The middle third of tenants earned on the average, \$24 a month. However rents of about \$25 a month were "the lowest at which operating expenses of the landlord" would be covered. Middle income tenants tended to live in housing which "provides only a minimum of facilities or may be converted or even deteriorated property". Only in "the outlying districts of the cities" was it possible "to rent small flats, duplexes, etc. of comparatively new construction", below \$25 a month. On the average, 50.5 per cent of the middle income group paid a rent that was disproportionate to their income. This ranged from a high of

62.6 per cent in Toronto to 33.2 per cent in Saint John. Some 21 per cent of the middle group lived in overcrowded housing conditions.<sup>28</sup>

The Curtis sub-committee made eleven basic recommendations for a low rental housing program, geared to create 92,000 new housing units. The first was a "complete revision" of the existing Part Two of NHA. Local housing authorities would administer low rental housing projects. In their "business operations" these would have autonomy, but would be "otherwise working in relationship with the city council or their local governments". Three members were to be appointed by the local, provincial and federal government. Women were to be especially sought for such boards. Loans for capital costs for low rental housing would be provided "at the lowest possible interest rate". Such loans were estimated to be 3 per cent plus 1/3 per cent to cover administrative costs, based on what was the current interest rate on long term government bonds. The severe restrictions on municipal taxation, which had caused so much difficulty in the NHA of 1938, were rejected. It was "imperative" that the "tax rate for new low rental housing be comparable to the average level prevailing in the municipality". Taxes, the sub-committee found, must be sufficient to pay for municipal services in the district, provided they did not exceed the city average. To encourage municipalities to develop low rental housing projects, grants for preliminary development expenses would be provided by the federal government. The federal government would make annual subsidies to local housing authorities to secure rents which could be afforded by low income tenants. Any profits made on rents in a given public housing project would be "returnable to a National Low Rental

Subsidy Fund", to be used for "the general purpose of further low rental housing".<sup>29</sup>

Rents for public projects would be on a "graded" basis, instead of being strictly proportional to income. Rents would be attached to a particular dwelling unit, rather than to a person's income directly. This would avoid the severe "means testing and tenant investigation which is extremely distasteful to most families". Families would be permitted to select their units "with some guidance from management", according to what they found "most appropriate to their needs and resources".<sup>30</sup>

The sub-committee stressed the need for the training of male and female low rental housing project managers. In addition to "business ability", there must be "the training and temperament necessary for dealing with the problems of human adjustment". The success of Wartime Housing in employing "trained social workers and other persons of competent capacity" was favourably noted. Likewise stressed was the need for community facilities, as it was important "that low-rental housing projects should not be considered solely in terms of shelter accommodation alone."<sup>31</sup>

The limited dividend solutions, so favoured by Clark, barely received mention in the Curtis report. While the scrapping of NHA Section Two was the first step recommended for an effective federal low rental housing program, Clark's favoured limited dividend approach was listed last. Moreover it appeared as an afterthought, being nowhere mentioned in chapter nine pertaining to low rental housing. It was only mentioned in the report's opening "Summary of Findings and

Recommendations". Briefly the report concluded that limited dividend housing corporations should, "in appropriate circumstances", be "eligible for operation and incorporation as Housing Authorities".<sup>32</sup>

In addition to its central recommendations re town planning, home ownership, housing rehabilitation and low rental shelter, the Curtis committee made a number of bold recommendations in many other fields. Low cost loans would be provided for the housing of farm labourers and for the building of community centers in rural areas. Farmers were envisaged as deserving special priorities to obtain surplus war equipment at low prices. Special provisions for subsidized home repairs and grants for specialized goods such as electrical, plumbing, heating and refrigeration equipment, extended to farmers and to fishing communities. The report set a target of 606,000 dwellings to be constructed in the first decade after the war. To deal with half of the accumulated backlog of depression and war-delayed housing construction, would require 171,000 dwellings to be built in the first year of the period, a level of housing production not yet obtained in the nation.<sup>33</sup>

J.M. Pigott withdrew from the Curtis sub-committee before the completion of its report. However, from its minutes contained in the James papers, he does not seem to have left over a policy difference. Indeed in one of its ten supplementary memoranda appended to the main body of the report, was a section supportive of the work of Wartime Housing. It noted that if its housing was simply provided with basements and furnaces, then these dwellings could serve as "good

permanent homes". This was since the accommodation was "substantial" and "every effort was made to produce carefully planned and desirable homes". Indeed in its sweeping recommendations, the Curtis report was following the hopes placed in a Special Research Group and national royal commission on housing, long encouraged by Wartime Housing.<sup>34</sup>

Another supplementary memorandum was prepared on the subject of co-operative housing. The report recommended that NHA have a special section relating to co-operative housing, dealing with both home ownership and rental projects. Co-operatives would be eligible for the same federal assistance given local housing authorities and limited dividend corporations. The progress of co-operative housing for home ownership in Canada was reviewed. Examples of success in Quebec included a project in Asbestos, financed by the Union Regionale de Sherbrooke credit union and a 135-unit Rosemount project in Montreal which received financing under the NHA joint-mortgage scheme. One of the foremost experts in co-operative housing for home-ownership was a Curtis sub-committee member, S.H. Prince. Prince, although unsuccessful in getting a low rental project underway in Halifax, did pioneer in the development of co-operative housing for home ownership in Cape Breton. The 3.5 per cent loans originally intended to be given by the Nova Scotia Housing Commission to limited dividend projects, were lent to co-operative home ownership groups. This covered the costs of materials, the land and labour being provided by the members of the co-operative group. At least ten participants had to be involved. The provincial legislation also provided for exemption from incorporation fees, free plans, specifications and blueprints, free

architectural help and supervision, free legal aid and a bookkeeping service. Government departments provided trees, hedges and other assistance in landscaping and beautification and community facilities and roads. Free fire and "carpenter's risk" insurance was provided; project participants were also protected by the Workmen's Compensation Act. Through study groups and pooled experience, it was found that "workers who are neither carpenters or plumbers by vocation can, under competent supervision, erect suitable homes for and by themselves". Only 81 homes in Cape Breton had been built, in seven localities. Their costs were remarkably low, with monthly charges to the participants being only \$9.65 to \$16.41 per month. At such costs there would be some low-income groups "for whom co-operative techniques would provide an alternative to publicly subsidized housing".<sup>35</sup>

The Curtis report also made extensive recommendations regarding the reduction of housing costs. The report took Pigott's view that with a program "directed at providing more stable employment through the reduction of seasonal slackness, unemployment between jobs and the assurance of employment provided by a long term housing program", it should be possible to obtain labour co-operation in securing economy. Such co-operation was also needed to end restrictive trade union practices, such as craft demarcations and apprenticeship regulations. The Curtis sub-committee noted that materials' price increases were the greatest factor in the inflation of wartime building costs. It noted the complaints about alleged monopolistic pricing in cement, electrical and plumbing supplies and builders' materials. To remedy this situation, the report called for a review of existing tariff schedules

and the giving of a special mandate to "the Commissioner under the Combines Investigation Act, to investigate the conditions under which building materials and equipment are marketed". Inequitable regional freight rates would be investigated and building materials sales taxes eliminated at "the earliest opportunity".<sup>36</sup>

The sub-committee noted W.C. Clark's exhortations against the inefficiency of the building industry. His 1938 Dalhousie University speech was quoted at length. This emphasized the need for big business providing "organizing and promotive ability, large scale methods, adequate financial resources and modern science, to the task of providing decent and economical shelter for families in the lower and middle income groups". The Curtis report, however, downplayed what could be expected from entrepreneurs tackling the design of house "in much the same way as the problem of building automobiles has been tackled in recent years". The committee did recommend that all general contractors and entrepreneurs, in sub-building trades, be licensed in order to engage in house construction. In general, however, the Curtis sub-committee stood W.C. Clark's philosophy on its head. It found the greatest economies of scale could be utilized by a "large public housing program". This would set new standards in "building practice, housing design and project administration". Architects were urged to concern themselves with public housing so as to consider social objectives, take advantage of new material and incorporate "aesthetic values into projects which otherwise may all easily be too drab and ugly."<sup>37</sup>

Although the Curtis report recommended nothing less than the

scrapping of federal housing policies, its forceful recommendations would not be easily dismissed or simply denounced by the federal government. In being a challenge that had to be somehow incorporated into the Cabinet's programs it was similar to the earlier parliamentary and Purvis reports.

Public opinion was focused on post-war reconstruction and this was the most substantial undertaking of the government's advisory reconstruction committee. Leonard Marsh, who served as "the hard pressed editor" of the report, later recalled how it "incorporated the most extensive surveys on every aspect" of housing "ever made in Canada up to that time". The study was three times the size of any of the other James committee reports.<sup>38</sup>

A reaction from the business groups supporting the existing joint mortgage scheme was contained in a Financial Post account of the Curtis report. Published on April 1, 1944, shortly after the March 24, 1944 release of the Curtis Report, the article warned that the fundamental "Issue of Private Versus Government Enterprise" had been raised. The report posed a "Threat to Lending Agencies". "Under such conditions," the Financial Post believed, "private companies and lenders would be driven largely entirely from the field".<sup>39</sup>

Curtis recommendations sparked the same sort of hostile lobbying that had been created by the announcement of Pigott's Hamilton project. The Canadian Association of Real Estate Boards told the government that "private enterprise can and should handle the housing problem". It warned the property industry "not to underestimate the powers of those who advocate public housing", but gave the reassurance that real estate

men would be "prepared to combat" this "small but vociferous group". A new lobby came into being to fight public housing, the National House Builders Association. Its brief was sent under the name of the association's Vice-President, former Deputy Real Property Controller, Norman Long. This body disputed the claim of the supporters of public housing that only forty per cent of Canadians could expect to be home owners. This contention, it was claimed, would cause dissatisfaction in the armed forces as the war was "being fought largely to secure Freedom from Want". The Homebuilders used an American Brookings Institute report to claim that home ownership was within the reach of "at least 85 per cent of all families". Public housing supporters were criticized for ignoring "the tangible value inherent in home ownership as the soundest foundation upon which to build social and national security".<sup>40</sup>

Private residential construction and real estate lobbyists had a negative power to defeat policies that were objectionable to them, but for positive suggestions Clark would turn to the Dominion Mortgage and Investments Association. Indeed the NHA of 1944 would be drafted between himself and that body in the same manner as the original DHA of 1935.

Before the release of the Curtis committee report, the DMIA's views were expressed in a February 24, 1944 brief to Clark on "Housing in Relation to Post-War Reconstruction". The brief admitted the need for public housing, as experience had shown "that state assistance is necessary in order to provide proper housing for many families" in the United States, Great Britain and Europe. However, the association felt

that "it cannot be too strongly emphasized that our main efforts should be directed to reducing the need for public housing". The present need was often "greatly exaggerated", by ignoring the increases in income caused by the war's ending of the depression. The DMIA urged that joint-loans be provided for up to ninety per cent of value, on homes whose lending value was \$5,000 or less.. For higher value loans, the first \$5,000 of lending value would receive a ninety per cent loan. Eighty per cent on the next \$2,500 would be lent and then sixty per cent on the remainder of lending value up to \$10,000. Similar measures geared to lending values would encourage loans to be amortized over 25 years. The DMIA also urged the government to allow loan companies to lend up to seventy per cent of value and trust companies to lend as far as 60 per cent (existing levels were 60 and 50 per cent respectively). The DMIA also proposed changes to the joint-loan scheme to stimulate private rental construction. Here joint-loans would be amortized over 25 years, with "payments in the first five years on a 20 year amortization basis". In order to increase loan percentage and the amortization period, the DMIA urged the increase of the government guarantee of the joint-loan scheme.<sup>41</sup>

In the estimation of the Dominion Mortgage and Investments Association, the release of the Curtis report created an unsettled situation. On April 28, 1944, the DMIA's Assistant Secretary, Norman White, complained to Clark that "a considerable amount of projected building" was being held up "because of the uncertainty which exists in the minds of the public and builders in regards to the National Housing Act". A special meeting was held between representatives of the DMIA

and Clark on the afternoon of May 4, 1944.<sup>42</sup>

In its May 4, 1944 brief, the DMIA expressed concern that:

as a result of the publicity given the report of the Sub Committee on Housing and Community Planning (Advisory Committee on Reconstruction), popularly known as the Curtis Report, that 90% National Housing Act loans on houses costing up to \$6,000 are to be available immediately and loans will be amortized over 30 years. Applications on this basis are being received by the companies and many builders and citizens are postponing building plans in the hope that loans on the more liberal basis referred to above will be available in the very near future.<sup>43</sup>

The May 4, 1944 meeting with Clark and representatives of the DMIA was of pivotal importance because during it, the lending companies agreed to a reduction of interest of one per cent in the cost to the borrower of the NHA joint loans. This caused some concern among the companies and it was urged that, to prevent pressures on the companies to lower their non-NHA mortgage loans, there would be an announcement that "the effective rate to the companies will be 5 per cent and in that way make it clear that 4 1/2 per cent is not in itself an economic rate to the lender". This lower interest rate meant that:

some companies will have to virtually abandon their activities in small towns and out-of-the-way places and will have to confine themselves to larger cities where costs of operation are for lower, unless some other way is found to recoup them for extra costs.

The companies, faced with a lower interest rate, reversed themselves on the question of longer amortization period and suggested "no change" in the present 20 year period. Even with "proper community planning and zoning", this should not be extended beyond 25 years.<sup>44</sup>

Clark's opposition to public housing and federal rent subsidies was not changed because of the Curtis committee's recommendations.

Many of his civil servant colleagues would not be aware of it, but Clark's views on housing subsidies had not changed since the depression. Unlike the Dominion Mortgage Investments Association, he could not conceive that housing subsidies were necessary for even 15 per cent of the population.

Clark was influenced in his views by a 1939 Architectural Forum article on the Parkchester development of the Metropolitan Life Insurance Corporation. The article is located in one of Clark's personal files in the Department of Finance records, together with other material on housing. Its observations on cost effectiveness were underscored by Clark. This linking of large corporate finance with a massive residential development housing 42,000 people in 51 buildings, of seven to 13 stories, was very close to Clark's ideal of solving the urban housing problem. The project was quite severe and barren, since it was decided that "due to the maintenance problem they create, shrubs will be conspicuously absent". Again, congenial to Clark's outlook, was the fact that its "design standardization was carried to a highly economical extreme". Also, repetition "of the same construction details promoted labour efficiency and made for easy supervision". Clark was impressed that the per unit cost of the project was lower than what was obtained in the public housing projects of the United States Housing Authority. He was also pleased by the low \$12 per room per month figure; although for even a two room apartment this would mean that the project's rents would be barely within the reach of what the Curtis report described as the "middle third" of Canadian renters.<sup>45</sup>

Clark was trained as a labour statistician and consequently would not simply cast aside the evidence of the Curtis committee for subsidized rental housing. Instead he focused upon family allowances as an alternative to such a program to raise incomes to make necessities affordable.

For Clark to seize upon family allowances as the key to post-war reconstruction was an unintended use of the work of the James Committee. Family allowances had been popularized as part of Marsh's Report on Social Security for Canada. Marsh himself had made the connection between shelter subsidies and family allowances. He pointed out that if:

a vast programme of re-housing were undertaken in which special arrangements were made to subsidize the rents of large families (a procedure which has been followed in Sweden) it might be reasonable to reduce such children's allowances which were in vogue.<sup>46</sup>

Clark was to turn Marsh's reasoning around; in place of the latter's view that a large scale subsidized housing program could reduce the level of family allowances, he would push family allowances to eliminate the specter of a socialized housing program. This was quite the opposite of the James' Committee's intentions. It argued forcefully in its final report that:

It would be partial and inadequate planning to envisage health insurance without better facilities for public hygiene, infant and maternal care, school medical service, hospital and sanatorium facilities and so forth; to institute children's allowances without consideration of such existing provision for children as medical care, educational facilities and nutritional services. The more these implementations are developed, the clearer it will be that social security legislation is not something sufficient to itself but part of a broad program for the improvement of the human resources of the nation, in which such things as housing, nutritional policy and education have important places.<sup>47</sup>

Together W.L.M. King and W.C. Clark would persuade a reluctant Liberal Cabinet that family allowances were a necessary measure for a smooth transition from a wartime to peacetime economy. An important part of this persuasion was Clark's use of the Curtis committee's recommendations as a dangerous radical alternative to family allowances. In a memorandum to Cabinet, Clark argued that with "children's allowances on anything like an adequate scale it should be possible to avoid" having "municipally constructed and municipally managed low rental housing projects" financed by the federal government. Journalist Grant Dexter commented that Clark was "completely sold on family allowances" as "the only effective way to deal with slum clearance. You have to give the boys the money to build the houses you intend to build for them".<sup>48</sup> Similar arguments were used to persuade the financial community. Bank of Canada officials told Financial Post reporters that the only alternative to family allowances was "the socialization of the entire building industry".<sup>49</sup> Clark's views had lasting influence, as shown in Louis St. Laurent's speech against public housing during a discussion of "Liberalism in Canada", sponsored by the McGill University Liberal Club. When asked when a Liberal government would enact legislation for public housing, St. Laurent replied, "not while I am there". Such a measure would lend itself to buying votes and the formation of "a vast Tammany Hall organization with its ensuing corruption". St. Laurent further noted that the "government had studied the subsidy problem together with family allowances, and had decided upon the latter plan as, since the number of children alone determined the amount of the allowance, there would be no favouritism".<sup>50</sup>

Although King and Clark worked closely together to secure the passage of family allowances, during the war years, the former showed little interest in housing. Clark's vision shaped the NHA and was unclouded by interference from conflicting outlooks of Cabinet ministers or civil servants outside the Department of Finance.

Financial considerations were not a major factor in Clark's rejection of public housing. Some \$70 million was set aside for limited dividend housing in the new NHA. This, however, was never used because private investors would not come forward, until the relevant clause was substantially modified. Municipalities were interested in borrowing under the limited dividend sections of NHA. However, they were refused such assistance not out of financial considerations, but out of an assumption that they could not be trusted. They were viewed, as St. Laurent put it, as corruptible Tammany Halls, or, as Clark had earlier demonstrated in his opposition to Hamilton's arrangement with Wartime Housing, as dangerous pioneers of socialized housing. Given such hostility to the idea of municipal housing, the Department of Finance never bothered to seriously examine the financial implications of federal housing subsidies. No reference to the impact of such costs were made by the government in its defence of NHA.

In approving family allowances, the Cabinet had assumed that it would retain control of the income and corporation taxes which they obtained during the war. In a memorandum closely following the views of his Deputy Minister, W.C. Clark, Ilsley on January 6, 1944 outlined to the federal cabinet a program of post-war reconstruction, including family allowances and increased old age pensions based on the retention

of federal taxation powers.<sup>51</sup> In his criticisms of Wartime Housing during the Second World War, Clark never raised the issue of the financial impact of the agency on government. What was always perceived as the danger was the encouragement one small project would give toward the socialization of the housing market. Such concerns remained foremost in the mind of W.C. Clark while he drafted the NHA of 1944. He would go further in his opposition to public housing than even his long time associates the Dominion Mortgage Investments Association, who were prepared to accept a residual program restricted to the nation's poor.

The area in which the NHA most closely resembled the Curtis report was in Part One of the act, which dealt with "Housing for Home-owners". The basic innovation of the legislation, subsidizing the federal portion of the joint-loans to reduce the rate of interest paid by borrowers, was in line with the report's recommendations. However even here, as Curtis committee member, B.H. Higgins noted, the one per cent reduction in interest was "less than most members of the Sub-committee had in mind".<sup>52</sup>

Higgins felt that the new NHA simply paid "lip service" to the Curtis committee recommendations for increasing home-ownership accessibility. This was especially so in regards to the call for a 10 per cent downpayment on loanable values up to \$6,000, in place of the NHA of 1938 provisions for 10 to 30 per cent downpayments at the discretion of lending institutions. In place of a simple provision for ninety per cent loans, the NHA of 1944 provided for mortgages of up to ninety-five per cent of the first \$2,000 of lending value, 85 per cent of the next \$2,000 and 70 per cent of the rest, similar to the DMIA's

recommendations. Higgins calculated that for a house "about as cheap as the Canadian construction industry provides", having a lending value of \$4,000, this would be just 10 per cent of lending value. For homes worth \$6,000 it would amount to 16 2/3 per cent. Higgins also pointed out that the situation could be further obscured by a "joker" which permitted lending institutions to determine lending values to "be considerably below actual cost". This gave the lending institutions the ability to impose 25 per cent downpayment requirements on homes costing less than \$6,000.<sup>53</sup>

The Curtis report also differed from the NHA in its provisions for amortization. The committee urged that provisions be made for amortization over 30 years. This was adopted in the NHA only in areas where, "in the opinion of the Minister", there was adequate "community planning and appropriate zoning restrictions". The 30 year amortization period, where achieved, would have a major impact on increasing home ownership accessibility. Higgins calculated this to be \$5.00 per month during the amortization period for a \$5,000 house. The lowered interest payment resulting from a spreading of blended payments over an additional five years would bring a reduction of \$1.25 a month in the cost of such a home.<sup>54</sup>

The Curtis committee itself proposed to link federal joint-loans to the adequacy of planning in a community. What was remarkably different from their report and the final NHA, in this regard, was the urgency with which the planning task was viewed. The Curtis Committee urged the creation of a Dominion Town Planning Agency to conduct planning surveys, assist provincial governments, fund and set the curriculum for

university planning courses, award scholarships and develop a field staff. In short, it was to spread the planning gospel with a missionary zeal. In contrast, Section V merely established a permissive framework which permitted the Minister of Finance to investigate housing conditions and housing costs, distribute information, give lectures on planning, and conduct studies on land use. With the approval of Cabinet, the Minister could enter into contracts for model housing components, conduct architectural competitions and make provision for the teaching of housing and planning courses. This was a pale reflection of the Curtis recommendations.<sup>55</sup>

The provision under Section Five of studies into economical housing projects and the power of the Minister through the "Governor in Council" for contracts to conduct experiments along these lines was the only provision in the NHA for reducing housing costs. As Higgins noted, this was the only part of the NHA that adopted the Curtis committee's recommendations lowering construction costs. The many means contemplated to break up monopolistic conditions in building supply industries were rejected. These included reviewing tariff schedules and awarding a special mandate to the Commissioner of the Combines Investigation Act to look into building supplies. The measures recommended by Pigott and the Curtis committee for stabilization of employment in the building trades were also ignored.<sup>56</sup>

The most conservative of the Curtis committee recommendations, those on Home Improvement loans, were adopted into the new NHA. HIP loans were liberalized and the interest rate reduced as was recommended. However, this entire section of the legislation was not given royal

assent for a decade. Fortunately for Canadian farmers, this type of loan was made available to them under the Farm Loans Act of 1944. With ample documentation of housing hardships of farmers in the Curtis report, and farmers' own dissatisfaction with these conditions, apparent in local surveys, the government would have been politically vulnerable if it did nothing. However, in allowing farm improvement loans, at what the opposition in parliament pointed out was the market rate in some areas, the federal government had clearly rejected the Curtis committee's more innovative recommendations in the area of farm housing. As Higgins correctly observed, the more sweeping recommendations "for special subsidies to lower interest rates on rural mortgages, for assistance with down payments, for low-cost loans to erect cottages for farm labourers, and for building community centers in rural districts" were "completely ignored". In place of granting electrical equipment and other modern conveniences to farmers for installation cost, the NHA agreed to provide assistance to fund the experimental production of plumbing and heating equipment. Also under Section Three for "Rural Housing", the lending companies were given financial assistance similar to the NHA of 1938, in paying for administrative and travelling costs on farms, or "in small or remote communities designated by the Minister".<sup>57</sup> Clark did not break his pattern of designing housing legislation to assist, rather than compete with, private lending companies. The firms were to be encouraged to move into areas where they did little business by federal guarantees and subsidies, instead of the federal government devising its own program of subsidized lending for communities neglected by private lenders.

The most significant departure from the Curtis report and the new NHA was in Part Two of the act. This dealt with "Housing for Rental Purposes". The sub-committee made no recommendations in regard to general private rental housing for income groups that could afford an "economic rental" of a newly built housing unit. In this area Clark simply adopted the recommendations of the Dominion Mortgage Investments Association. No major changes were made from the provisions of the 1938 NHA for the use of joint-loans for the construction of rental dwellings. These were limited to 80 per cent of the lending value of a project and the amortization was limited to 25 years. The new NHA slightly liberalized rental joint loans interest rates and amortization periods and made the government's share of any defaulted loans more specific.<sup>58</sup>

In place of the Curtis committee's vision of a national network of municipally-managed federally-subsidized low rental housing projects, the NHA of 1944 offered limited dividend and life insurance projects. Higgins estimated that the Limited Dividend project could only be afforded by the top 15 per cent of families in national income. The life insurance projects would be designed for an even narrower group "in the top 5 - 10 per cent of the income-scale". Like the ill-fated low rental sections of the 1938 legislation, there was no provision for federal housing subsidies. As in the earlier legislation, there were simply provisions that limited dividend corporations might accept contributions from municipal or provincial governments for a rent reduction fund. To aid limited dividend companies, the NHA provided for municipalities to receive grants from the federal government for slum

clearance, provided that the land was sold to a limited dividend housing company or a life insurance corporation.<sup>59</sup>

Higgins was quite perceptive about the weaknesses of the limited dividend and slum clearance approach. One flaw was it was "highly unlikely that private capital can be attracted into the low rental housing field". He predicted there would be little interest "even with the NHA's 3 per cent interest rate and municipalities giving free land from slum clearance". Indeed, not until 1949 would a single unit of limited dividend housing be built. Consequently the other dangers, premised on the act actually working, would not appear until the 1950's. One of these was that influential realtors would acquire "slum properties" so that municipalities would buy them "at high prices ... to sell them back at low prices to the same groups, now organized as a limited dividend company". Consequently, the NHA made it possible for "slum dwellers to be ejected from their homes", so that insurance companies and limited dividend corporations could "provide housing for families in the top income bracket". This process of displacement would increase overcrowding and accelerate "the deterioration of existing slum or near-slum properties". The problems of low income tenants would actually "intensify" as a result of the passage of the NHA of 1944.<sup>60</sup>

Higgins saw the new NHA as a triumph for the real estate lobby. To illustrate this, he cited a tract by W.H. Bosley and H.C. Manning on The Housing Problem, which criticized the Curtis report. It frankly stated that: "we are large-scale real-estate operators; consequently we are opposed to any significant increase in housing supply, and we favor

higher rents and lower real estate taxes".<sup>61</sup>

Like the earlier NHA debate of 1938, the debate on the 1944 legislation lacked a keen sense of the inability of the legislation to reach low income groups. The remark that reached the heart of the matter of the government's approach came from CCF MP, Stanley Knowles, who regarded the legislation as "an insult to municipal government in this country". This observation was sparked by Ilsley's observation in introducing the legislation, that limited dividend projects were used instead of municipal projects to ensure administration on "an efficient and independent basis". Knowles noted the "tremendous growth in the belief and conviction that municipalities and cities should be going directly into the matter of slum clearance and housing projects". In Winnipeg, "a keen social conscience" had developed on the issue. Similar insight was also shown by Labour-Progressive MP, Fred Rose, who attacked the failure of the Spinny scheme to provide central heating. Having lived in such homes, Rose noted that their uneven temperatures were a source of colds and more serious health complications. Further noting that they posed a fire hazard, Rose charged that federal lending for "the building of homes without central heating is criminal". In response, Ilsley pointed out that Spinny's group was trying to change their original design. Conservative MP, Herbert Bruce, a long time champion of public housing and former Lieutenant-Governor of Ontario, noted the major flaw in the legislation in terms of providing affordable housing. He argued that low income groups would only "live in decent houses at rentals they can afford to pay", if the government would "subsidize either the housing authority or the individual".<sup>62</sup>

However even Rose's, Bruce's and Knowles' criticisms lacked a clear sense of the major defeat that the advocates of public housing had suffered from the NHA of 1944. Although an opposition MP, Bruce was particularly mild in his criticisms, noting that he "most heartily supported the measure".<sup>63</sup> He and the CCF MP's all voted for the bill in principle. Less blunted criticism came from the recently formed Toronto based Citizen's Housing and Planning Association, which continued the agitation for social housing that had, during the depression, been co-ordinated by the National Housing and Planning Association; (this organization had collapsed with the coming of the Second World War). Spearheaded by Harold Clark, the association included among its executive, the future leading Canadian intellectual figure, George Grant. Humphrey Carver has recalled how the group was "highly activist", being involved in summoning conferences, sending "telegrams and briefs to the federal government", and organizing "delegations to hammer on the doors of City Hall". In seeking to arouse the public, as Carver recalled, the group generally treated subsidized housing as a matter of "immediate urgency, not ... to be left to the halcyon days of peace". Harold Clark told Ilsley that the Citizens Housing Association, could not be "as sanguine as you and your colleagues" as to the impact of family allowances in eliminating the need for subsidized shelter. It pointed out that the Curtis report demonstrated that "such a slight increase can not appreciably affect the position of the low income third of the population". Also Marsh's social security report itself demonstrated that the additional income from family allowances would be "quickly absorbed in providing adequate food or clothing alone, without touching housing". The group

The group unsuccessfully tried to meet with Ilsley before the passage of NHA and tried also to have its telegram placed before the House of Commons.<sup>64</sup>

The NHA of 1944 was a masterful political measure. Like the 1938 Section Two for low rental housing, the government was fully aware that its sections of research, housing rehabilitation and low rental housing scarcely would be used for a number of years. The NHA was widely touted as a \$275 million housing scheme; however most of these funds were allocated for programs that would not be used. The new NHA was made a key plank in the Liberal housing platform. It was so sensitive that Mitchell Sharp, Executive Assistant to W.C. Clark, broke the usual rules of civil service political neutrality by having Nicolls review a pamphlet to be issued by the National Liberal Federation on housing. It had "been approved in a general way by Dr. Clark", but Sharp hoped that Nicolls would clear this piece of "political propaganda" of any errors or statements that would "react unfavourably on the housing program". Nicolls, in a speech to Vancouver city council, revealed how empty of substance the long passages of limited dividend and life insurance housing in the NHA legislation actually were. A Vancouver Sun account of his September 17, 1944 speech reported that he did not think there would be any rental "developments during the war". After the war there would not be "much need for them". Nicolls optimistically predicted that in the post-war era the home-ownership could be afforded by the low rental group currently paying \$20 a month in rent. The Vancouver Sun complained that if Nicolls felt the \$70 million allocated in NHA for low rental housing was "useless, why didn't he know it in August when the

act was passed".<sup>65</sup> Indeed, Nicolls' predictions were true; the \$70 million written into the text of the NHA of 1944 for limited dividend housing would not be used until after the legislation was amended to provide further concessions to investors in 1948. Even then, because of the greater profits on serving upper income groups in a booming construction period, the legislation would produce a miniscule number of units until other sources of mortgage funds began to dry up in 1956.

Despite Nicolls' revelation of the inherent unworkability of the Department of Finance's plans for low rental housing, he was actually far less dogmatic in this regard than his superior, W.C. Clark. A memo of October 19, 1944, points to the political care that was taken in the drafting of NHA. Nicolls told Clark he was "of course, aware of the amendments necessary to implement the guarantee that the lending companies expect". According to the advice of the lending companies, this would be through senate amendments. Nicolls also reported that life insurance companies wanted only to participate in large rental schemes, if they could later sell units for home ownership. He also noted that another "complaint that I have received from a great many sources", was the refusal to lend money to municipal housing authorities and "the failure to include the Federal Government as a source of contribution to the rent reduction fund". Nicolls unsuccessfully urged Clark to change his mind on the public housing issue in order to give the federal government greater control over housing production in the post-war period.<sup>66</sup>

The extent to which Clark had imposed his blueprint on the federal government's post-war housing plans became clear to his colleagues in

other federal departments by January of 1945. The various civil servants, in Wartime Housing, the Wartime Prices and Trade Board, Construction Control and Munitions and Supply, had hoped for an end to the chaos in day to day housing policy decisions with the creation of a Ministry of Reconstruction. Dissenting civil servants would discover that the creation of this new Ministry brought no fundamental changes. On November 30, 1944, J.M. Pigott outlined what he felt should be the scope of the Housing Section of the Department of Reconstruction. On December 23, 1944, C.D. Howe urged Ilsley to transfer Section Two of NHA (dealing with rental housing) to the Department of Reconstruction. In the advent of such a move, Pigott would become Director of Housing. Although Howe promised that "we will not command doubtful and dangerous experiments in the field of state and municipal housing", Ilsley would not be moved. He and the Department of Finance distrusted Howe's and Pigott's plans for the establishment of community reconstruction committees, to provide advice on rental housing projects. Ilsley told Howe that this would simply "lead to very widespread pressures upon the Dominion to finance heavily subsidized projects". With family allowances and "ingenuity exercised in the planning and construction of rental housing projects in order to reduce costs to a minimum", the federal government "should be able to meet the housing needs of the lower income groups of this country without embarking on the dangerous expedient of state or municipal housing". He admitted that "we will have to meet a lot of pressure in this connection from certain municipal councils, from welfare workers and one political party (the CCF), but I trust that we can show the housing problem can be solved under Canadian

conditions without going down this dangerous lane".<sup>67</sup>

Ilsley's concern that government sponsored community reconstruction committees would send torrents of protests calling for a government program of subsidized rental shelter points to a ministerial perception that the NHA did not go far enough in meeting the demands for housing by substantial interest groups. By adopting a policy that would have to withstand "a lot of pressure" the contrast with the family allowance measure is quite marked. In regards to family allowances, Clark, motivated in part by his objection to subsidized housing, led public opinion in new directions. Interest in the topic developed after the announcement that the cabinet was to introduce the measure in parliament. Gallup poll studies indicated that public opinion did not swing behind the measure until the program was in operation.<sup>68</sup> In adopting his course of action, Clark correctly gambled that the popularity, among the general population, of a universal program that would gain acceptance with time, would outweigh the dissatisfaction for ignoring demands for subsidized housing which came from identifiable pressure groups. This was helped by the confusing language of the NHA on rental housing matters and Ilsley's wise avoidance of Howe's suggestion to form local reconstruction committees. Given the housing shortage, it was entirely reasonable to expect they would recommend courses of action not amenable to the Department of Finance.

In drafting the National Housing Act of 1944, Clark had written the most conservative housing legislation of any of the English speaking nations. Even the lobbying group which most closely shaped federal housing policies, the Dominion Mortgage Investment Association, had

realized the necessity of publicly subsidized shelter in Canada, based on the experience of other nations. Of all the organized parties expressing an interest in housing, only real estate bodies supported the dogmatic assertion that no public housing was needed; this, they had openly admitted in their propaganda, was due to their own interest in maintaining rent levels. However Clark's opposition was not a Pavlovian response to such pressures but emerged out of his conviction that a more efficient, re-organized building industry would make subsidized shelter unnecessary for low income groups.

In the depression years, Clark's views were strengthened by an alleged drain of relief recipients' incomes by unscrupulous private landlords. With the war induced end of unemployment, the question of relief efficiency died. To avoid the admission of the need for subsidized shelter, Clark seized upon the remedy of family allowances.

As Nicolls revealed to the Vancouver City Council on September 17, 1944, the NHA was premised upon unrealistic expectations of the degree to which longer amortization payments and lower interest rates would increase the affordability of home-ownership for low income groups. This was to be quite unfortunate because, as Nicolls intimated in his speech, the limited dividend projects would produce no housing; private investors were simply not interested in being drawn into the field the federal government was trying to create for them. The later short-lived life insurance projects under Housing Enterprises Limited would cater to a high income group as predicted by Higgins; consequently the program would be quickly terminated by the federal government for failing to achieve its stated objectives of serving the needs of medium income groups.

The Curtis committee had analysed the nation's housing needs and presented an impressive blueprint for meeting them that commanded public attention and forced the passage of new housing legislation. This was the very process which Pigott had hoped to spark when he wisely commissioned the Thomson report. However, even in its provisions for encouraging home ownership, the NHA of 1944 was a faint echo of what the Curtis committee had planned for the nation's post-war future.

In their call for lower interest rates and the enforcement of competition which would eliminate cartels in building supplies, the Curtis committee was calling for vigorous action to direct the flow of national resources into housing which it correctly predicted would be in short supply for several years after the war's end. Both it and Pigott's call for measures to stabilize the construction industry to have an efficient work force in place for this critical period were ignored. The impact of this would be drastically felt in the severe construction industry labour shortage at the arrival of peace in Europe.

Although the Curtis committee's report helped spark new legislation, the authors' principal concerns would be defeated by this new NHA itself. Despite widespread support for the Curtis report from most organized groups that expressed an interest in housing and from within the civil service, Clark's views would ultimately prevail. He would ingeniously defeat alternate visions of the nation's future by drafting legislation that gave the false appearance of incorporating them. The sections of NHA for research, rental housing and the rehabilitation of existing homes resembled a hollow shell or skeletal

fossil of a long dead animal; the framework was there, but little would be accomplished. Apart from improving the joint mortgage scheme in major metropolitan centers, the NHA of 1944 actually set out in considerable detail what the federal government would not do for some years. As was intended, this was not widely perceived, even in historical retrospect.<sup>69</sup>

## FOOTNOTES TO CHAPTER TEN

- 1) Memorandum to the Prime Minister, from Brooke Claxton, July 2, 1943, in Privy Council Records, Public Archives of Canada, PAC, RG2, Series 18, Vol. 12.
- 2) J.L. Granatstein, Canada's War, (Toronto: Oxford University Press, 1975), pp. 247 - 257.
- 3) Ibid., p. 257.
- 4) Ibid.
- 5) Minutes of the tenth meeting of the Committee on Reconstruction, James Papers, McGill Archives, Reconstruction. Minutes of the 11th meeting, Committee of Reconstruction, PAC, Department of Finance Papers, RG 19, Vol. 3585.
- 6) Minutes of the 20th meeting, Committee on Reconstruction, January 10, 1943, James Papers, McGill University Archives, Reconstruction.
- 7) See the long exchange of correspondence between Curtis and Ilsley between June 2, 1942 and August 25, 1942 over housing policy in PAC, RG 19, Vol. 706. This debate was a sort of rehearsal for the disagreement over housing policy that would be evident in the debate over the NHA of 1944.
- 8) George Mooney, "A Post-War Housing Program for Canada" Canadian Welfare, July 1943, pp. 3-9.
- 9) First meeting of the Subcommittee on Housing and Community Planning, March 12, 1943, James Papers, McGill University, RG 2, C-191, File 4186.
- 10) Advisory Committee on Reconstruction, Final Report of the Subcommittee on Housing and Community Planning, (Ottawa: King's Printer, March 24, 1944), pp. 162-169.
- 11) Ibid., pp. 163, 168, 171-176
- 12) Ibid., pp. 177 - 182.
- 13) Minutes of the Second Meeting of the Subcommittee on Town and Community Planning, April 9 and 10, 1943, James Papers, RG2, C-191, File 4186.
- 14) Advisory Committee on Reconstruction, op.cit., pp. 183-193.
- 15) Ibid., pp. 205 - 232. The more detailed findings of the Cory-Asquith Survey, in contrast of the census, were obtained from the opinions of farmers themselves, who were quite aware of the poor housing conditions they endured.

- 16) Ibid., pp. 100 - 106.
- 17) Third Meeting of the Subcommittee on Housing and Community Planning, May 14 and 15, 1944, James Papers, RG2, C-191, File 4186.
- 18) Advisory Committee on Reconstruction, op.cit., pp. 107-130.
- 19) Ibid., Research advisor to the Curtis Committee, Leonard Marsh, was quite aware that housing problems would exist when dwellings were owner occupied. Marsh noted that a "comparison of typical sizes of contemporary houses and older ones shows readily the trend to much smaller houses". This was encouraged by higher material and labour costs. Also the pursuit of "cheap" housing, to be "within the range of wage earners and some middle income groups, produced a number of examples of houses which are too flimsy or too small". Common examples of this trend were the building of one bedroom in a home, or limiting of house size to 500 feet. Marsh found that the 1941 census showed that 40 per cent of Vancouver's owner-occupied homes were "either extremely modest structure or of low value because of deterioration or age". See L.C. Marsh, "The Economics of Low Rent", Canadian Journal of Economics and Political Science (February 1949); 14 - 33.
- 20) Minutes of the Third Meeting of the Sub-committee on Housing and Community Planning, May 14 and 15, 1944. James Papers, RG2, C-191, File 4186.
- 21) Memorandum to Advisory Committee on Reconstruction from Dr. O.J. Firestone, on "Rent and Income of Low and Medium Earning Groups, The Need for a Public Program" May 12, 1943, in James Papers, RG2 C-191, File 4186.
- 22) Ibid.,
- 23) Ibid.,
- 24) Minutes of the Third Meeting of the Sub-committee on Housing and Community Planning, op.cit.
- 25) Advisory Committee on Reconstruction, op.cit., pp. 92 - 100.
- 26) Ibid., p. 96.
- 27) Ibid., pp. 110 - 119.
- 28) Ibid., pp. 119 - 122.
- 29) Ibid., pp. 193 - 204.
- 30) Ibid., pp. 201 - 202.

- 31) Ibid., pp. 200 - 201.
- 32) Ibid., pp. 18, 19, 193 - 204. In a critical article on the 1944 NHA, Curtis committee member, B.H. Higgins, noted that the recommendation of himself and his colleagues in favor of limited dividend housing was developed "as an afterthought". See B.H. Higgins, "Appraisals of the Canadian Housing Act", Public Affairs (Spring, 1945): 169. Nowhere was limited dividend housing mentioned in the text of chapter nine which detailed proposed solutions to low rental housing problems. It was likely added into the summary of the chapter's recommendations at the last minute to assure a more favourable consideration of the report by the government. The reason for the early omission is quite obvious; the concept of return on investment for low rental housing was in conflict with the massive statistical evidence, gathered by Firestone, to demonstrate the need for subsidized shelter.
- 33) Advisory Committee on Reconstruction, op.cit., passim. See especially summary of recommendations, pp. 9 - 24.
- 34) Ibid., pp. 262 - 266.
- 35) Ibid., pp. 266 - 271.
- 36) Ibid., pp. 223 - 234.
- 37) Ibid., 223, 224, 233, 234.
- 38) Leonard Marsh, Report on social security for Canada, Second edition. (Toronto: University of Toronto Press, 1975), pp. xxix - xxxvi.
- 39) April 1 1944 Clipping of Financial Post, in files of W.C. Clark, PAC, RG 19, Volume 3980, File "not indexed Housing".
- 40) Brief of Canadian Association of Real Estate Boards, April 4, 1944, and Brief of National Home Builders Association, January 21, 1944 in PAC, RG 19, Vol. 3390.
- 41) Dominion Mortgage and Investment Association Brief, Housing in Relation to Post-War Reconstruction, February 24, 1944, in PAC, RG19, Vol. 3980, File "Housing". The DMIA's complicated recommendations regarding the relationship between down-payment ratios and lending values were basically followed in the NHA of 1944.
- 42) Letter April, 1944 from Norman A. White, Assistant Secretary, Dominion Mortgage and Investments Association, to W.C. Clark in PAC, RG 19, Vol. 3540.
- 43) Brief "Respecting the Construction of Housing Facilities to Ease the Housing Shortage", PAC, RG 19, Vol. 3540.

- 44) Dominion Mortgage and Investments Association Memorandum re "The Position of Member Companies re the National Housing Act as conveyed to Dr. W.C. Clark" in PAC, RG19, Vol. 3540.
- 45) Reprinted Architectural Forum, article in Clark's files in PAC, RG 19, Vol. 3975.
- 46) Marsh, op.cit., Report on social security in Canada, pp. 200 - 201.
- 47) Advisory Committee on Reconstruction, Report of the Advisory Committee on Reconstruction (Ottawa: King's Printer, September 24, 1943), p. 33.
- 48) Granatstein, op. cit., p. 281. King's diary shows close co-operation between himself and Clark to obtain Cabinet support for family allowances; however it is silent on the topic of the National Housing Act.
- 49) Financial Post, July 29, 1944, p. 2.
- 50) Globe and Mail, October 28, 1947, p. 1.
- 51) Granatstein, op. cit., pp. 273, 274.
- 52) Higgins, op.cit., p. 168.
- 53) Ibid., pp. 167, 168.
- 54) Ibid., pp. 170, 171.
- 55) Statutes of Canada, 1944, National Housing Act, pp. 419, 420; the first grant under Section Five was in 1946 to Humphrey Carver, to finance the writing of a book, Housing Canadians. To keep Carver "on the right track", the book was supervised by a committee of representatives of a life insurance company and a real estate firm. Carver recalled how the story "is told" in government circles that Section Five was conceived by W.C. Clark in a Gatineau hills weekend in order to make the NHA more appealing to returning veterans. Whatever went on in Clark's mind, Section V was a diluted version of the research and education effort that the Curtis Committee was calling for. See Humphrey Carver, Compassionate Landscape, (Toronto: University of Toronto Press, 1975), pp. 79-80; 104, 105.
- 56) Higgins, op. cit., p. 170. The significance of Higgins' article in Public Affairs is highlighted in that it was followed by another by a D.P. Reay. Reay's views stressing efficiency in building were identical to those of W.C. Clark.
- 57) Ibid., p. 170 Statutes of Canada, National Housing Act, 1944, op cit., pp. 413, 414; Statutes of Canada, 1944, Farm Loans Act,

pp. 347-353; House of Commons Debates, 1944, 111: 3607 - 3670; IV: 15972 - 6011. The inadequacy of the new legislation for farm loans and rural housing was criticized by CCF and Conservative opposition MP's. Typical of their observations was the observation of Mr. Bryce that, "I or any other farmer in Manitoba can go to the bank and get credit at five or six per cent". (p. 3638) Knowles felt the Curtis committee figure of \$1,500 for a model farm home was an insult to Canadian farmers. (p.5985) John Diefenbaker felt the government's commitment to rural housing was "totally inadequate to meet the responsibilities of the government and the country to our rural areas". (p. 5989)

- 58) Statutes of Canada, 1944, National Housing Act, pp. 406 - 413.
- 59) Higgins, op. cit., pp. 168 - 170.
- 60) Ibid., pp. 170, 171.
- 61) Ibid.
- 62) House of Commons Debates, 1944, IV: 5985 - 5988; 5990 - 5993; 6179 - 6181. Ilsley replied to Bruce in a manner that showed he had memorized well Clark's memorandum. He asked, "would not family allowances help", in response to his stress on the need for housing subsidies to ensure affordability to low income groups". (p. 5985)
- 63) Ibid., p. 5988.
- 64) Carver, op. cit., pp. 79, 80; Letter August 11, 1944, J.L. Ilsley to W.C. Clark; Letter August 17, 1944, W.C. Clark to J.L. Ilsley; Pressure for low rental housing was also received from a resolution of the British Columbia provincial government, in support of the Curtis Report, PAC, RG19, Vol. 709.
- 65) Copy of Extract of Sept. 18, 1944 issue of Vancouver Sun, sent to Donald Gordon "For his information". Kenneth Wilson, "A liberal housing plan", Canadian Homes and Gardens, August - September, 1944. Letter October 25, 1944 from M.W. Sharp to F.W. Nicolls, PAC, RG 19, Vol. 709.
- 66) Nicolls had also tried earlier to be less dogmatic in drafting the legislation. He tried to persuade Clark to have the federal government subsidize farm housing through donations of materials from temporary buildings. Such measures would not make subsidies "too obvious", see Oct. 19, 1944 and July 22, 1944 memos from Nicolls to Clark, PAC, RG 19, Vol. 709.
- 67) Letter from R.A.C. Henry, Deputy Minister, Department of Reconstruction from J.M. Pigott, Letter from J.L. Ilsley to C.D. Howe, Dec. 11, 1944, RG 19, Vol. 709.

- 68) Kenneth Banting, The Welfare State and Canadian Federalism (Kingston: McGill-Queen's University Press, 1982), pp. 111, 112.
- 69) For example see Albert Rose's Canadian Housing Policies: 1935 - 1980 (Toronto: Butterworth, 1980) p. 28. Despite Rose's concept that the NHA of 1944 was primarily concerned with "the expansion of employment in the post-war period", he hails the legislation as "remarkable" since the war had not yet been won. Rose's criticisms are focused on the impetus that the subsidized share of the federal portion of joint-loans encouraged suburban sprawl. However, this ignores the Curtis committee's support for federal mortgage lending at subsidized rates and that direct lending at market rates would have had an identical impact on land use, although not on lending institutions. An alternate criticism is contained in Marsh's "The Economics of Low-Rent Housing", p. 21. Marsh pointed out that the limited production of rental housing after the war produced a situation where many would buy or build "at extravagant prices, as the only way of getting accommodation at all". This continued the same situation of the housing shortage of the war years; the low rental vacancy rate made even the most expensive owner-occupied housing attractive for many families.

## CHAPTER ELEVEN

### A Second Emergency:

1944-1946

With the passage of the NHA of 1944 and the concentration of power over it in the hands of the Department of Finance, it appeared that Clark's vision of a privatized post-war housing boom was assured. In fact, the Wartime Prices and Trade Board created an Emergency Shelter division at the end of 1944. It attempted to deal with the continuing housing shortage through restrictive measures. However, a freeze on positive housing measures, in the twilight of war, would evaporate with the coming of peace. The influx of returning veterans created a housing crisis far greater than what W.C. Clark had hoped would serve as an inducement to post-war prosperity. Events such as resistance to evictions, the occupation of the Hotel Vancouver, and concern that the housing shortage was playing havoc with rehabilitation programs for veterans, forced a major program of veterans' rental housing upon a reluctant government.

The political demands of the immediate post-war years dictated departures from conventional market orientated policies. Little change, however, was made in regards to the thrust of long term housing measures. The assisted market approach was strengthened in these years by the creation of the Central Mortgage and Housing upon the model of the stillborn Central Mortgage Bank of 1939 and the initiatives taken to create housing development corporations. Despite the continuing

failure of the limited dividend housing legislation to generate any construction and the cancellation of Housing Enterprises Limited due to its embarrassingly high rentals, the government was to resist pressure for a long term public housing program. Wartime Housing's merger into CMHC changed the original conception of the agency as restricted to stimulating the private market. This tended to consolidate the thrust of federal policy, for while lower level former Wartime Housing employees' suggestions for social housing would still be made, with Mansur as President of CMHC, they would not find their way into the federal cabinet.

To Crowd, Not Build; The Severities of the  
Last Year of World War Two

By the end of 1944, federal housing policy had drifted into a conservative position that found its warmest support among the most extreme opponents of public housing in the real estate industry. In their anti-public housing tract, published by one of the leading Toronto real estate firms, W.H. Bosley and H.E. Manning praised the recently passed NHA as "the most constructive measure yet put upon the statute books". The authors attacked public housing with a social control attitude reminiscent of the public health officers of 1913. Ignoring the Curtis committee's income figures, it was argued that poor housing conditions came from people who wanted "to live in unsatisfactory houses in order to drive motor cars and indulge their

taste for luxury goods". Tenants also caused slums by being "shockingly indifferent to the use of soap and water". In short, building "new houses would not make clean tenants". Overcrowding was caused "not with defective premises but with defective tenants". What is most significant in this ringing endorsement of Clark's housing policies, is that one of the tracts' authors, W.H. Bosley, would, around the time of its publication, be appointed by the federal government to be Emergency Shelter Controller for the Toronto district.<sup>1</sup>

The refusal of the federal government to begin a major boost in residential construction necessitated the adoption of an emergency shelter program. The internal history of the federal rental control program notes how the imposition of stricter eviction controls in January of 1944, although serving to create "stability of tenure particularly in Eastern Canada", could not stop the "game of musical chairs".

The order of January, 1944, applied more to the multiple unit rental accommodation of Quebec and the Maritimes than to the rented cottage common in Ontario and Western Canada. In Toronto 1.7 per cent, or 2,300 of the city's tenant families were given notices to vacate. These fell due in October 1944. This list contained some "duplications", since often a tenant would buy a home "with the object of living in it". This unfortunate tenant B would buy a home for himself and give the "tenant C notice to vacate etc."<sup>2</sup>

The chronic housing shortage did not result in any new moves to increase housing production. Instead, rental regulations were

tightened and controls over movements of people from one part of the country to another were introduced. This move was taken out of an embarrassing political impasse. Donald Gordon noted, that although the provinces of Ontario and British Columbia were happy to call on the federal government to end evictions of well-behaved tenants, they declined to accept a devolution of this authority from the federal government. Apparently the provinces would continue to decline jurisdiction, as long as they were "able to blame the Dominion Government for failure to meet the problem".<sup>3</sup>

The development of Emergency Shelter was also required since the federal government had adopted, in Gordon's words, a "firm policy of refusing further extraordinary" measures of eviction control. The most concerned provinces, such as British Columbia, had also proven unable to devise more stringent control regulations on evictions than the federal government already had in force. Given this impasse, the federal government accepted Gordon's recommendations to extend the emergency shelter regulations already applied to Halifax to designated centers of congestion across Canada. Gordon's alternative proposal, made on December 7, 1944, to have "more housing rushed into the areas of worst congestion", was quickly rejected by December 11 1944. As in Halifax, wide powers of regulation would be given to administrators of designated congested areas. Such "administrators" would have the authority "to prevent irresponsible or unnecessary movements of Armed Forces personnel". They would also co-ordinate "all present organizations or committees now dealing with the problem of shelter eg. W.P.T.B. Housing Registries, Y.W.C.A. activities, now under National

War Services Department, N.H.A. Conversion Plan etc." All agencies currently taking lists of applicants for housing in designated communities would turn their "information into the administrators office". Control would also be assumed over Wartime Housing's listings. Also, the administrators were given very broad powers to regulate housing use. These included being able to "prescribe how any shelter ... shall be used", to "vary or suspend in specified respects agreements or laws affecting shelter", to "require persons to let or offer any shelter" and even to "take possession of and use any shelter". Also, "an extensive publicity campaign" would be launched under the direction of each "administrator". This would serve to appeal to citizens to share their homes, discourage "non-essential in-migration into congested areas" and inform the public of "the impracticability of building more rapidly until the labour and supply situation eases". Publicity aids would be "developed by a commercial advertising agency and made available to administrators for inclusion in their campaigns". The regulations as proclaimed on December 19, 1944 contained some additional provisions to protect tenants. Landlords could not refuse to rent to tenants "on the grounds that they have children, unless by the permission of the administrator". Also, no existing residential premises could be closed "without the concurrence of the administrator".<sup>4</sup>

In addition to Halifax, already living under such regulations, emergency shelter administrations were extended to Ottawa, Toronto, Vancouver, Victoria, Hamilton and Hull. A permit system was established "applicable to all persons seeking family accommodation".

Permits would not be given to persons from outside the area unless they could prove that their "services could be regarded as essential to war industry or the production of essential civilian goods". The size of the accommodation that could be lived in was limited by such permits.

The most severe restriction enacted was proclaimed on February 15, 1945. The order insured that "no person may move to and rent or occupy family quarters" in the designated districts "without an administrator's permit". The administrator was given one function to positively increase housing supplies. This was to order materials to ensure the completion of unfinished houses.<sup>5</sup>

The experience of emergency shelter control repeated many of the difficulties experienced in Halifax that have been discussed in Chapter nine. Controls on the movement of population could contain the cities' housing problems, but do little to improve the shortages which caused the imposition of the extraordinary regulations. A shortage of housing construction supplies was the root cause of the problem. Controls to enforce the optimal use of the existing housing stock could not address this situation. The most ably administered controls could not completely eliminate the "black economy" that emerged from a command, wartime economy.

Vancouver's housing administrator, Air Force Vice-Marshal L.F. Stevenson, faced a particularly difficult situation. In the last months of 1944, some 6,000 people had moved to the city. Some 2,500 homes could not be completed in the Vancouver Metropolitan area, due to lack of construction materials. In order to build without federal construction permits, "Tom Thumb" houses were built for less than

\$1,500. Vancouver also had a lucrative "black-rent market." A Vancouver newspaper reported that "selling keys, bonuses, dilapidated furniture, special privileges, gas, radio and electricity extras" were widespread and punished by fines of \$25 or less.<sup>6</sup>

Stevenson did vigorously apply his regulatory authority. Some 500 applications to move into family quarters were refused. These were largely from non-residents, who had been living in single rooms. Retiring farmers from the prairies and British war brides whose husbands did not permanently live in Vancouver before the war, were denied family shelter authorization. Stevenson issued a large newspaper ad appealing to householders "to examine every possibility of extra accommodation".<sup>7</sup>

Stevenson was forced by circumstances beyond his control, to take measures to further reduce housing production. In March of 1945, the building of homes without federal licenses was terminated. Little could be done by Stevenson to increase supplies to residential builders. He complained, that "a number of commercial projects for which no urgency existed have been authorized and are using materials and labour which should have gone into homes". Lumber used by Vancouver builders was of the poorest grade. The better quality material was exported. Due to the rental shortage houses continued to change hands "overnight" and "Real Estate operators enjoyed a field day". Many homes were sold for twice their pre-war value. Both the "owner built house and speculative construction" created "a pernicious situation." The former would sometimes spend a year and a half "in completing his house, tying up materials uselessly". Speculative

contractors sold "at outrageous prices, which many in pure desperation have had to pay".<sup>8</sup>

Many of Stevenson's recommendations for increasing the shelter supply were rejected. These included turning the vacated army hutments near aerodromes into emergency family housing. The old Vancouver Hotel he estimated, could house 1,500 persons as a veterans' hotel. However, it was not vacated by the army. Stevenson also unsuccessfully urged that manpower be provided for building materials supply industries. He urged the use of war prisoners if necessary.<sup>9</sup>

An extensive publicity campaign and control on in-migration was accomplished in Vancouver, but the housing shortage still intensified. From February 15 1945 to May 1 1945, some 18,000 requests to move to Vancouver were made. This involved "a tremendous amount of interview work and correspondence". Of the 18,000 requests, only 1,650 permits for family dwelling space were issued.<sup>10</sup>

The "campaign to extend the use of existing space", however, failed to help "with the principal problem - ... families with children". Only more sleeping rooms and rooms with board were created, together with just 52 units of shared accommodation for single persons and "couples without children". It appeared that 370 families faced eviction notices, with "no place to go".<sup>11</sup>

As a result of his experiences, Stevenson recommended a program of subsidized low rental housing, "at the earliest possible date". This repeated the earlier pattern of Russel Smart, who in similar circumstances had come to conclusions that violated the norms of the Department of Finance. He found that arrangements should be made among

federal, provincial and municipal authorities to provide a subsidized "modest three and four roomed apartments at a rental of \$25 and \$35 respectively".<sup>12</sup>

Stevenson detailed his concerns to a May 15, 1945 meeting of the Pacific Regional Employment Advisory Board of the Department of Labour. He noted that some 1,751 houses could not be completed, due to a lack of the builders' "connections to get all the materials". He estimated that Vancouver had an immediate housing requirement of 70,000 houses.<sup>13</sup> The Vancouver situation with the vigorous leadership of Stevenson is, at least, well documented. The same cannot be said of Toronto. It was administered by real estate lobbyist W.H. Bosley. Although Montreal was initially scheduled to come under the control of an emergency administrator, this was altered because of the opinions of Rentals Administrator Owen Lobley and the Montreal city council. This decision was protested by the Montreal local of the United Electrical Workers. Mrs. A.E. Hatfield, Chairman Rooms Registry War Services Committee of Montreal, complained to the Minister of Finance that Lobley would not inform the registries service when rents were adjusted. He took the attitude that "as long as some information is in his secret files, nothing else matters". Hatfield pleaded to Ilsey for positive action noting that:

Scenes of bitterness, of anger, of frustration are becoming every day events, in this office, if we cannot find quarters within their income. Their re-adjustment to family life, ...lower civilian wages, are in themselves sufficiently difficult, but not to have any place to house themselves or their families seems to them the acme of unfairness and injustice, after three or four years service overseas.<sup>14</sup>

By the end of February 1945, the housing situation was posing concern in the Department of Veterans' Affairs, the Wartime Information Board and in the demobilization branches of the armed services. Veterans were being refused entry into certain cities on the grounds that their new jobs were not of significance to the war effort. The Demobilization and Rehabilitation Information Committee decided to submit a memorandum to the federal cabinet. It pointed out "the difficulty of publicizing the successful operation of the rehabilitation program in the face of the housing difficulties which veterans face". It was evident that in "addition to a satisfactory job, a man must be able to secure a place to live for his family and himself, before he can be considered satisfactorily re-established".<sup>15</sup>

The Rehabilitation Information Committee also reported on the political fall-out from the continued housing shortage. In May, some 29 critical articles on veterans' housing appeared in newspapers in twelve Canadian centers. In Edmonton it was reported that tents were "being erected as emergency shelter for servicemen's families". Also, an issue had been made "of profiteering at the expense of veterans". It was also reported that the Citizens' Rehabilitation Council and the City Council of Vancouver had called on the federal government to "erect 5,000 low rental homes for veterans and their families".<sup>16</sup>

The memorandums of Veterans' Affairs, the Wartime Information Board and the demobilization branches of the armed services indicate a growing dissatisfaction within the federal government with the Department of Finance's housing policies. When peace arrived in Europe

on May 8, 1945 these restrictive policies would be ended and the plans for post-war reconstruction set out in the NHA of 1944 could be implemented.

### The Vision of the Department of Finance

#### At the Verge of Peace

The NHA laid only the bare framework for the government's post-war housing plans. The outer limits for these programs were established by the legislation. The details, including construction targets, would be worked out after the NHA's passage in 1944.

The first major event shaping the Department of Finance's postwar plans was the collapse of the Spinny Limited dividend housing scheme in September of 1944. This foreshadowed the failure for the next five years of the NHA's limited dividend legislation. The company's dissolution was part of the inherent conflict between building for profit and meeting the goals of comfortable housing at affordable rentals.

Clark, however, did not assimilate the lessons of the failure of the Spinny scheme. He continued to press for limited dividend projects in which no private investors would participate. On January 31, 1945 the Mayor of Quebec City indicated he was content to see an independent body controlling a federally funded rental housing project. However, he found that all potential investors sought out to participate would not "subscribe personally the 10 per cent equity required". The Mayor

proposed that Quebec City put up the 10 per cent equity for a limited dividend project. He pledged this would be done "without interfering with the independent administration of the plan ... or giving way to patronage or any other influence whatsoever". Ilsley responded that he found it "most difficult to believe that it would be impossible to find in the city of Quebec a group of persons and corporations who would be willing to interest themselves in such a project and make the small investment required".<sup>17</sup>

A similar deadlocked situation in regard to limited dividend housing soon arose in Vancouver. Here, former Reconstruction Party leader, H.H. Stevens, told Clark that the group "originally interested in forming a limited dividend housing corporation ... had become doubtful of the feasibility after investigating various details". In response, Clark told Stevens that despite the low return on investment, the businessmen would get "a great kick out of it".<sup>18</sup>

The failure of potential limited dividend investors to respond led C.D. Howe to conclude that "the workability" of the NHA's provisions for rental housing was "doubtful". He argued that since in contrast to these untested sections of legislation, Wartime Housing Limited had been proven to be "competent in the building field ... it would seem logical that any Government building and rental operations should be entrusted to this organization". In response, Ilsley argued that while he had "never counted heavily on a big contribution through the medium of limited dividend housing corporations", he had expected big results "from private enterprise in the field of direct investment and management of large rental apartments". He told Howe that "nearly

all the insurance companies" had shown a desire to develop such projects. Ilsley predicted that Metropolitan Life would "show leadership in this field as they have done in the United States". To further this goal, the Department of Finance had met with the chief mortgage officers of the Prudential Insurance Company of Newark, New Jersey. To have Wartime Housing build peacetime rental projects, Ilsley warned Howe, would be "to drive private enterprise out of the field". Clark felt strengthened in this position by a March 20, 1945 account, in the New York Times, which held that privately built housing was cheaper because of lower wage costs.<sup>19</sup>

J.L.E. Price, president of National Homebuilders Association, was quite concerned after the end of the war about the failure of the government's schemes for increasing private rental construction. He noted that substantial construction in the country was doing nothing to "the solution of the low cost housing problem simply because nearly all of the present activity is centered in deriving the highest profit possible in the circumstances". Price warned Clark that the V-E Day riots in Halifax showed what was "likely to happen when dissatisfaction and resentment find expression in violence". All hopes "for an orderly transition from war to peace" would fail if the need "to curb the growth of dissatisfaction and resentment on the score of housing", was not recognized. Price told Clark that speculative builders could not produce "low-cost housing at a limited profit". Price urged that high priorities only be granted to limited dividend housing corporations, not to speculative builders constructing homes for sale. On May 30, 1945, Price wrote to G.W. Spinny that "a National campaign to encourage

the promotion of Limited Dividend Housing Corporations in all the larger urban centres, from Coast to Coast", should be undertaken. It would involve churches, boards of trade, the Canada Legion, labour unions and service clubs.<sup>20</sup>

Despite Price's warnings of social unrest, Clark would not change the Department of Finance's policies to give private rental construction an advantage over home ownership. The unused sections of NHA on rental housing seemed to serve the purpose of providing an alternative to public housing. Clark did not wish to run the risk of a major campaign to breathe life into them, particularly after the defeat of Spinny's earlier scheme. Instead, the Department of Finance would focus its post-war housing efforts to facilitate construction for home-ownership.

The Department of Finance's plans for post-war housing were set out in a lengthy report on the need for a Central Mortgage Bank, written by D.B. Mansur, in January of 1945. Mansur's memorandum shows that Finance was chiefly concerned with meeting the market demand for purchases tied to home sales. There was little concern for raising national housing standards to eliminate such harmful conditions as overcrowding or lack of warmth. Unlike the Curtis Committee, which saw the elimination of poorer rural housing conditions as an important goal, Mansur did not contemplate broad social objectives. Instead, he took the view that it was:

fair to say that the farmer in the Prairie areas of western Canada is not particularly interested in improved quality of housing. Good housing is looked upon by the farmer as an unnecessary expense and is not classed in the same category as farm buildings.<sup>21</sup>

In making estimates of housing need, Mansur focused on what the demand for home-ownership would be. In this regard, an actual decline in the level of national income, which he believed would be "at a Mid-point between 1939 - 1944", was envisaged. He noted that a survey conducted by the National War Finance Committee found that 16 per cent of the holders of Victory Bonds "stated that they were going to use the proceeds of Bonds for post-war housing". This would indicate that "250,000 - 300,000 families in Canada" were "very real prospects" for home-ownership. Based on such figures, Mansur concluded that an 80,000 units per year figure, from 1946 - 1950, would be reasonable. At an estimated cost of \$4,000 per unit, such a program was estimated to cost \$1.7 billion dollars.<sup>22</sup>

In carrying out such a program, Mansur believed it was necessary to replace the small speculative builder with large land development companies. He estimated that "all the speculative builders in Canada" could not "finance a program of 20,000 units" per year. Even if they could do this, a heavy part of the sale price would be for "excessive costs incurred by the builder through lack of proper financing".<sup>23</sup>

Mansur did not see an insurmountable problem in obtaining mortgage funds. He noted that the Canadian life insurance companies had \$1,604.3 millions in assets of which 18.6 per cent were held in mortgages. At the end of 1930 this figure had been 42.7 per cent. Mansur estimated that the 18.6 figure would be raised to 35 per cent by 1950. This would mean \$540 million would be available for mortgages from Canadian life insurance companies. Another \$250 million was expected from U.S. life companies, \$15 million from British life firms,

\$75 million from loan companies and \$15 million from trust companies. With such a level of funds Mansur did not believe it necessary to revive the Central Mortgage Bank suspended in 1940.<sup>24</sup>

Although Mansur saw no immediate need for a Central Mortgage Bank, he saw its possible future use to "possibly supply funds to the loan and trust companies". Eventually, as Mansur recognized, the insurance companies would come to the point where they would feel it unwise to invest a greater portion of their funds in residential mortgages. In this saturation situation, the investments of loan and trust companies would become quite important to stimulate new housing construction. Also, it would be important to maintain the loan and trust companies' mortgage staffs. These firms seemed to be the weak link in Mansur's projection. One "large loan company" told Mansur that although they signed an NHA agreement, they felt uncomfortable about going into 20 year as "against 3 to 5 year borrowings".<sup>25</sup>

Mansur estimated that 75 per cent of the building "in a postwar residential building program" would take place "in communities well serviced by lending institutions". Mansur did not believe "that a lending institution of last resort should be established until the failure of the companies to service outlying areas is determined beyond doubt". However, greater progress would be made by the Department of Finance "if they had the facilities of a Central Mortgage Bank which could buy and sell mortgages". Mansur saw the Central Mortgage Bank's ability to fund lending institutions and power to buy and sell mortgages as the only likely way of having trust companies maintain their existing level of service to outlying areas in a time of a mortgage

boom. Mansur particularly feared that Canada Permanent Trust would abandon centers like "Woodstock, Edmundston, Windsor, Amherst etc." Even with such dangers, Mansur felt that the consideration of the re-establishment of a Central Mortgage Bank could be deferred until 1946.<sup>26</sup>

One area where Mansur believed immediate action was necessary was the formation of housing corporations. In contrast to the U.S., he found that in Canada "practically all residential construction ... has been owner built or speculatively built for immediate sale to homeowners". Land for lots would be on a street already laid out by a municipality. Mortgage financing was arranged by the home owner or speculative builder. Loans would be offered to "various companies by a real estate broker" who looked "for the highest amount offered in a competitive market". In contrast, in the United States, large housing developments were "practically completed before the prospective home owners purchase houses". Loans would be "processed by local banks or local mortgage brokers" to "the point of installation of the home owner and payments started". Such banks and brokers would have "connections with lending institutions". These larger life insurance companies would frequently buy builders' mortgages.<sup>27</sup>

Mansur believed that while housing corporations "do not necessarily have to be very large", they "must be well financed". The existing Canadian speculative builders' "great deficiency" was that they usually built more homes than they could finance. Also, this lack of credit tended to inflate costs. When they became over-extended, unfavourable sales would be made to home owners. Second

mortgages behind an 80 per cent housing loan would be adopted as a last resort.<sup>28</sup> Mansur saw few Canadian examples of "housing, as opposed to the building of houses". What Mansur meant by "housing" was the planning of whole communities, as had taken place in company towns such as Baie Comeau, Timiskaming and Trail. He saw strong zoning as existing in Mount Royal and Hampstead as further examples of such housing. One model company was Parkdale Homes Limited of Montreal. Owned "by a Swiss named Eisenstat", the company had "several large developments in Verdun" and went "so far as to negotiate with chain stores, theaters, etc., to see that the new area" was serviced. Such corporations, Mansur believed, would be "not only the builders but the operators of the project".<sup>29</sup>

Mansur suggested establishing an experimental housing development in Ottawa East. The National Housing Administration of the Department of Finance and the lending institution would "survey the situation and determine the nature of the development". A "suitable housing corporation" would be found "to develop the property for not only the building but also the servicing over the next few years". The company or the lenders would determine with "the City of Ottawa, School Board, Famous Players, Liggett's and Dominion Stores, the facilities which should be installed and the basis of financing". After the project was approved, money would be "found by the lending institutions on a single or joint basis". Each home in the subdivision would "display a certificate signed by the National Housing Administration that all other houses in the area are of the same quality of construction". This would have homes completed before they are sold "rather than

expecting a prospective home owner to visualize the community while it is still vacant land".<sup>30</sup>

Toward the end of the Second World War, W.C. Clark had a significant exchange with Humphrey Carver. Carver foresaw that the expected post-war residential construction boom would make a mess of Canadian cities through urban sprawl. He believed that even the small-scale DHA had contributed to sprawl in the depression years. Clark responded that no one was a "severer critic" than himself of the "terrible mess that was made of Canadian cities in the years before the war". How Clark and Carver differed during this critical period was that the former saw that concerns for community planning could be solved by the creation of large land development companies designing subdivisions for home-ownership. In contrast, Carver stressed the need for municipally managed subsidized rental housing.<sup>31</sup>

At the end of the Second World War, the housing vision of the Department of Finance was quite clear. Large land development companies would undertake the largest program of residential construction in Canadian history for sale to home-owners. Wartime Housing's residential construction would cease and limited dividend companies would be confined to the paper provisions of the National Housing Act. No concrete plans had begun for the life insurance rental projects so cherished by Clark as an alternative to public housing. The ample funds of life insurance companies sustained an expectation that a record breaking period of building for home-owners would meet the nation's housing needs. However, the realities of family income and the views of other federal departments would shortly challenge this vision of the post-war world.

The End of Concensus:  
The Creation of the Inter-Departmental  
Housing Committee

The creation of the Inter-Departmental Housing Committee in May of 1945 created far greater fluidity in the setting of Canadian housing policies than had existed under the old, purely regulatory, Housing Co-ordinating Committee. In this new situation, the Department of Finance would give way when faced with the needs of re-housing and rehabilitating war veterans. The committee's creation, although assisted in large part by the end of a war-constrained residential building situation, was caused in part, by concerns that the dogmatism of the Department of Finance was endangering a smooth process of post-war adjustment.

On February 1, 1945, W.T. Patterson of Munitions and Supply wrote to J.G. Godsoe that the Housing Co-ordinating Committee should be placed under the chairmanship of a new Department of Reconstruction. Patterson noted that the committee had no means to assess housing needs. The new body could be an originating, rather than a regulatory agency. The new chairman would have housing as his main responsibility and "give the new emphasis on post-war planning and arrange for the necessary facilities to furnish the information which has been lacking".<sup>32</sup>

Wartime Housing continued to receive requests from municipalities for extensive housing programs. On February 16, 1945, Winnipeg asked for 200 wartime houses. Upon investigation, Wartime Housing found

applications from families of servicemen or veterans for shelter filed with the War Services Housing Registry. Also, some 1,602 notices to vacate had been filed with the Wartime Prices and Trade Board.<sup>33</sup>

In March of 1945, at the request of C.D. Howe, Wartime Housing Limited conducted a housing survey of the leading 25 municipalities in Canada. This uncovered an immediate need for 75,000 houses. Of these, Pigott recommended that 45,000 could be built by private capital for the upper and medium income groups. The remaining 31,500 units should be constructed by government over two and a half years. He recommended that 8,000 to 10,000 units be built immediately.<sup>34</sup>

Pigott urged Howe to commit the government quickly to "a hard core", "minimum" program of 8,000 to 10,000 low rental family units to be constructed by Wartime Housing.<sup>35</sup> He stressed his surveys found that families who could afford to pay rents no more than \$30 a month would be faced with "a serious problem". Most returning soldiers were in this situation and there was no indication that private capital would produce anything for them.<sup>36</sup> On March 31, 1945, Pigott warned Howe that:

The housing situation in almost every centre in Canada is serious - and will become more so as month follows month. A shortage exists of accommodation in all levels of income, except possibly the top ten percent. Movement is slow in the home owner field due to lack of labor and materials. The same conditions hold back apartments for rent at rents from forty dollars per month and up.<sup>37</sup>

On April 10, 1945, Donald Gordon sent a warning to Veterans' Affairs Minister, Ian MacKenzie, that in the designated emergency shelter areas and in Saskatoon, Regina, Winnipeg, Windsor, Montreal and

Quebec City, "no existing living accommodation" was available. This situation, he felt, should be "carefully considered ... before making arrangements for the return of Canadian service dependents who have been located overseas". Having a temporary address was considered insufficient for returning soldiers and their families. After staying with relatives for a week, they would be "pressing for individual accommodation".<sup>38</sup>

On May 4, 1945, the Inter-Departmental Co-ordinating Committee on Rehabilitation decided to urge the federal government to "take steps to co-ordinate the functions of the various agencies which were dealing with housing". It further urged that priority for construction permits be given for accommodation "of a type within the reach of persons with low and medium incomes".<sup>39</sup>

By the end of April, the state of government housing policy had aroused the concern of a key civil servant for the government's post-war plans, John Baldwin, Secretary of the Cabinet Committee on Reconstruction. Baldwin noted that the "increasing public demand for a clearer government policy with regard to certain aspects of the housing problem, growing press criticism in this field and the difficulties" of interdepartmental co-ordination made it evident that a new direction must be taken.<sup>40</sup>

Baldwin saw that current NHA loans based on loan values of homes, left "a considerable gap between loan value and actual construction cost". He pointed out to Clark's executive assistant, Mitchell Sharp, that persons "in the low income group...the group most in need of housing" could not "avail themselves of the privileges of the act".

This had also been argued "strongly by the Minister of Veteran's Affairs".<sup>41</sup>

Baldwin was also convinced that the difficulties experienced in setting up limited dividend companies had demonstrated that this approach could not provide the "necessary low income housing". Private enterprise having a "full outlet for all their activities" in a more "profitable type of building" would "pay little regard to the low income group". Baldwin believed that "the repercussions may be serious" if the failure of government to take action in the low rental housing field continued.<sup>42</sup>

As a civil servant tied directly to the federal cabinet, Baldwin could view the inter-departmental conflicts with detachment and objectivity. He found that it appeared that the "only solution" to the housing of low income groups was "some form of limited subsidization". This had "already been accepted in other countries". However, the main stumbling block to this was that the "Department of Finance appears reluctant to accept the principle of government subsidy or of any government aid to municipalities in this connection". In contrast, the Department of Reconstruction had already "prepared preliminary plans for construction of permanent low income housing for rental". However, the Department of Finance ensured no action on these plans.<sup>43</sup>

In order to assist his moves to obtain government approval of Reconstruction's plans for low rental housing, Baldwin asked for further information from Veterans' Land Act Director, Gordon Murchison. Murchison told Baldwin that the basic purpose of the Veterans' Land Act to aid agriculturalists had been undermined by the housing shortage.

Requests for small holdings under the VLA were made "more in desperation about housing than from any desire to take up life on the outer perimeters of our cities as a way of life". Murchison argued forcefully that "private or corporate capital has no intention of investing funds in any worthwhile amounts in what is popularly termed modest cost houses or low rental projects at this time". What was needed was "direct federal financing, including a subsidy principle which will place consumer costs where they must be if modest cost housing is to be a reality for people with modest to low incomes". He felt it was "self-evident" that any building program "during the next couple of years is not likely to result in a surplus of housing".<sup>44</sup>

On May 9, 1945, Co-ordinator of Controls, J.G. Godsoe, told Minister of Reconstruction, C.D. Howe, that he and Clark had reached an agreement on the terms of reference and composition of the new Interdepartmental Housing Co-ordination Committee. Although it was to be chaired by himself, as Deputy Minister of Finance, Clark had conceded the basic points which had allowed his department to set housing policy under the old Housing Co-ordinating Committee. The new committee lacked regulatory authority. Its decisions were to be simply recommendations to Cabinet. Godsoe also told Howe that according to the new Order-in-Council establishing the committee, it would be "clear" that it would "be not only a reviewing body but an originating agency as well". This was quite different from the purpose of the former Housing Co-ordinating Committee.<sup>45</sup>

The end of the Second World War in Europe saw a break with the dominance of the Department of Finance over housing policy formation,

which was evident in the creation of the Housing Co-ordinating Committee three years earlier. The prospect of social unrest of returning veterans made its dogmatic approach increasingly unpalatable to important branches of the federal government concerned with the critical task of smoothly integrating war veterans into Canadian society.

Too Little Too Late: Efforts by the  
Inter-Departmental Housing Committee to cope with  
Housing Shortages in the Spring of 1945

The creation of the Inter-Departmental Housing Committee marked the end of the policies of constraints on housing production which had characterized the war years. Finding housing for returning veterans promoted a new civility in dealings among the varied agencies. A common goal of rapidly increasing housing production was shared and the necessity for extraordinary measures recognized by even the most conservative civil servants. However, the backlog of war-postponed residential construction presented the committee with a task that it could not perform. Effective planning was crippled by a futile search for private investors in rental housing. The war-damaged residential construction and building supplies industries could not be immediately rebuilt. The committee's efforts could not prevent an explosion of discontent, sparked by impending evictions in the summer of 1945. These in turn resulted in bolder housing measures.

The severity of the housing situation and the government's recognition of it was well summed up by W.C. Clark at the first May 23, 1945 meeting of the Inter-Departmental Housing Committee. Clark observed that Canada was faced with "a grave national emergency". This arose from the "congestion and the housing needs of members of the Armed Forces". These were returning at the rate of 20,000 to 25,000 a month. Clark estimated that, of these, 20 per cent would likely "be urgently in need of additional housing accommodation". He also realized that the morale of soldiers had already been shaken by "the prospect of being without adequate housing on return", and that veterans' rehabilitation programs had been jeopardized by the housing shortage.<sup>46</sup>

The situation facing the Canadian residential construction industry at the end of the Second World War was well summed up by Humphrey Carver's observation "that the skills, arts and sciences of domestic architecture and community planning had been dormant in Canada for a generation". Since the precipitous decline in residential building with the onset of the great depression there had been, as Carver noted, "little encouragement for the younger generation to enter the trades and professions associated with so hazardous a business".<sup>47</sup> Such trends had been exacerbated by the tendency of experienced construction workers to be absorbed into the army and better paying jobs in munitions plants. Nicolls told the first meeting of the Inter-Departmental Housing Committee on May 22, 1945 that housing could not "proceed on a satisfactory basis until there is a more abundant supply of both on-site and off-site labour available".

The number of man-hours of carpentry required to complete two identical houses jumped from 310 in 1940 to 700 hours in 1945. The price of lumber had increased by "well over 100 per cent". Builders received lower grade random length lumber. In such instances, 20 to 25 per cent of the material was wasted. Similar changes in grade caused the actual price of brick to double, after mortaring costs were included.<sup>48</sup>

The submission to the first meeting of the IHC by the Department of Labour indicated both how widely construction employment fluctuated and the shortage of labour at the end of the European war. It told the IHC that the construction industry employed 100,400 workers on June 1, 1929. This had dropped to 84,793 by June 1, 1931. War building construction caused employment to peak at 130,500 workers by June 1, 1941. However, by June 1, 1944, as the peak of war construction passed, employment in construction dropped to 79,800 (below depression era levels). By the time the war ended in Europe, Local Employment and Selective Service Offices across Canada reported a need for 79,800 workers. For these positions there were only 12,453 applicants. The Labour Department pointed out that 5,000 interned seamen, now mostly used in lumber camps, could be employed in construction. These, however, were only "about 60% efficient". The attitude of local authorities, particularly in Toronto, made it difficult to use prisoners of war. Also, low wages for heavy work in brickyards encouraged shortages in that industry.<sup>49</sup>

The Department of Labour detailed numerous manpower difficulties and bottlenecks. Veterans' hospitals had top priority. The Sunnyside Hospital in Toronto was of such magnitude that two years would be

required for its completion. Also, building tradesmen were rapidly moving into business as contractors. In Toronto the Labour Department established a committee "of local employers and building union men" which assumed "the task of assigning and directing the available men to the most important job".<sup>50</sup>

Very few persons expressed interest in the Department of Labour's training programs. It was reported that men - "particularly those in the Forces - are not interested". Since January 21, 1944, the Labour Department had the power, under Cabinet-Order-In-Council 8993, to pay fifty per cent of the cost of joint federal-provincial apprenticeship training. Only 2,500 were involved in construction training; these were mostly in the woodworking trades. The Department of Labour found that "very little interest could be developed in bricklaying, plastering or other "hard" trades". "Young men" federal Labour Officials found were simply "not prepared to give up four or five years at low rate for the first two or three years to learn a trade in which the skilled tradesmen of pre-war years was fortunate if he found six months' work a year".<sup>51</sup>

The post-war labour shortage revealed the wisdom of Pigott's stillborn plans to have a sustained program of Wartime Housing construction serve as an adjuster of rapidly fluctuating levels of employment in the construction industry. In its interviews of union leaders, the Department of Labour found that workers wanted "an annual earning guarantee". Union leaders produced statements showing "high hourly rates and low yearly earnings".<sup>52</sup>

The housing and construction labour shortages reinforced each

other. The Department of Labour found it "most difficult to move men into cities to remedy shortages because there is no place for them to live". To overcome this the Labour Department established hostels and advertised for accommodation.<sup>53</sup>

The shortage of housing allowed speculative builders to reap high rewards from inflated prices. Veterans' Affairs Deputy Minister, Gordon Murchison, was convinced, from his experience in administering the VLA program, that "with present day costs there is no such thing as a low cost home equipped with the minimum of modern conveniences". The contract bids received for VLA homes did not "represent sound or fair value so far as the Government or veterans are concerned". Murchison was convinced the:

veteran who accumulated his savings and gratuities the hard way will be merely presenting a large part of these savings to the construction industry in place of investing them in a home on a sound value basis.<sup>54</sup>

At its first meeting, the Inter-Departmental Housing Committee established a building materials sub-committee, to devise a plan to have enough supplies for a program of 50,000 housing units within twelve months. The IHC also decided to form a sub-committee to examine how to increase the supply of building labour. Clark suggested that this be done by "having members of the Armed Forces build their own homes, however radical this might appear to be".<sup>55</sup>

Clark's recognition of the severity of the housing crises had caused him to contemplate measures he earlier opposed. He recognized that Wartime Housing should be "employed for a considerable extent during the next few months building houses for veterans". It would

serve to "eliminate at least some of the speculative profit now occurring to speculative builders". It also had the necessary materials priorities and organization to do the job. At its first meeting, the IHC approved three 100 unit Wartime Housing projects for Edmonton, Regina and Winnipeg.<sup>56</sup>

Despite the more flexible attitude of the Department of Finance, much of its suspicion of Wartime Housing's penchant for subsidized rental housing still remained. Clark complained to Ilesley and Howe that subsidized projects would "complicate the housing problem". By "raising demands for other groups for similar assistance", they would place "further difficulties in the way of private building". However, because of "the urgency of getting rental housing built as quickly as possible for veteran's families", Clark and his associates in the Department of Finance agreed not to oppose their construction. However, the IHC blocked the construction of 50 subsidized Wartime Housing rental units in London. Projects involving 800 homes in Toronto and Ottawa were approved. Since they would be "run on a commercial basis" the Department of Finance deemed them to be "far less objectionable".<sup>57</sup>

At the first meeting of the IHC, Clark revealed his plans for large scale housing projects by what he termed "the medium of private development corporations". Not willing to propose such structural alterations to the Canadian home building industry during the Second World War or depression, he felt the onset of a post-war building boom was the appropriate time. His proposal, known as "Integrated Housing", provided bank loans to housing corporations at one per cent below

commercial rates. If the dwellings built under the scheme could not be sold, the government would purchase them on a cost-plus basis. Builders under the scheme would also be given priority for construction materials. The IHC approved Clark's proposal and recommended that it be "proceeded with as soon as possible".<sup>58</sup>

Clark's "Integrated Housing" scheme provided an alternative to the kind of community building supported by the advocates of socialized housing. His memorandum outlining the project gave a long list of the faults of small scale residential builders. They lacked both "the technical assistance to plan wisely" and "the integrity or sense of responsibility to give good value for money". Such builders would "skimp on the quality of construction". In order to "entice the consumer", who was "usually a woman", they would focus on "the tint of the bathroom walls or the addition of a few attractive but non-essential gadgets". The result of their building was "a higgledy-piggledy, piecemeal and ugly development of our urban communities". Consumers consequently avoided buying a home when they could get more for their money from "automobiles, radio and other forms of expenditure". Clark repeated Mansur's dictum that, if "we have to rely on the small speculative builder, we will never be able to build fifty thousand or one hundred thousand homes a year, which must be done if we are to meet the present emergency".<sup>59</sup>

Clark gave a specific example of how his scheme would work. A model firm, John Brown and Company Limited, had only sufficient credit to build five houses at a time. It had, however, "selected a substantial area of land" in or near the fringe of one "of our large

cities which it would like to develop into an integrated community". When it was completed the project would contain a "thousand homes with the necessary auxiliary services". With adequate capital, 100 homes could be built at a time. At this level of operation its activities would be "most efficient, enabling it to buy its material most economically and to give continuous employment to its labour force".<sup>60</sup>

Clark ensured that Integrated projects would be carefully inspected at every stage by lending institutions and the Department of Finance's National Housing Administration. In turn, banks would give assurance to builders that they would have the "necessary working capital at reasonable rates". Homes purchased back by the government would be sold to "members or ex-members of the Armed Forces". The Canadian Bankers' Association met with Clark on May 1, 1945, to discuss the scheme. They were told it would operate through "a thorough review of their clientele". During this review, the banks would "select construction companies" that they felt "could undertake the development of a large scale housing project". They would then encourage their favourite builders to purchase "well-located" tracts of land for subdivision to prospective home-owners under the NHA joint-loan scheme. The federal guarantee would permit chartered bank financing until the homes were sold.<sup>61</sup>

Two weeks later, on May 14, 1945, the Secretary of the Canadian Bankers' Association, W. Rogers, informed Clark that "with one exception the banks would be glad to co-operate". The exception was caused by one bank's perception that Clark's scheme was "tantamount to

a government-owned and operated plan".<sup>62</sup>

The IHC efforts to increase the production of construction supplies went rather slowly in the spring of 1945. The producers of building materials were not given, as the Department of Labour recommended, an AA "emergency rating". Only a single "A" priority was applied. Meetings were held "with the manufacturers of building materials in short supply". These exchanges sought to "convince the industries of the urgency of the situation, to learn their difficulties and to obtain their co-operation in the expansion of output". Tentative representations were made to the Industrial Selection and Release Board to discharge "key men in the building material industries...as rapidly as possible". "Experienced loggers and saw-mill men" were especially sought.<sup>63</sup>

The IHC quickly became embroiled in disputes over which non-essential construction should be curtailed to encourage residential building. Donald Gordon drew to the IHC's attention the public outcry over the expansion of a brewery in Toronto and an Imperial Tobacco factory in Aylmer. Construction Controller Godscoe defended his policies on the grounds that industrial projects must be encouraged to maintain the Canadian share of international trade. However, from May to December, 1945, even industrial construction was controlled. All new commercial building was prohibited. The only permitted exception was to replace the facilities of "a going concern" that was "destroyed by fire" or lost by lease termination. Voluntary persuasion was used to limit the building of new schools and churches.<sup>64</sup>

Wartime Housing continued to operate under the cautious scrutiny of the IHC. The Toronto Metropolitan Home Builders made the usual

complaints against government provision of "subsidized housing for ... that vast majority of Canadians who are sound in mind and body". During Clark's severe illness, which began in June of 1945, his customary surveillance of Wartime Housing was continued by the IHC's new acting chair, Mitchell Sharp. Although the IHC did approve 650 Wartime Housing veteran's rental housing units at its June 6, 1945 meeting, it simultaneously set up new screening procedures against future projects. Approvals would now have to be made "at an early stage", as soon as Wartime Housing's initial surveys of a city were completed. Wartime Housing's policies became a topic that would "always be considered to be on the agenda, open for suggestions".<sup>65</sup>

The severity to which the IHC subjected Wartime Housing's projects is apparent in the case of Windsor. Where one ninth of the Wartime Housing's munition workers' units had been constructed during the Second World War. Since Windsor had 2,050 units of Wartime Housing already, the IHC was not inclined to approve any more for veterans. On May 29, 1945, Windsor Mayor Reaume met with Emergency Shelter Co-ordinator, Eric Gold, and IHC Acting Chairman, Mitchell Sharp. Reaume pleaded the city's case for 1,500 additional Wartime Housing units "immediately". He told Gold and Sharp that the city's wartime munitions workers were not about to go back to their former farms on the prairies. He also had to stress his opposition to "pulling down a single wartime house". Windsor continued to provide wartime housing with serviced land at the nominal price of one dollar a lot. The municipality was joined in its efforts to obtain more Wartime Housing by veterans' organizations, unions and the IODE. It found that the

housing shortage caused those normally able to afford "moderate rentals" to be adversely affected. Returning veterans were "forced to occupy unsanitary and overcrowded quarters, with the result that they" became "dissatisfied with their lot in Canada". However, the IHC rejected Windsor's requests.<sup>66</sup>

While curtailing Wartime Housing's production of public rental housing, the IHC had meager results in encouraging private sector rental building. At first the life insurance companies complained their rental projects could not get off the ground because of problems "in getting key men released from the Armed Forces". They expressed a reluctance to fall back on the 2.5 per cent government profit guarantee should their projects experience difficulties. The Life Insurance companies also expressed fear of competition from limited dividend projects.<sup>67</sup>

To overcome life insurance company reservations, National Housing Administrator, W.M. Anderson, devised a solution that combined NHA's provision for life insurance and limited dividend projects. Consequently, life insurance companies would have the benefits of the ninety per cent low interest federal loans of limited dividend housing and a 2.5 per cent guaranteed profit. Anderson told a receptive IHC that his scheme would reduce the "widespread pressure for large scale publicly owned and operated housing". He believed the mere announcement of this project would have "a very important psychological effect" upon returning servicemen. However, even by the fourth meeting of the IHC, on June 27, 1945, Anderson's proposal had not gone beyond "preliminary discussions" with the life insurance companies.<sup>68</sup>

By the first of July, 1945, the IHC had taken only the most tentative steps to encourage the production of wartime housing, increase construction supplies and encourage private investment in rental construction. The crisis of evictions of the summer of 1945 would soon show how inadequate this had been.

The Summer of Discontent:  
Popular Protest Forces Change in the  
Direction of Federal Housing Policy

The political impact of a decade and a half of limited housing production was finally felt in the summer of 1945. The shortage of housing produced concrete effects that made continued evasion of the problem impossible. The situation which rang the warning bell in Ottawa was the coming due of eviction notices which threatened to render homeless the families of the nation's war veterans. Protests staged in sympathy with such respected social groups could not be ignored. To avoid direct confrontations with those resisting evictions, changes in government housing policy had to be made. Consequently, the eviction of "well-behaved" tenants was prohibited. Wartime Housing was given a mandate to build a record number of 10,000 homes a year. The Central Mortgage and Housing Corporation was created. New Emergency Shelter regulations prohibited the prolonged vacancy of any shelter. Housing Enterprises Limited was established to finally fulfill the promise of limited dividend and life insurance

sponsored rental housing. Such changes took place rapidly and were fueled by public discontent over the housing shortage.

The Wartime Prices and Trade Board originally attempted to solve the problem of housing returned veterans by drafting orders (never enacted) which would have allowed "honourably discharged service personnel" and their parents to evict tenants in homes they owned within three months of giving notice. This attempt to grasp at an easy solution to the problem was rejected when it was realized that many of the evicted tenants themselves would be families of veterans.<sup>69</sup>

Pending evictions clearly spelled a crisis situation to the government. By July 23, 1945 some 8,391 notices to vacate had been filed in the twelve largest Canadian cities. The WPTB lacked equally detailed figures for smaller communities, but estimates ranged from 15,000 to 20,000.<sup>70</sup>

The falling due of notices to vacate set the stage for political protests. Sixty per cent of the notices involved the families "of men in the Armed Forces, many of whom are still overseas". Emergency Shelter Administrator, Eric Gold, warned that soldiers who had volunteered for the continuing war against Japan had indicated they would not serve until they were "assured their dependents are properly and permanently housed". He argued that in such circumstances, the government could not "permit families to be evicted and left on the street".<sup>71</sup>

The pending evictions led to a bitter struggle between landlords and tenants. Gold reported that Toronto landlords were "descending during the night and physically forcing the tenants out". In

Vancouver, a Tenants' League was formed to picket, prevent evictions and campaign for low rental housing. Large meetings of 200-300 persons were held in Vancouver to protest evictions. The Vancouver Daily Province warned that the evictions had been "creating ammunition for Communist agitators". Movers refused to cross picket lines set up by a Vancouver branch of the Labor-Progressive party. The Vancouver Labor Council wired Donald Gordon to protest the "deplorable housing situation in Vancouver". Three hundred Chinese protestors attended one Labor-Progressive party rally against evictions. LPP youth club leader, Anna Lew, denounced discrimination against Chinese renting in certain Vancouver districts.<sup>72</sup>

On July 23, 1945, Donald Gordon convened an emergency meeting of the WPTB to approve a memorandum composed to Minister of Finance, I.L. Ilsley, on the eviction situation. The meeting approved the memorandum which urged an end to evictions of well behaved tenants. Gordon warned Ilsley that "soldiers' organizations and others are now busying themselves to protect soldiers' families against evictions". If the "present indicated volume" of evictions were "permitted to mature ... serious trouble" could be expected.<sup>73</sup>

The day after Gordon's memorandum was approved the WPTB issued Order 537. This suspended all notices to vacate given by landlords of self-contained dwellings. All eviction proceedings were stayed and no further notices to vacate permitted. Landlords who had already given such notices to vacate could apply to a Court of Rental Appeals for a hearing. The internal history of federal rent controls notes that while this freeze "was protested vigorously by the property owners'

associations and many real estate firms it was a relief to thousands of individuals". The government "received almost equal numbers of letters and wires of commendation and protest". A Montreal firm of barristers and solicitors considered challenging Order 537's constitutionality. This was dropped after the firm was told that the federal Minister of Justice considered the regulation to be "a valid exercise of the Board's powers".<sup>74</sup>

The decision to freeze evictions was coupled with another to increase the production of wartime rental housing units. In its July 23, 1945, memorandum to Ilsley, the WPTB argued that "low cost, low rental housing is urgently needed and is the only solution to the problem". The Board noted the "serious delays in getting such houses". These were caused by material shortages and "protracted negotiations with lending institutions".<sup>75</sup>

Indeed, on the same day as the freeze of evictions, July 24, 1945, C.D. Howe decided that Wartime Housing's production targets would be increased from 3,000 to 10,000 units. Howe sent a telegram to B.K. Boulton who had replaced Pigott as President of Wartime Housing. In this telegram, Howe told Boulton that this building must be done "immediately". He asked for a copy of Wartime Housing's proposed allocation to municipalities based on need. Pigott had compiled this estimate several months earlier. Howe believed that "speed must be the primary consideration as the greatest possible number of houses must be built this year". Howe urged that Vancouver receive "at least a thousand additional houses". This was "the most urgent of several situations called to my attention". On July 24, 1945 Howe also wired

Boulton to contact former Wartime Housing General Manager, Victor Goggin, who had been instrumental in co-ordinating Wartime Housing's heavy construction program during 1941 and 1942. Goggin's sudden rehabilitation as an important person to be consulted points to the major change in direction toward a positive program of veterans' rental housing.<sup>76</sup>

On July 25, 1945, Goggin replied to Howe with an outline of a program for 7,000 additional veterans' rental houses. Projects were indicated for every province but Prince Edward Island. A project for Kamloops for 100 houses which had been rejected was now approved. Saskatoon city council representatives phoned and received approval of another 200 homes. A municipal agreement was airmailed to St. Boniface to assure the quick approval of 100 homes. Wartime Housing pressed reluctant municipalities such as Hamilton, which had expressed a preference for a NHA home ownership project, to accept housing projects in accordance with WHL's calculations of need. At its August 8, 1945 meeting, the IHC approved the construction of 1,000 Wartime Housing units in Vancouver. Donald Gordon informed the IHC that the government was now committed to "taking energetic action to get low rental housing built".<sup>77</sup>

After Howe's decision to embark on 10,000 units as an annual target of Wartime Housing, the supervision by the IHC over its operations quickly ended. Municipal co-operation replaced the Department of Finance as the main break on Wartime Housing's building program. Eric Gold explained the new situation to Mitchell Sharp, in response to a request to approve seven Wartime Housing projects on

September 4, 1945. Gold told Sharp that there was not a city in Canada which did not need "the number of houses proposed by these projects". Also, by the time the proposals reached the IHC, municipalities had already indicated their need for these homes "by making a substantial financial commitment in order to secure them". Gold was only concerned that the requests received from municipalities would not "total the number of houses that Wartime Housing is prepared to build". The reasons for this gap differed. Toronto had difficulty finding the land for the 400 houses it was offered. Hamilton refused to sign an agreement for more than 100 homes.<sup>78</sup>

With social housing projects being passed through by Howe's Reconstruction Ministry with surprising speed, the long time antagonists of this approach in the Department of Finance were also devising their own plans for future housing. Shortly after the decision to freeze evictions on July 24, 1945, the Department of Finance took the first steps toward the creation of the Central Mortgage and Housing Authority. At the beginning of 1945, D.B. Mansur had felt the creation of a Central Mortgage Bank was premature, but he changed his mind during the eviction crisis. At a July 24, 1944 meeting held in Ilsley's office, it was agreed by the Minister of Finance, Acting Deputy Minister of Finance, W.A. Mackintosh, Gordon, Anderson, Sharp and Mansur that the Central Mortgage Bank be revived. Mansur was instructed to prepare "a very rough draft bill to incorporate a corporation to act for the Minister in housing matters". (emphasis Mansur's - the Minister was that of Finance). The main purpose of the new Central Mortgage and Housing Corporation would be

"the development of private investment in real property and marshalling our rather meagre facilities to that end". Indeed, the CMHC was to measure its success "by the amount of activity not undertaken" by government agencies "in the public housing field". The "primary duty" of the new crown corporation would be "one of finding ways and means for private enterprise to look after needs in the economic field".<sup>79</sup>

Much of Mansur's draft bill was taken from the Central Mortgage Bank legislation of 1939. Like this institution, the new CMHC would have the power to discount mortgages. Its capital assets were fixed at \$25 million which would be used for the government's share of the NHA joint-loan scheme. Mansur also proposed that the buying and selling of joint mortgages, direct lending in areas poorly serviced by financial institutions and assistance in the establishment of housing corporations should be assigned to CMHC. As a key objective the new crown corporation would seek to stimulate;

private enterprise to serve as much of the need as it possibly can and to serve an ever increasing portion of the need as time goes on, thus reducing the need to be covered by direct public lending and private participation in housing schemes.<sup>80</sup>

Although investing CMHC with an explicit function to promote private enterprise, Mansur did not do so out of a dogmatic assumption that social housing was unnecessary. Indeed, Mansur felt such efforts should be concentrated in the Ministry of Reconstruction. He believed that schemes, such as limited dividend housing, which attempted to "introduce private enterprise into uneconomic activities" would lead to "endless confusion". To further this division Mansur urged that CMHC

be prohibited from making limited dividend loans, which should remain a ministerial matter. Mansur took a "pretty grim" view of Anderson's efforts to promote housing. Mansur's proposals were accepted by the federal cabinet on October 2, 1945 and included in the subsequent *Central Mortgage and Housing Act* legislation. This carried on the work of the National Housing Administration of the Department of Finance, except for its functions in regards to limited dividend housing.<sup>81</sup>

The shock waves of the eviction crisis also aided Anderson's efforts to fuse life insurance companies with limited dividend housing. Anderson told a meeting of life insurance executives that if "private enterprise" declined to "take the initiative" in meeting housing problems, the government would have "to take direct action on a very large scale". This would mean that the government would become "involved very extensively in state housing, ownership and operation of housing for many years to come". The insurance companies responded to Anderson's warnings with a proposal for "joint construction and ownership" with the government. It was publicly announced that this partnership would build 25,000 homes at rents "as close to \$30 a month as possible". By the end of August 1945, the shape of the joint government-insurance company, Housing Enterprises Limited, had taken place. Housing Enterprise Limited's capital stock was "borrowed from the insurance companies on the security of income debentures". This stock received a 2.5 per cent profit guarantee under the life insurance rental housing section of NHA. Housing Enterprises Limited in turn owned limited dividend companies. These constructed the actual housing projects. Consequently, Anderson's concept of blending the

limited dividend and life insurance housing provisions of NHA was achieved.<sup>82</sup>

The eviction crisis also prompted a more aggressive policy to encourage the production of more residential construction supplies. Gordon told all WPTB administrators that this had been given "a top place in the reconstruction plans of the Government". Industries related to building materials were given the "top labour priority". Administrators "of the finished materials and supplies" sector told "raw materials" administrators of the residential building needs "for at least the next six months". A more determined effort was made to release construction workers from the armed services. Contractors were "encouraged to apply for men they know will be useful". Unions were also asked to provide "lists of men they know to be experienced trades men". Prisoners of war and soldiers were assigned to work in soil pipe foundries, gypsum plants and brickyards. An appeal was made for all men who had served two years or more in a construction trade to register. Minister of Labour, Humphrey Mitchell, told Howe that this register could provide the basis of compulsory allocation of workers to construction.<sup>83</sup>

The protests against evictions also pushed the WPTB to take action against landlords who held housing speculatively, declining to put their accommodation on the market. Emergency Shelter regulations were extended to all parts of the country. It was recognized that "in effect all Canada became a congested area". Each regional emergency shelter administrator was instructed to "actively operate to see that all vacant houses in his Region are put to use". They were told to

make arrangements "with the light companies, water companies, telephone companies etc." These would ensure a "continuing source of information regarding houses that may become vacant". If landlords would not voluntarily put their properties on the market for sale or rent, they would "be given an order " to "either sell the building to a purchaser who will immediately occupy it or to rent it within a certain limited time". Failing either of these two courses, the property would "be placed in the hands of a trust company for rental". Shelter administrators would also maintain "close contact with the Canadian Legion, other servicemen's organizations and labour unions as a means of knowing what families are in distress and as a means for securing local suggestions as to property that might be utilized as housing accommodation". As a result of the government's acknowledgement of the national character of the housing shortage, restrictions on movement of persons into communities seeking family accommodation ceased.<sup>84</sup>

The instructions issued by the emergency shelter administrators reveal the painfully acute nature of the immediate post-war housing shortage. The administrators were told to concentrate exclusively on cases of homelessness. Unless a family was homeless or was soon to be "without shelter of any kind", the administrators were to "frankly and honestly express your inability to be of assistance". There might be "the odd case" where a family was housed in "pathetic circumstances". Here the administrator might feel "compelled to do something for it". These "extenuating circumstances" were to be of "a most unusual nature". Once the "restricted class of homeless" was departed from, Emergency Shelter Co-ordinator, Eric Gold, was convinced that the

government would be;

confronted with countless families suffering inconvenience, inadequacy, discomfort, etc., whom we are totally unable to help and whom we must recognize can only be assisted by the construction of more houses.<sup>85</sup>

The severity of the shortage was also evident from the procedures employed by emergency shelter officials to deal with homelessness. A variety of measures were employed when faced with the problem of "getting a family off the street" while shelter administrators were looking for accommodation. These included having children being placed temporarily in a Children's Home, and the family being housed in community or fire halls or police stations and Armed Forces barracks. Municipalities could make requests to Brigadier Colin Campbell, Director-General of the Department of Reconstruction's real estate division, to have federal buildings converted into emergency shelters. Temporary buildings were sold to municipalities for their purpose at a scrap value. This was estimated at eight to twelve per cent of the original construction cost. Permanent buildings surplus to federal needs were rented at the cost of one dollar a year.<sup>86</sup>

The shock waves from the eviction crisis broke down federal complacency on the housing issue. Leases were frozen, Wartime Housing freed from the conservative constraints of the Department of Finance, controls established to prevent speculative use of shelter, paper schemes for private sector low rental housing revitalized, the Central Mortgage and Housing Corporation created and a zealous policy of reviving the residential building supply industry was begun. However, the underlying tensions within the civil service would not

go away. Battles within the IHC would become sharpened as the private sector continued to be unable to meet national housing needs.

### The Great Evasion: Centralization of Housing Authority Under CMHC

During the fall of 1945, the Inter-departmental Housing Committee was faced with the same situation that the Curtis Committee was confronted with, the inability of the housing market to produce new accommodation that was affordable for low and medium income groups. Although less doctrinaire civil servants from the Departments of Reconstruction and Veterans' Affairs pressed for an acceptance of housing subsidies, the Department of Finance again prevailed. The basic problem of a gap between what it cost to produce new housing of an acceptable minimum quality and the incomes of many Canadians in need of shelter was again evaded. Instead, the centralization of housing authority loomed as a solution to the shortage. As this was done by the delegation of Reconstruction and Veterans' Affairs housing construction operations and the WPTB's emergency shelter to CMHC, the move represented another important victory for the Department of Finance in shaping housing policy. Clark's long time confidant, David Mansur, would direct the housing policy of the federal government, under the advice of his Department of Finance colleagues, Mitchell Sharp and W.A. Mackintosh. At the same time as the decision to unify

most federal housing responsibilities under CMHC (the exception was rent control) was made, any effort to increase the flow of national resources into residential construction was abandoned. The period of construction controls to aid rather than to contract housing production was very short, lasting only from the termination of World War Two in Europe to December 4, 1945. The removal of construction controls coupled with CMHC's integrated scheme placed a heavy emphasis on the solution of housing problems to Mansur's and Clark's favoured large scale residential developers.

The period of liberation of Wartime Housing from the watchful eye of Finance was brief. Howe's directive for WHL to implement its program for meeting veterans' housing needs ended after only three months. Soon no appeals were made by WHL to conservative municipal governments to meet their responsibilities to assist in providing the rental shelter needed by returning veterans. By the tenth IHC meeting, held on October 3, 1945, Wartime Housing's representatives indicated that the crown corporation employees were under strict "instructions not to encourage municipalities to enter into agreements for housing". Only where a municipality was "very insistent" would Wartime Housing begin to "investigate the need".<sup>87</sup>

Higgins' predictions that the NHA's provisions for rental housing could only be afforded by the top 15 per cent of income in the nation soon came true. At its tenth meeting, the IHC came to the regretful conclusion "that genuinely low rental housing cannot be constructed at the present time without a subsidy of some kind". The rents of the pilot Housing Enterprises Limited projects in Montreal and Weston were

estimated at \$44 and \$49 respectively. The new CMHC president, David Mansur, was quite disturbed by this development. He felt the life insurance companies' determination to charge "rentals as high as the traffic would bear" would prove to be "disadvantageous". The companies, he believed, failed to recognize the danger of the "criticism that will come from public housing enthusiasts". Mansur feared that this criticism would "be so great that the insurance companies as an instrumentality for developing housing would be destroyed".<sup>88</sup>

The IHC was also plagued by troubles with the new NHA joint-loan scheme. The 1944 NHA joint loan scheme could be afforded only by the top twenty per cent of households in national income. The controls over architectural quality cherished by Nicolls and Clark as contributions to upgrading the standards of residential building for home ownership, helped to make the final product too expensive for eighty per cent of Canadian families to buy. Four out of five Canadian families in September, 1945 lacked the annual income of \$2,150 required for a five room NHA home. The average cost of a five room house financed by NHA at the point of V-J Day was \$6,000. However, since this cost was felt to be inflated by the Department of Finance, the lending value was set at \$5,400. A Macleans Magazine article at that time quoted Finance officials as maintaining that the Integrated scheme's "organization and mass production" would make "the cost of a single unit identical with its lending value". Despite such hopes, the average cost of a home under the Integrated Housing Plan actually rose to \$8,000 by 1948. CMHC did not analyze home purchasers according

to occupational groups until 1948. It found that 32.1 per cent were self-employed professionals and businessmen. Forty per cent were salaried persons. Wage earners accounted for only 27.9 per cent. Of these, 15.2 per cent were skilled workers. Only 9.6 per cent of home purchasers were semi-skilled workers and 3.1 per cent were unskilled. CMHC also indicated that an important part of workers' abilities to purchase homes in this period was through the establishment of veterans' re-establishment credits.<sup>89</sup>

It took a considerable time during the post-war period for the NHA joint-loan scheme to rise above the relatively minor role in residential construction that it played during the depression. In 1947, the scheme accounted for only 16 per cent of new dwellings built in Canada, only 3.5 per cent above the level achieved in 1945. By 1948, NHA accounted for 29.2 per cent of homes started. By 1950, this figure had risen to 41.7 per cent. The increase in absolute terms was even more impressive. In 1946 and 1947 production of homes under NHA had lagged at 11,827 and 10,933 units respectively. By 1948, this figure had reached 24,400 and in 1950 it peaked at 9,753 units. This trend indicated a greater acceptance of joint loans by lending institutions. Direct lending by financial institutions without the use of NHA accounted for 18 per cent of residential construction. By 1950 this had fallen to 13 per cent.<sup>90</sup>

Despite the close co-operation between the Department of Finance and lending institutions in the drafting of the NHA of 1944, for an extended period into the post-war years, many lending institutions, particularly trust and loan companies, were coolly disposed to the

joint-loan scheme. Trust and loan companies also tended to make a higher percentage of loans on used homes than life insurance companies, which focused like the NHA on new construction. Also lower income groups wanting home ownership could frequently not afford the quality of housing that met NHA standards. In the first study published on the topic, CMHC found in 1947 that 52.51 per cent of the nation's dwelling units that were built that year were financed neither by NHA nor lending institutions. CMHC characterized this as "Individual, Co-operative and Owner Financing". It confessed that it knew very "little" "about this type of financing". CMHC observed that much of this construction was for "shack homes built in outside urban areas or in urban slum districts, huts and other self-contained units built in outlying areas, particularly by logging, mining and fishing districts". This also included homes built by farmers.<sup>91</sup>

Despite the expansion of the volume of NHA loans during the first five post-war years, it tended to capture more of the same top twenty per cent of income that could always afford it. Even at the peak of the joint-loan scheme's success in 1950, the Canadian Congress of Labour estimated (using CMHC's figure that a home could not be afforded that was more than 2 1/4 times the annual income) that the highest paid worker in nine leading industries would need \$1,610 more in annual income to carry the costs of the average NHA home. It would not be easy for these workers - assuming a single household income - to afford the average \$8,086 cost for a single-story NHA home. Except for building construction workers, most could afford the \$6,036 average NHA row-house. However, in 1949 only 393 of 19,323 NHA homes

of this lower cost design were constructed. In order to meet the criticism that their estimates would include industries that had "a good many women, girls, and youths", the CCL illustrated how even workers in industries "in which most of the workers are necessarily grown-up men", such as coal and metal mining, could not afford the average NHA home. The CCL estimated that workers' participation in NHA was only due to unusual levels of savings during the war and veterans' rehabilitation credits. These credits did amount to approximately \$300 million. Of the \$245 million spent by the end of October 1949, 12.5 per cent, or \$30,750,100 was spent on housing.<sup>92</sup>

The continuing difficulties that plagued the joint-loan scheme over the post-war period were evident in the fall of 1945. From the use of NHA at that time, it appeared that even the late depression years had brought more promising results. At an IHC meeting held on October 17, 1945, Veterans' Land Act Administrator, G. Murchison, pointed out that only 126 veterans used their re-establishment credits for NHA loans. Some 4,772 used their re-establishment credits for "home owning purposes other than under NHA". Only 28.2 per cent of a sample of 1,142 discharged veterans indicated they wished to buy a house immediately upon their discharge. The highest proportion, 34 per cent, indicated they wished to rent for two or three years before building or buying a house.<sup>93</sup>

With the NHA being of little use to veterans, the Veterans' Land Act administration soon became swamped with requests. The VLA program, originally conceived as a part-time farming venture, provided housing loans at subsidized rates of interest. Murchison told the IHC that

although the VLA was "not intended to deal with urban housing needs", there was a "great deal of pressure ... to do that very thing". Most applicants came "from a need for a home rather than a serious interest in land". If all the VLA applicants were processed, the result would be a planning nightmare. Some 10,000 small holdings would encircle Toronto. Murchison found that this would require a "simply fantastic" amount of land that would normally be enough for 25,000 homes. The most "vexatious kind of problems in the fields of transportation, taxation and education" would be created. It was predicted that these would involve "the Dominion government in a controversy with provincial and civic establishments".<sup>94</sup>

On October 17, 1945, Murchison presented a detailed memorandum to the IHC stressing the need for more subsidized housing. He viewed the idea of "low rental housing to be developed by corporate finance" as a myth. Without subsidies, new construction could not provide housing at rents less than \$40 a month. He criticized the exclusive focus of federal housing programs on new construction. In "every case" it was not essential "to meet the needs of veterans". Easier financing to purchase old homes would be of great help to veterans. Murchison suggested that for homes purchased at \$6,000 or less, a twenty per cent subsidy be given. He also called for a Dominion Provincial conference to deal with the problem of the need to produce more publicly built low rental housing.<sup>95</sup>

Acting IHC Chairman, Mitchell Sharp, dealt with Murchison's memorandum by referring it to a special sub-committee on housing subsidies. This was an adroit maneuver by Sharp for he himself chaired

the committee which predictably upheld the Department of Finance's opposition to housing subsidies. Sharp told the IHC that although the government had made a mistake in subsidizing the now too popular VLA scheme, there was "no reason why the mistake should be repeated by providing the subsidy in the urban area". The sub-committee did, however, recommend that the government should reconsider its attitude toward the financing of limited dividend housing authorities owned by municipalities. However, the IHC decided against recommending a change in government policy on this controversial question. Instead, the IHC would take the recommendations "under consideration". This measure buried the issue.<sup>96</sup>

Too divided on critical issues to take new housing initiatives, the IHC seized upon the need to centralize all federal housing authority as the key to the problems it faced. In order to convince a reluctant Cabinet of the wisdom of this course, Mansur, Godsoe, Gordon and Sharp wrote a jointly signed memorandum to Howe and Ilsley on November 22, 1945, calling for "a single responsibility in the housing field".<sup>97</sup>

The joint memorandum of November 22, 1945, suggested assigning housing responsibility to an existing federal ministry such as Reconstruction or Finance. However, Privy Council Clerk A.J.P. Heeny took this opportunity to urge Prime Minister W.L.M. King to create a separate federal Ministry of Housing. Heeny drew King's attention to the "increasing volume of criticism within and without Parliament" on housing issues. He believed the provision of "low rental housing" had become "one of the most critical problems" facing the government.

At the same time it had become evident that the Housing Enterprises Limited would not build low rental housing, as Ilsley already pointed out to the Cabinet. Heeny was convinced that housing needed "a third Minister". This person would be "someone who is not overburdened and who could combine all government activities under one aggressive program".<sup>98</sup>

Heeny failed in his efforts. A new Ministry threatened removal of the Department of Finance from control over housing policy. Civil service authority would have been in the hands of a Deputy Minister of Housing, a clear break with the past pattern of Clark's personal supervision of his own department's National Housing Administration. Heeny's failure had some semblance to the attempt of his Privy Council office colleague, John Baldwin, to reduce the Department of Finance's ability to jettison proposals for public low rental housing.

Instead of a housing ministry, housing authority was concentrated in CMHC. Wartime Housing, previously under the Ministry of Reconstruction, was placed under its supervision. Emergency Shelter was transferred from the Wartime Prices and Trade Board to CMHC. The WPTB's continuing jurisdiction over rent controls was the only significant housing responsibility left outside of CMHC's purview.

The division placed CMHC under the control of the Minister of Reconstruction, C.D. Howe. However, through the placement of Clark and Mackintosh on the CMHC's Board of Directors, effective control remained with the Department of Finance. Indeed, former Finance affiliated officials such as Mansur, Clark, Mackintosh and the WPTB's former Emergency Shelter Controller, Eric Gold, took four of the five seats

seats on the CMHC Executive Board.<sup>99</sup>

Its purpose would be like the Bank of Canada, not to compete with private financial institutions, but to add stability to the system. Like the Bank, it would be supported by some private financial institutions initially and opposed by others. The great national insurance companies supported its joint-loan scheme, while trust companies would prove to be hostile or indifferent to it. Just as the Bank of Canada would be a disappointment to populist hopes for government intervention to promote a "soft money" policy, so would CMHC prove a disappointment for reformers who hoped a government mortgage agency would promote reductions of mortgage interest to encourage low income housing. Departures from the norm of the market in housing finance would only be allowed in the limited dividend program, which would be moribund until altered in 1949. Mansur had earlier recognized the inappropriateness of fusing social and market orientated housing missions in a single agency. However, under his own presidency, CMHC would carry out all tasks in a manner similar to a private insurance corporation. Humphrey Carver has observed how this peculiar conduct of government responsibilities in the forms of business would be well symbolized in the permanent CMHC Ottawa headquarters. It was deliberately designed to resemble a private insurance headquarters. Also, to display its independence from political influences and cabinet ministers, CHMC's offices were located two miles away from Parliament Hill.<sup>100</sup>

The decision to centralize housing authority in CMHC was coupled with one to disband the office of Construction Control. During the

Second World War, pushed by Clark's conviction that housing should be left until the war's termination, construction control permits tightly restricted new residential building to facilitate the growth of munition industries. At the end of the war in Europe, construction controls were only applied for eight months to reverse this pattern to meet housing backlogs. On December 4, 1945, the federal Cabinet passed Order-in-Council PC 7237 which terminated Construction Control. An intensive search of the records of the Reconstruction and Finance, the Privy Council and Prime Minister's office, has failed to disclose the reasoning behind this move. Its reasons appear to be contained in unusually secret memoranda. The published history of Munitions and Supply gives a strong indication that the pressure for abolition from private business interests must have been considerable. At the time of its termination Construction Control had \$407,487,187 in rejected applications for building permits on hand.<sup>101</sup>

After abolishing Construction Control the federal cabinet, in a highly cynical and politically motivated move, passed Order-in-Council P.C. 1184. This attempted to shield the federal government from criticism by assigning powers to regulate construction to municipal governments. By October 23, 1946, R.W. MacLean, Chief Executive Assistant to C.D. Howe, told King's secretary, R.G. Robertson, that since no municipality was willing "to accept the responsibilities detailed in the Order-in-Council ... Construction Control permits have been issued in most cases without regard to need".<sup>102</sup>

The elimination of Construction Control did have serious consequences for the post-war residential building program.

Uncompleted houses - like those of Vancouver detailed in Emergency Shelter Controller Stevenson's reports - were common across Canada in the early post-war years. During the war, homes were left uncompleted because munitions plants had priority. After December 4, 1945, priority would be assigned by the marketplace and the small residential builder and the individual building his own home would lose out. Homes were frequently partially built lacking windows, plastering, furnaces or plumbing supplies. By December 1946, there were 35,000 such uncompleted homes across Canada.<sup>103</sup>

The removal of construction controls was denounced by both the CCF and Conservative opposition in parliament. A.M. Nicholson, a CCF member, held up a Vancouver newspaper article in the house which read "low rental homes or swimming pools". He contrasted a photo of Vancouver's "disgraceful housing conditions" with "a picture of a privately owned swimming pool which is being installed in one of the best residential areas of the city". CCF leader, Coldwell, decried how the "building of service stations, hotels, breweries...bowling alleys and theatres has gone on while Canadian families lacked for shelter". Conservative MP, and future Minister of Finance, Donald Fleming, made the same point by pointing out how an inter-civil service dispute on the matter had appeared in the press. He quoted from an interview given by the General Manager of Housing Enterprises Limited, Brigadier General Storm, in the Globe & Mail. Storm decried how "theatres, garages, stores, summer cottages, dance halls and hot dog stands" had taken up materials and "thousands of workingmen who should be working on housing".<sup>104</sup>

The only remaining vestige of the Construction Controls system was to give priority allocations to government sponsored projects. These included Wartime Housing, VLA projects, Housing Enterprises Limited and the Integrated Housing Plan. In extending priority for supplies to Integrated builders CMHC favoured further large scale builders. It also put a squeeze on their smaller competitors. From CMHC's own studies it is clear that Mansur and Clark knew little about builders, (often the individual who would live in the home when completed), that did not receive mortgage loans. The small builders decried by Mansur and Clark were more limited by a lack of access to scarce materials than to chartered bank financing. The important bottleneck to meeting housing shortages was related shortages of labour and supplies. Pigott and the Curtis committee had warned of the dangers to housing in the conversion to post-war economy, but their advice had been ignored. The transition was not as easy as Clark's conception of postponed wartime housing construction providing the basis for peacetime prosperity envisaged. Not only had housing been curtailed by the war, but the expansion of many commercial enterprises and aspects of industry that did not fit in with the war effort had been restrained as well. The housing industry's curtailment in the war did not make it a magnet for resources after the conflict, but encouraged greater construction expense and delays as skilled labour had moved to other industries.

The Canadian Construction Association naturally disliked controls which restricted the economic opportunities of its members, but it had pointed to measures during the war which would stabilize the industry

and make the conversion to peace less difficult. Moore and Pigott had realized that the large number of construction workers (over 130,500 in June of 1941) built up in the surge of war plant construction could have provided the basis of a stable and efficient work force for a variety of important public projects, including housing. The program they envisaged would have encouraged a skilled, efficient labour force with wage demands restricted by the guarantee of full employment. Pigott had attempted to put this program through by his model agreement with Hamilton, which he had hoped would provide the basis for a national program of subsidized housing to meet the needs of low income families. He also encouraged increasing the flow of supplies to private home builders. Such plans may have been incompatible with the material restrictions of the war, but this was never tested. Indeed, the fact that Pigott's plans were supported by the Munitions and Supply, the agency most responsible for such considerations, suggests the opposite. What killed such an approach was an uproar from real estate interests, mortgage lenders and the Department of Finance that such moves that such moves were a dangerous socialization of the nation's housing. Consequently, a lid was placed on Wartime Housing's building and the Department of Finance's policy of postponing home construction until the war's end prevailed. When the war ended, the result was an inefficient labour force and a crippling lack of construction supplies.

Clark and Mansur were concerned about the capacities of the home building industry. Their suggested reforms, however, were focused exclusively on financial aspects and the need to create a residential

construction industry dominated by large scale builders who could develop entire communities. A period of material and labour shortages was not the best time to refashion the industry in this image. Giving supply priorities to such builders did not increase the flow of resources into the industry as a whole and did not serve the needs of lower income groups, as did similar priorities to Wartime Housing. The smaller and self-help builders may have had trouble meeting NHA standards, but securing an adequate supply of resources for them was the easiest way to boost housing production during a severe shortage.

Clark and Mansur shared the distaste of many of their critics for certain flaws in the home building industry. They were fully aware of the residual role of housing in a market economy and were opposed to the haphazard development of residential communities. However, whereas unions, the CCA, social workers and progressive architects and planners put their faith in measures such as public land acquisition, province-wide planning and a long term commitment to a program of subsidized housing to reduce poverty and stabilize the construction industry, Clark and Mansur placed their hopes upon strengthening the profitability of the mortgage market and the creation of land development corporations. This, they expected, would increase the flow of national resources going into home building and improve the quality of the residential environment. The fact that the immediate post-war shortage was not the best time to rigidly adhere to such a course would be tacitly recognized as a result of the political protests resulting from the continuing housing shortage.

The year and a half between the passage of the National Housing

Act of 1944 and the centralization of federal housing authority under CMHC at the beginning of 1946 saw dramatic changes in that short period of time. Leases were frozen, Wartime Housing's rental construction program suddenly surged and tough controls were established against withholding housing from the market. Despite such innovative measures, the overall direction in federal policy retained the conservative tenor embedded in the NHA by the Department of Finance. Temporary expedients adopted by the federal government would be dropped. Tenant protests which helped prompt the short-lived actions soon blew over, as did any fears of social disorder. Consequently, the 1946 housing policy's overall direction was assumed by an agency modelled on a private corporation whose basic mission would be to encourage, once again, private enterprise.

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## CHAPTER TWELVE

### The End of Emergency

Measures: 1946-1949

The severe housing shortage produced by the combination of 15 years of postponed residential construction, continuing rapid urbanization and the influx of veterans would not go away until the mid-1950's. The figures of families doubling up would reveal this shortage in a most definite manner. The failure to direct resources into residential construction through government policy during peace, as munitions were targeted during war, meant that material and labour constraints would block any planning of shelter building according to social objectives.

The high rates of family formation and growth of national income in the post-war years created housing demands greater than any foreseen by the nation's prophets of post-war planning. The response of the federal government was to develop interim measures to cope with the worst effects of the shortage. These would be done in a manner that was designed to extricate the federal government from a responsibility for social housing. For the homeless, municipalities were aided in establishing spartan emergency shelters. For the more demanding returned veterans, low cost rental homes would be constructed by Wartime Housing. These were all designed in detached single units so they could be sold quickly at a future moment when the federal government could leave housing to its joint-loan aided

private market. In 1949 the public housing program which was developed to replace the temporary projects of Wartime Housing, although accepting at last the principle of subsidized rental housing, meant a major retreat for the federal government from the social housing field. Its active intervention ceased and the promotions for new projects was left to concerned citizens whose efforts to use the new legislation would be frequently blocked by inter-governmental disputes, particularly the ability of the provinces to impose a high proportion of their costs onto municipalities.

#### The Severity of the Housing Shortage in 1946

The housing situation in 1946 is well illustrated by the rate of the production of housing units when compared to new household formations. In 1946, some 67,194 new dwelling units were constructed. There was, however, a "net family formation" of 107,500. The national housing deficit, consequently, amounted to 40,306 needed to provide each new family formed in 1946 with a new home.<sup>1</sup>

Federal housing policy makers were keenly aware of the consequences of the inability of new housing construction to keep pace with household formation. Rent controls Administrator, J.F. Parkinson, told David Mansur that "by and large, the problem of shelter is being temporarily solved only by compressing more and more people into the same cubic space of living accommodation, at the cost of widespread

inconvenience and distress". To obtain shelter, families were willing to purchase homes at prices 100 per cent above their value in 1941. Parkinson viewed this as the "premium" people were "forced to pay for occupancy". He also found that, in addition to families doubling and tripling up, use was also made of poor shelters. Families were forced to live "in basements, garages, tourist cabins, trailers, reconverted chicken-coops, boats and indeed, in anything that will hold a bed".<sup>2</sup> Mansur agreed with Parkinson's grim analysis of the housing situation in 1946. CMHC found that 200,000 originally single family dwellings were under multiple family occupancy by the end of February 1946. Mansur believed that the situation would have to get "considerably worse before any improvement is noted".<sup>3</sup>

The incidence of homelessness was mirrored in the growing use of temporary emergency shelters. In 1945, 1,051 units of housing were provided in these shelters. In 1946, this figure rose to 4,642.<sup>4</sup> Despite the spartan quality of most emergency shelters they did have waiting lists, an indication of the extent of homelessness. As late as 1949, a widow complained to the Mayor of Halifax that she and her children had been waiting for a year to enter. This was despite the fact that her children were forced to live with their grandparents and faced a four mile walk to school.<sup>5</sup>

Emergency Shelter experienced wide regional variations in its applications. In Quebec, only veterans could apply for its shelter. CMHC did this in retaliation against the provincial and municipal governments' decision to leave "the whole problem to the federal government". Emergency Shelter Co-ordinator, Eric Gold, took the view

that administrators would "have to be completely hardboiled and turn a deaf ear to pleas of civilian families for assistance and simply refer them to the Welfare Department of the City of Montreal".<sup>6</sup> Similar problems were experienced at Charlottetown, which in the past had escaped many trends toward deterioration in housing. In 1946, Charlottetown had a waiting list of 100 families for Emergency Shelter accommodation. The project manager received "at least fifty (50) phone calls daily from persons inquiring if they can get their families housed". A CMHC report described how Charlottetown's 97 units of emergency shelter located in former barracks at its airport was established "to prevent possible disorders in the city".<sup>7</sup>

CMHC had quite a strict ideal of what constituted the best emergency shelter. It was to be sufficient in quality to keep tenants "warm and dry", with enough "space and essential facilities so that a good standard of health and morale" was maintained. Even such model projects, however, did provide "poor facilities for storing food". This raised tenants' food costs through their need for "small quantity purchasing and storage". Mansur felt, however, that such sacrifices were necessary, as Emergency Shelter was not to be designed to provide "all the comforts of a community home". To do so would encourage tenants to settle in and cease to search for shelter afforded by the private market.<sup>8</sup>

Although its accepted standard of emergency shelter was minimal, many fell below this level. According to Mansur, some resembled the "cellars, chicken coops, garages, etc." from which the homeless had fled. Although most Emergency Shelters were converted army barracks

and staff houses, a great variety of facilities were employed. They included "winterized cottages, auto courts and new constructed cabins, old hotels, homes and hospitals". Sometimes a municipality would simply give "a group of distressed families possession of a vacant building". They would then be left to "provide for themselves".

Mansur told Howe of projects where families would be:

herded together in an abandoned immigration shed, right along side the railway yards, where children have no place to play but the hallways of the building and where the building is infested with vermin and people live in ultimate squalor.

Mansur believed that although these poor quality projects provided "four walls and a roof", they made "no contribution towards normal healthy living for tenants". In such circumstances, CMHC found that "marital upsets, poor health, juvenile delinquency, and isolation from normal social contacts" were common.<sup>9</sup>

While CMHC did prod municipalities like Winnipeg to provide more superior housing than their converted old "immigrant sheds", it also maintained a continual scrutiny against municipalities providing better housing than was the norm in the private marketplace. To prevent such "luxurious projects", CMHC established a conversion cost ceiling of \$1,000 per unit. Administrators were to make sure that there was not "any degree of convenience and comfort ... to be had in emergency shelter". In Hamilton, conversion costs were over \$2,000 per unit. In response, CMHC limited its grant to \$500 per unit. The city consequently refused to proceed with more conversions unless CMHC increased its grant. In turn, the crown corporation would only increase its grant if the city of Hamilton ensured that "construction

costs were minimized".<sup>10</sup>

In 1946, the housing shortage was severe enough to interfere with the day to day operations of government. Deputy Minister of External Affairs, Norman Robertson, wrote to Prime Minister King on the housing problems encountered by his department. Families of newly arrived civil servants moving to Ottawa would have to "break up, the wives and babies going back to their parents or to other parts of the country".<sup>11</sup>

#### Political Pressures for Housing Action

The government's perception of public opinion on housing matters was that the groups most being interested, such as veterans' associations and labour unions, were pressing for a more aggressive and comprehensive program. This situation was brought to its attention not only in briefs from organizations like the Canadian Legion, but from the monthly press summaries it received from the Rehabilitation Information Committee. This showed that the campaigns to encourage families to let more rooms had been embarrassing failures. A sixteen month campaign in Winnipeg brought only 39 replies. A two month long effort by Toronto's radio and press brought offers of only 80 rooms. In its October 1946 report the RIC warned the government that "the squatters' movement" had pressured municipalities to take action in regards to providing emergency shelter. At a Veterans' rally held in a

Montreal high school on March 16, 1946, some 900 veterans unanimously passed a motion which called on the federal government to provide 5,000 subsidized low rental homes for the Montreal district.<sup>12</sup>

After the end of the war in Europe, the housing shortage became a focus of agitation for the Labour-Progressive Party. Its activists played an important leadership role in the squatters' movement and in the occupation of the Hotel Vancouver. The LPP launched a massive petition campaign on the housing issue. It gathered 150,000 signatures for a national housing policy along the lines recommended in the Curtis report.<sup>13</sup>

The LPP's position on housing went into considerable detail and displayed considerable insight into the workings of the Ottawa bureaucracy. It expressed views quite similar to those of the Canadian Construction Association. The LPP urged that housing be removed from the influence of the Department of Finance. It described the Department as being run by men "completely hostile to any progressive housing program". The LPP emphasized that "public housing built by private enterprise and creating a new stable floor under the construction industry" would in "no way" compete "with the speculative builder". The LPP characterized Canadian housing policy as being shaped by "the real estate interests and finance capitalist circles". As part of its national campaign, the LPP urged the Saskatchewan CCF to raise \$5,000,000 by a campaign similar to the war bond drive. Half of this would be spent on urban rental housing. The remainder would be used as a revolving fund for farm home repairs.<sup>14</sup>

From its inception, the Saskatchewan CCF government urged the federal government to embark on the program of subsidized low rental

housing of the kind recommended in the Curtis report and carried out by labour governments in Britain, Australia and New Zealand in this period. In order to press this course of action on the federal government, it passed legislation to permit municipalities to participate in federal limited dividend housing schemes. The Saskatchewan government created its own Saskatchewan Reconstruction Housing Corporation. Between 1946 and 1949 this provided 710 housing units. Operating in a fashion similar to Wartime Housing and Emergency Shelter, the corporation converted airforce barracks and army buildings for housing. The Saskatchewan government wished its Reconstruction Housing Corporation to enter the direct building field, to operate in a manner similar to Wartime Housing. The province unsuccessfully pressed for loans from the federal government to the RHC on the same three per cent basis as received by limited dividend companies under NHA. The RHC converted units had far higher standards than Emergency Shelter and included laundry facilities, study rooms, play schools and gymnasiums in its projects.<sup>15</sup>

In its housing operations, the Saskatchewan government's efforts were tied to national CCF housing campaigns. Its legislation for municipalities to participate in limited dividend projects, which the federal government refused to recognize, was recommended to Premier T.C. Douglas by Grace McInnes. She believed it would serve as "a powerful lever for action on the Ottawa government". The CCF formed a National Housing Committee. It drew up a program in consultation with housing experts Catherine Bauer and Harry Cassidy. The CCF's program had more of a socialist flavour than the one advocated by the LPP.

Going beyond the policies of the CCA and the Curtis report, the CCF called for the establishment of crown corporations in the uncompetitive, price administered, plumbing and lumbering industries. Its campaign stressing low rental housing was based on the slogan "Help those who need help most".<sup>16</sup>

Given the charged political atmosphere on the housing issue, federal housing experts continued to support rent controls during 1946. Rentals administrator and former Montreal real estate agent, Owen Lobley, told Donald Gordon that he believed "public opinion will demand and approve" rent control "for at least two or three years". Mansur was quite glad to have the strict controls against the eviction of well behaved tenants. These regulations were hastily enacted in the summer of 1945. "Without it", Mansur believed, "we would have chaos".<sup>17</sup>

The measures taken in the first year of housing under the administration of CMHC, simply lessened the worst hardships and political consequences of a continually increasing housing shortage. Wartime Housing lost the innovative role it played in Munitions and Supply and Reconstruction and simply passively replied to municipalities that urgently wanted veterans' rental housing. Rent control was kept. It was felt that to alter it would be giving political dynamite to LPP and CCF political opponents. Policies on Emergency Shelter characterized best CMHC's attitude in its first years. Government intervention took place on a scale to prevent widespread distress and dissatisfaction, but not to undermine the private housing market.

## The Crisis of Production

In 1947

The inadequacy of government housing measures became evident to the civil servants implementing them by the spring of 1947. At this time housing production figures began to sink below the previous year.

The message of an impending crisis came from CMHC's program division on May 17, 1947. The division pointed out that during the first four months of 1947, housing production was 79 per cent below CMHC's targets. Private builders were now hesitant "to go forward with house building because of today's costs and doubts about the availability of building materials". These fears had been aggravated "by the upsurge of building in the commercial and industrial classes". Even the favoured large builders, under the Integrated Housing Plan, had become unreliable. Although 4,450 units were targeted for completion in 1947 under this scheme, it appeared the contractors would cut back their projects. Under these circumstances the Program Division could see CMHC's production targets being salvaged only by "a continual effort to push" the projects of Wartime Housing.<sup>18</sup>

Mansur warned C.D. Howe that the government's housing program was "grinding to a stop". The high price of homes for purchase caused "a buyer's resistance with elements comparable to those encountered on the eight cent candy bar". In order to rescue some Integrated projects, the builders were allowed 15 per cent profit in addition to their production costs in the government buy back of their unsold units. Mansur believed that in spite of these additional subsidies, production

under the scheme would be reduced by half.<sup>19</sup>

Mansur admitted to Howe that a fundamental error had been made when it was "decided that we should rely upon private enterprise as far as possible" in producing housing. He saw this error as being rooted in a belief that the period of post-war "economic buoyancy" would "be considerably shorter lived than it has proved to be". Mansur explained to Howe that industrial, commercial and engineering firms in an open market could better afford to command scarce construction materials than the home buyer. Such companies were "not limited by the pocketbook of the Canadian tenant or home owner". Although these paid 20 to 25 per cent of their incomes for shelter, "rentals or their equivalent represent only about 5% of the operations of a chartered bank or a life insurance company".<sup>20</sup>

To overcome the immediate slump in housing production, Mansur designed schemes, in which, what Humphrey Carver termed his "ingenious pragmatism", would be stretched to the limit. CMHC now instructed Wartime Housing to obtain as many "agreements from municipalities" as it could "possibly get". Emergency Shelter was promoted by increasing the federal share of the costs of conversions. CMHC undertook to complete the rental projects initiated by the now defunct Housing Enterprises Limited. Private rental construction was promoted by the introduction of double depreciation for tax purposes. Lending companies were encouraged to assemble land for large residential developments under a NHA amendment. Mansur had CMHC hold the land for these companies until the amendment passed through parliament.<sup>21</sup>

Mansur was well aware that his recent moves were only stop-gap measures. He told Howe that apart from Wartime Housing and Emergency Shelter, "new housing additions are doing nothing to relieve the three-quarters of the population". He estimated that multiple family occupations of originally single family homes would rise from the level of 14 per cent reached on October 4, 1946, to 16 per cent by the fall of 1947. Although 80 per cent "of the new residential construction was for home ownership", Mansur estimated that "80% of the demand is for rental housing". Outside Quebec very little housing was being built by private enterprise. Mansur told Howe that the "greatest housing need" was for "people who need mobility or lack downpayments, or for other reasons require housing at \$35 per month and under".<sup>22</sup>

Mansur outlined to Howe the political dangers inherent in the housing situations. The "slowing down" was "now evident to the public". Mansur warned Howe that "the supporters of public housing are again becoming vocal". He felt "that the patience of the Canadian people will not stand for a reducing of the new housing units from whatever source arising". It appeared moreover, that there was "little evidence that the activities of private enterprise would meet the problem".<sup>23</sup>

Despite his conviction that private enterprise could not do the job, Mansur believed that "every argument" was "against the institution of a long term public housing program at this time". He believed that a boom was not the time to start public housing. The construction costs would be too high and the introduction of public housing should be done "to achieve contracyclical economic results".

This would be done in depression to reduce unemployment. Mansur also explained to Howe that, under current conditions, public housing through municipal authorities could get underway only in Toronto and Saskatchewan. In Saskatchewan, the province had passed the necessary legislation to enable municipalities to enter the field. In Toronto, CMHC had already given \$1.5 million to the city housing authority for land acquisition associated with its Regent Park slum clearance project.<sup>24</sup>

Mansur presented three alternative courses of action to Howe. The first was a continuation of the present policy. This involved the joint-loan scheme and federal direct building being confined to veterans' housing. The second was an extension of federal direct rental construction to the range of 25,000 to 50,000 units a year. Mansur warned Howe that this would mean the federal government would "get into the direct housing field forever". The third course would be to arrange a conference with the provinces and municipalities to attempt to devise a solution to the current housing slump. Mansur pointed out that "the trick" in adopting any of these courses would be to announce "bold steps before it becomes apparent to everyone in the country that our current housing program has broken down".<sup>25</sup> Howe chose Mansur's first option but added enough changes to satisfy the apparent public demand for new initiatives. These made Wartime Housing a more attractive option to municipalities and encouraged private rental construction.<sup>26</sup>

By the spring of 1947, CMHC discovered that the economic burdens imposed on municipalities, by the present standard agreement, would cause few Wartime Housing units to be built in 1948. Estimates for

1948 were in the range of 2,000 to 3,000 units, less than half the anticipated figure for 1947. Except for Windsor and the prairie municipalities there was little serviced land available. Resistance was also encountered because of "the present standard design".<sup>27</sup>

To make servicing easier, Wartime Housing would now purchase the land for its units. It would also pay half the cost of installing services. Payments, in lieu of taxes to municipalities, were also increased. For the first time basements would be installed and the minimum standards of the National Construction Code employed. After ten years municipalities could purchase the homes. They were also given the right to name the projects. This would cause a gradual move away "from the no longer applicable name of Wartime Housing".<sup>28</sup>

Mansur linked moves to increase the quality of Wartime Housing with higher rents for these units to be built in 1948. He was aware of how this decision would be opposed by "social workers from one end of the country to the other". They felt "this change of policy" to be "anti-social". Mansur justified his decision on the grounds that it reflected the higher costs incurred by building better quality homes.<sup>29</sup>

Mansur moved cautiously toward the possibility of having the federal government remain in direct rental building. In its 1948 veterans' rental program, municipalities were permitted to request multiple units "where the cost of installation of services is extremely high", or where no land was "available except for multiple developments such as Toronto". However, Mansur was still determined to permit such departures only "in special cases", since he "appreciated that once the Dominion enters the multiple field...their position as a landlord

would become a more permanent one".<sup>30</sup>

The task of reviving private rental construction, however, proved to be far more difficult than that posed by Wartime Housing. Howe met with the CMHC Executive Board on June 26, 1947, to discuss the private rental construction problem. Mansur pointed out that the government had, in 1946, previously initiated a number of measures to stimulate private rental construction. These included the decontrol of rents of all new buildings and double depreciation for rental construction. All these moves, however, had proven to be fruitless. Potential investors, however, were still reluctant to commit their funds because they believed that within two or three years there would be a substantial drop in the cost of residential construction supplies. This would make rental units built at current inflated prices uncompetitive. The number of new private rental units declined from 8,000 in 1946 to 6,000 in 1947. CMHC predicted a further decline to 4,000 by 1948. Present costs of construction were 80 per cent higher than those of the depression years. Investors expected this figure to drop to the 30 to 50 per cent range.<sup>31</sup>

Although the continuing decline in rental construction may be viewed as a consequence of rent controls, the civil servants most sympathetic and knowledgeable about the property industry were convinced that its origins were far more complex. The situation investors feared of inflated building costs was basically the same as the First World War and immediate post-war years, when rental construction declined without the imposition of rent controls. Also, rent controls were required in this situation because even the biggest surge in construction of rental housing could not replace the rapid

conversion of rental housing that would follow upon the removal of controls.

Mansur was convinced that even the "most favourable financial terms" would not "suddenly create rental housing entrepreneurs in English Canada". Here there had always been "very little rental housing constructed other than apartment houses at the upper level of the rent structure". He saw that in "French Canada" there were "large numbers of builders who have been active in rental housing". These would re-enter if their fears of price inflation were overcome. Apart from luxury housing, the main sources of rental accommodation in English Canada had long ago dried up. One was foreclosure during depression that created the "unwilling landlord". CMHC found that three quarters of Winnipeg's rental housing was of this character. Now in the current housing shortage if a landlord could only get his tenants out, he would be able to "sell his house quite quickly". The other source of rental housing in English Canada was an individual (generally retired), who would purchase four houses, "one for his own occupancy, the other three as income bearing investments". Mansur found that this type of business had died out with the coming of the depression.<sup>32</sup>

Mansur did consider some bold proposals to rapidly increase private rental construction. These included a \$200 per room subsidy and two per cent loans to rental builders. The loans would be amortized over 40 years.<sup>33</sup>

Although Mansur did recognize that long term loans at low interest rates would be "a spectacular approach to the problem" that would provide "a real incentive", this approach was not carried

through. Mansur and his colleagues on CMHC's Executive Board felt this would have the unfortunate effect of "disturbing the credit structure". Low interest loans would also make apartments more attractive than home ownership.<sup>34</sup>

Rejecting a bold approach to the problem, Mansur developed a Rental Insurance scheme. This quite quickly received the approval of Howe and "Dr. Clark and Dr. Mackintosh" of the Department of Finance. It guaranteed the owners of newly built rental property under the plan, sufficient income to pay taxes, debt service charges, operating expenses, repairs and replacement. It would also provide "reasonable return on equity investment". Sharp told Clark he agreed to the plan reluctantly since it "would not react favourably on the Government if further legislation was introduced which proved to be comparatively ineffective". This was based on Mansur's correct prediction that the scheme would not likely "produce 3,000 extra units of housing" annually.<sup>35</sup>

#### The Continuing Failure to Develop a Long Term Low Income Housing Program

Wartime Housing remained the only government housing program that was available to low and moderate income groups. Housing Enterprises Limited had folded and Limited Dividend housing still failed to generate a single unit. The New Rental Insurance program was calculated to be affordable only to upper income groups.

Mansur's predictions on the low volume of housing to be

produced under Rental Insurance proved quite accurate. In 1949, 2,501 units of housing in 79 projects were produced. In 1950, 67 projects accounted for only 2,222 units. Wartime Housing's production was more significant. It constructed 6,934 units in 1948 and 7,804 in 1949.<sup>36</sup>

Rental Insurance projects encountered numerous problems. The scheme provided for financing on the basis of eighty-five per cent loans for twenty years at 4.5 per cent interest. In addition to guaranteeing investors' rental income, CMHC would provide mortgage financing if an entrepreneur could not obtain it on the program's terms from a private lending institution. The kind of loans that the lending institutions delegated to CMHC were for unserviced dwellings. Such "cold water flats" lacked central heating and hot water. Private lenders served only "fully serviced accommodation". CMHC was given "only unheated" projects.<sup>37</sup>

Not only was much of the Rental Insurance housing unheated, it was frequently of poor design. CMHC noted that Rental Insurance projects were subject to a "general criticism" in Montreal, where most units under the program were built, of being "below par" in design. A confidential CMHC report complained of a project's resemblance to a "penitentiary row".<sup>38</sup>

In addition to their frequently low standards of design and servicing, Rental Insurance projects could only be afforded by a middle class market. The average level of rent afforded by wage and salary earners in nine leading Canadian industries was \$43.72. The rent level of Rental Insurance projects was in the \$74.43 to \$83.88 range. At its

April 18, 1949 meeting, CMHC's Board of Directors concluded that the rents charged under the scheme "appeared to be high for the majority of the tenants". One CMHC study found that since tenants were being stretched "up to the limit of their resources" to pay rents, it was not necessary to install garages in Rental Insurance projects. The tenants who currently owned cars would soon have to sell them to be able to pay heavy rents.<sup>39</sup>

For the first three years after World War Two, Section Nine of NHA providing for limited dividend housing remained a dead letter. Investors simply were not interested. The situation was well summarized in a 1947 memorandum from the CMHC Halifax office. It concluded that no one was:

interested in promoting a limited dividend company in the area other than some well-intentioned people who have no money to put into such a scheme themselves but who think it would be excellent for the general good.<sup>40</sup>

Amendments passed in 1948 to Section Nine of NHA breathed life into the previously moribund provisions for limited dividend housing. The new amendment permitted companies to retain the full value of their properties after paying back their federal loan which was given at a below-interest three per cent rate. "After lengthy discussion", at a January 13, 1948, CMHC Executive Board meeting, Mansur and CMHC Vice-President General Hugh A. Young agreed that, since "the present provisions of the Act were completely ineffective", a change should "be given a fair trial". Sharp and Mackintosh agreed with some reluctance. Macintosh worried that Howe might suffer an unpleasant "risk of a prolonged and difficult debate in the House on what, after all, was a

relatively minor matter".<sup>41</sup>

The amended limited dividend housing legislation produced new homes at a snail's pace. It crawled along at 115 units built in 1948 and 119 in 1949. In 1950, two additional companies were formed and 94 units constructed. These two new companies were established by service clubs, to provide housing to the elderly. They were assisted by municipal grants. By 1952, ten projects had resulted in 841 dwellings. In 1953 this had increased to sixteen projects to build 1,329 homes. Six of these projects were for elderly persons and one was for personnel of the Department of National Defence in Cobourg, Ontario. The six projects for the elderly were undertaken by service clubs. Nine projects for low income families were completed by private entrepreneurs.<sup>42</sup>

The entry of private entrepreneurs into limited dividend housing was not originally anticipated by CMHC. It had thought the legislation would be used by philanthropic organizations. These groups, however, restricted their activities to housing for the aged or persons with special disabilities and they did not enter the area of building for families with children.<sup>43</sup>

The first entrepreneurs to use NHA's limited dividend provisions were a partnership of Hugh Cleaver, a lawyer and Liberal MP, with a Mr. Armstrong, who owned the Trafalgar construction company. The partners formed the Kent Homes Limited Dividend Company. Armstrong favoured the project because he was assured of the normal five per cent profit that builders received in construction. He also expected that after 30 years "the residual value of the buildings will provide a

useful asset for his children". The project built single family homes which were rented at rates between \$42 and \$48 a month. Both Cleaver and Armstrong undertook the projects partly out of a conviction that there was "a need for rental housing in Oakville of a single rather than a multiple unit type".<sup>44</sup>

Cleaver's and Armstrong's satisfaction with moderate profit returns and their strong sense of social obligations made them highly atypical among housing entrepreneurs. Cleaver was unusually innovative, having previously pioneered Section Three of the National Housing Act of 1938. Mansur's own description of the benefits of the scheme gives some indication why it was not widely followed by investors. The projects rentals were "\$15 to \$20 under the free market". Rents were also lower than housing of the equivalent quality produced by the rental insurance scheme. A home renting for \$507 a year in the Cleaver-Armstrong project would cost a tenant \$707 under Rental Insurance. Mansur also found that the Oakville project was the only single family detached unit rental housing that was "being produced in English Canada".<sup>45</sup>

Although Cleaver and Armstrong extended their building projects from Oakville to Burlington, their high quality low rental housing was not adopted by other entrepreneurs as the limited dividend scheme spread across Canada. As early as 1950, Mansur found that investors were "murmuring" about the availability of three per cent money under the limited dividend scheme. However, they were kept away by the "limitations being placed upon the operation of the project for thirty years". These investors were not induced to enter in significant

numbers until sources of mortgage money for residential construction began to dry up around 1957. Then, as a CMHC memo noted, limited dividend housing began to serve as "a source of mortgage money of last resort" for private builders. From 1957 to 1959, 15,000 units of limited dividend housing were constructed by private entrepreneurs. These were found by CMHC's Architectural and Planning Division to be substandard, especially in regards to landscaping and play areas. Consequently, CMHC raised minimum standards for limited dividend projects. This caused businessmen to withdraw from participation in the limited dividend scheme until all these restrictions were removed.<sup>46</sup>

Rental Insurance had finally broken the pattern of abject failure in CMHC's efforts to encourage private sector rental housing, but the modest nature of its success pointed to the continuing difficulties in this approach to resolving the nation's housing problems. It had shown Mansur's perceptions of the potential for private investment to be quite accurate, for the program could only produce 3,000 units annually and was concentrated, also as he predicted, in the province of Quebec. The poor quality of the projects, especially the federally-funded cold water flats, pointed to the severity of the continuing housing shortage, as all units could be immediately rented out at high prices. The contrasting success of Wartime Housing was to prove to be the source of its own undoing. It served as an example of what public enterprise could achieve and so posed an embarrassment to advocates of the private market approach. Pressures would increase to have it either expanded into an overt social housing program, or terminated as

the specific problems of veterans' rehabilitation became less acute.

The deadlock in private rental construction and the failure to devise an ongoing program of public housing did not result in an assisted home ownership scheme for low income groups. The closest remedy at hand for such an approach was the fledgling efforts at co-operative housing for home ownership which were undertaken by the Nova Scotia Housing Commission. It had been endorsed by the Curtis Committee, which called for a separate section in the NHA for co-operatives. Co-operative building groups continued to spring up across Canada, but they were only eligible for NHA loans on the same basis as homeowners and builders. Consequently, they had no access to low interest, limited dividend loans intended to assist low income groups. An exception continued to be Nova Scotia. Here, the provincial housing commission still made loans to self-help building groups at 3.5 per cent interest (one per cent below the NHA rate). In the first five post-war years this financed the building of 300 homes in 25 projects. The price of homes normally costing \$7,000 to \$8,000 were reduced to \$3,500 by this program. It also made monthly charges for home ownership similar to what the lower third of income-earning families were believed to be able to afford in rent.<sup>47</sup>

Humphrey Carver, whose career inside and outside of government was a testimony to his concern for low income housing, upon his appointment as CMHC Research Director, attempted to ensure that the federal government would vigorously assist self-help co-operative groups. Soon after his appointment, Carver made a visit to Nova Scotia to examine the work of its housing commission in encouraging

co-operative housing. He was favourably impressed by "the informality and the intimacy of the relationship between the co-operative groups and the staff of the Nova Scotia Housing Committee who guide them through the many pitfalls of homebuilding". In particular Carver was struck by the "personal devotion" of the supervising architect, A.E. Priest. Federal assistance for co-operatives, Carver believed, had to go beyond "providing legislation and financing". He found that the Nova Scotian co-operative program was being held back because the staff could not service "all the co-operative groups that wish to build". Consequently, he urged that Part V of NHA's provision for research and education funds be used for "the employment of a man with a practical experience in building, such as a carpenter". His task would be "to teach the co-operators how to use their materials". Although Carver's proposal was approved by Priest and other Nova Scotian authorities, it was not adopted by CMHC. The federal government would not be involved in the Nova Scotian experiment until 1953 when it assumed seventy-five per cent of the province's mortgage financing of the scheme.<sup>48</sup>

CMHC also reacted unfavourably toward the proposals of the Co-operative Union of Canada to encourage co-operative housing on a sustained basis, rather than for home-ownership. The Co-operative Union in 1948 began to lobby for an extension to co-operatives of the three per cent federal loans provided for limited dividend housing corporations. Mansur told Howe's parliamentary assistant that he had "pointed out to these gentlemen" that such an arrangement would make co-operatives more attractive than home ownership, NHA rates being 4.5 per cent. Mansur maintained that limited dividend loans were only for

"people of relatively low income".<sup>49</sup>

Carver also unsuccessfully attempted to have CMHC extend financial assistance to the Quebec Housing Co-operative Federation. It lacked enough funds to pay a single employee. He also attempted to have CHMC employ a person on a full time basis who could master "the inevitably rather complicated affairs of co-operatives". Carver understood many of the problems that were weakening the efforts of co-operative groups across the nation building for home-ownership. Later reports also stressed similar problems as "lack of preparedness of the promoters" and a lack of sympathy from government officials as important to the demise of building co-operatives in Ontario and Quebec.<sup>50</sup>

Carver's failure to have his modest proposals for co-operative housing adopted by CMHC reveals the fundamental value conflicts over housing policy which were present both within the agency and the broader Canadian society. Basically, Mansur and Carver "talked a different language". This linguistic barrier embodied contrasting perceptions of housing as a social service and as a by-product of profitable opportunities for investment. Both wished to direct more construction toward the needs of low income families and to have better planned residential communities. The two also shared the role of seeking to shape broader social forces to create these newer housing forms. Mansur sought to lure private entrepreneurs into the building field, while Carver sought to promote working class self-help builders and municipal housing corporations. Although the former had the upper hand, the possibility of achieving such goals increasingly appeared as

unrealistic, via the route of the private market, in the wake of the collapse of Housing Enterprises Limited, the delayed beginning and slow growth of limited dividend housing, the inability of the Integrated Housing scheme to match the production target set for it and the small scale and poor quality of projects built under Rental Insurance.<sup>51</sup>

### The Perils of Success:

#### *The Winding Down of Wartime Housing*

Most alternatives to NHA aided home ownership merely languished, but the program of the construction of veterans' rental housing was so successful that it was terminated by the federal government. Humphrey Carver, a dissenting observer to the termination of the program, has observed that since the "veterans' rental program had proved too successful", the Liberal government "dedicated to private enterprise" had become "horrified" at the prospect of becoming "landlord to even more than the 40,000 families" involved in the combined veterans' and munitions workers' projects. The appealing factors that made for veterans' housing's dangerous success were pronounced when the steps were taken to terminate the program. More attractive designs were employed and new economic arrangements increased the projects' popularity with municipalities. Carver has recalled how the projects represented "the accumulated know-how of several years in site-planning and house-grouping". They were now "vastly superior to what was currently being produced through the private enterprise system, forced

into production by the integrated plan and by rental insurance". Indeed, Carver found that this high quality of design had helped to make such public housing accepted in suburban communities.<sup>52</sup>

Carver indicates in his memoirs that he and his progressive minded colleagues in the lower ranks of CMHC did press unsuccessfully for an adaption of the veterans' program "to the needs of low-income people". This view had support among social welfare interest groups such as the National Welfare Council. They urged that Wartime Housing projects be given over to the management of municipalities. The projects then would form the nucleus of the housing stock of new municipal public housing authorities. These proposals were never entertained by the CMHC Executive Board or considered at the Cabinet level. Such proposals amounted to a revival of the most controversial aspects of the Curtis report, namely federally-funded, municipally managed public housing. The same civil servants and ministers had rejected this in 1944. The continuing failure of federal efforts to stimulate the private rental sector had not changed their minds.<sup>53</sup>

The 1948 program of Wartime Housing was quite successful, especially in the prairie provinces and Ontario. In Ontario, the provincial government assisted municipalities with a grant for half of their servicing costs, or \$300 per unit constructed, whichever was higher. Quebec, in contrast, gave no assistance. Despite the lack of provincial assistance, municipalities built 332 units. Also, a special project for paraplegic veterans neared completion in Montreal. Two hundred units in Quebec City awaited the outcome of a referendum. CHMC expressed concern over the dangers of veterans' rental housing becoming

"a public housing project". Some projects presented by municipalities were "switched over to the integrated scheme". The Maritime municipalities of Amherst, New Glasgow and Charlottetown successfully resisted CMHC's efforts to increase rents in the new 1948 projects. Saint John desired to move into the area of multiple rental units and row-housing. It wanted to "construct new rental units at practically any level ... to provide rentals at the lowest possible level". This was the very area where CMHC recognized that once begun, would mark the beginnings of a permanent federal involvement in direct rental construction. Such units could not be easily disposed of by selling them to their tenants, unlike detached homes.<sup>54</sup>

Halifax provided an example of how a community could push CMHC to provide better quality housing under the veterans' rental program. It obtained improvements over "the standard 1948 units". CMHC consequently mapped out the project "on modern subdivision lines, including among other features, service entrances at the rear, green areas between rows of houses, staggered lines etc." It also contained park areas, a commercial centre and schools. The project contained 550 units and 900 veterans' families on a waiting list when it opened. In exchange for building a better quality project, CMHC insisted that it served a more affluent economic group. Despite the long waiting list of veterans for rental accommodation in the city, it was decided at the outset to have some units available for sale.<sup>55</sup>

On October 27, 1948 Mansur outlined CMHC's proposals for 1949. He presented four possible courses of action. The first was the "withdrawal of the Dominion from the managerial and promotional field".

This meant the closing down of Wartime Housing. The second course was to continue the 1948 Wartime Housing program into 1949. Thirdly, Mansur suggested that the 1948 program be substantially modified when used in 1949. As the fourth possible option Mansur posed the Australian technique of advancing the full cost of public housing to be constructed by the provinces.<sup>56</sup>

Mansur advised Howe against his first option because there were "a large number of veterans who need rental housing". He also discouraged the second because of his dislike of direct dealings with municipalities. Provincial involvement was needed to provide "the most immunity to pressure groups and municipalities". His third option would give provinces ten to fifteen per cent of the cost and twenty-five per cent of any deficit. Mansur's ideas on how exactly this would work were "still very nebulous".<sup>57</sup>

Three days after Mansur's memorandum, Howe decided on the second option. This meant the program would be gradually wound down. Mansur and Howe agreed that CMHC "would not promote 1949 projects after the fashion of 1948". In particular, Mansur assured Howe, CMHC's "negotiators will only talk to a municipality or province about a 1949 project after an inquiry has been received for them". Mansur pledged "no letters" would even be sent to Mayors to inform them "that the 1948 programme has been extended into 1949". Mansur estimated that such measures would reduce the volume of 1949's production of Wartime Housing to half that of 1948. On this basis Mansur made a "guess" that 3,000 units would be built. Mansur and Howe also agreed to terminate the Emergency Shelter regulations which provided for seizure of unused housing.<sup>58</sup>

By the end of October 1948 a clear decision had been made by Howe and the Executive Board of CMHC to terminate Wartime Housing's bold experiment in direct federal rental construction. This could not be done abruptly. The waiting lists of veterans to get into wartime projects would have to be diminished. Public opinion would also have to be prepared for the transition. Indeed, despite Mansur's predictions and the end of federal promotion of the program, municipal government's desire for Wartime Housing was so strong that production actually increased in 1949. Instead of the diminuation targeted of 6,000 to 3,000 units, Wartime Housing's building of rental housing units increased from 6,937 to 7,804 units.<sup>59</sup>

The federal government wished to phase out Wartime Housing, in a politically calculated fashion, yet it had no idea of what to put in its place. Unless the norms of a market economy were themselves violated by lending to investors at subsidized interest rates, the private sector could not produce the kind of housing the government's own studies indicated was most needed. The government was placed in a market trap. Investors would not build rental housing in expectation of future of price deflation. The quality of building and the level of rents in the rental insurance scheme seemed to demonstrate the fallacy of entrusting the housing of the nation to profit motivated entrepreneurs. The National Housing Act of 1944 would still only produce homes that 80 per cent of the nation's families could not afford. Amidst this dismal background, strewn with the tomb stones of failed private sector schemes, such as Housing Enterprises Limited, Wartime Housing shone as a too visible sign of success. It threatened

to become a backhanded implementation of the Curtis report, if the nation's social welfare workers had their way. The replacement of Wartime Housing's vigorous program of direct rental housing with a complex joint federal-provincial formula for public housing (that would be largely unused for 14 years) would be a complicated process. Humphrey Carver and other social housing advocates within CMHC came to regard this transformation as "a shabby trick".<sup>60</sup>

The "Shabby Trick";  
the Change from Wartime Housing  
to Section 35

The "trick", lamented by Carver, was the sale of Wartime Housing's public rental units coupled with the acceptance of a public housing program which for 14 years produced only a trickle of new units. Clear success was made in reducing public rental construction. From 1949 to 1954 only 1,832 low rental housing units would be constructed. In contrast, from 1941 to 1949, 40,100 rental dwellings for veterans and munitions workers had been built by Wartime Housing.<sup>61</sup> During the 14 years from 1949 to 1964, only 11,000 public housing units would be built. This averaged only .7 per cent of the housing stock produced in these years. In contrast, Wartime Housing's annual production averaged over 6,000 units per year.<sup>62</sup>

In his memoirs, Humphrey Carver has recalled how the "continuity" of federal social housing programs "was unfortunately broken". This was done by the abrupt transition from Wartime Housing to the new

federal-provincial arrangements of Section 35 of NHA passed in 1949. Carver saw it as a tragedy that "the whole momentum and experience that has been gained in the Veterans' Rental Housing program" was lost. Unlike later public housing complexes, these homes "were single-family houses in quite small projects on suburban sites". They were "excellently designed under the direction of Sam Gitterman, the chief architect of CMHC, and represented the accumulated know-how of several years in site-planning and house-grouping". Their high quality of design helped make public housing acceptable in suburban areas. In its environmental design, veterans' rental housing was, in fact, "vastly superior to what was currently being produced through the private enterprise system, forced into production by the incentives of the integrated plan and by rental insurance". Carver also has recalled how such success "horrified a Liberal government that was dedicated to private enterprise and would do almost anything to avoid getting into a policy of public housing".<sup>63</sup>

The debate over the future of Wartime Housing was an echo of the past. It basically repeated the earlier battles over the Hamilton agreement and the Curtis report. Many of the critical persons involved were unchanged, as were their ideas. In place of the battles between Munitions and Supply and Finance, the lower staff levels of CMHC, largely transferred from Wartime Housing, fought the Department of Finance dominated by CMHC Executive Board. The views of the former were later repeated by Carver's observations that the veterans' program "should not have been interrupted but redirected to the needs of low income families."<sup>64</sup> The hostile reaction of Mansur, Clark,

Macintosh and Sharp, who dominated the CMHC Board, had not changed. Also, the doom of Wartime Housing was further sealed by the fact that such Department of Finance associated persons were in a stronger position over housing than during the war years.

The expedient measures of rental housing to restricted groups of veterans and munitions workers, hastily made in response to severe economic and political pressures, would not be turned into a long term social housing program. Instead, they would be "privatized" in a fashion resembling denationalization of a publicly owned industry. In the period 1948-1956, the federal government would sell for home-ownership three times as much public rental shelter as it would create.

The decision to sell the veterans' and munitions workers' rental units was not made in response to demands from tenants. Sales were made on the open market if the units became vacant as a result of the voluntary moves of tenants. After 1948, 60 days would elapse for homes to be sold in this manner before CMHC would consider re-renting. Such vacancies took place at the rate of 10 per cent a year.<sup>65</sup>

In addition to selling homes as they were vacated, CMHC created vacancies to promote sales by the "transfer of high income tenants to higher rental units built under the 1948 program". In order to discourage "anti-sales agitation", CMHC decided to "make no official announcement of intention to sell the houses". The crown corporation's real estate division saw such forced moves as essential to "the success of an essential sales campaign". CMHC believed such success justified the "good deal of controversy, particularly in Western Canada", which

this "principle of enforced moves" had created.<sup>66</sup>

CMHC also encouraged sales by making tenants an offer, which for most, was simply too attractive to refuse. In order to transfer the homes to the private market as quickly and quietly as possible, Mansur had them sold to tenants at favourable terms below market values. For tenants who lived in their home for five years or over, \$800 was deducted from the purchase price. The moves of the Wartime Prices and Trade Board toward the decontrol of rents were also expected to speed the space of sales. CMHC noted the likely impact of this "general increase in rentals" upon its sales program.<sup>67</sup>

CMHC's eagerness to dispose of its stock of publicly owned rental housing also took the form of sales, below construction costs, of federally built homes to municipalities. Here the social dislocations could be quite severe; no arrangements were made in the sales agreements to protect tenants or discourage speculation on the shelter. In Halifax, 787 former munitions workers' homes were sold by CHMC to the city for \$1,000 a house. These homes were then resold at prices ranging from \$1,700 to \$2,300. Purchasers were also required to excavate a basement, construct foundations, provide a basement floor and have a permanent chimney installed. To obtain contractors to do such work, loans of up to \$2,000 could be obtained from the city. The Edgewood-Ardmore Park Tenants' Association complained that they were "at a loss" to understand the justification for the city's increase in price of "70 to 130%."<sup>68</sup>

The Mayor of Halifax had no difficulty in justifying the city's

approach. He told his fellow councillors that he wanted the homes "sold for a 25 to 50 per cent profit ... a clean sale and no further investment to the city of Halifax". Tenants who could not come up with purchase funds lost possession. Their dwellings were sold immediately on the private market. Some twenty per cent of the residents could not afford to make such payments and so lost possession of their homes, which were then placed on the open market. The City Council accepted Alderman DeWolf's view that "CMHC sold to the tenants who were willing to buy. To those who were not willing they said: you move to another place; I think we can do the same". Some tenants who purchased their homes sold them rapidly to the Broadway Real Estate Company. The firm promptly resold the properties by advertisements. Thirty years of real estate trading and the impact of general trends of property speculation made the homes unaffordable for the low income groups that were once housed in them. In Halifax by 1979, they sold at prices ranging from \$36,000 to \$49,000.<sup>69</sup>

CMHC's direct sales to tenants experienced some of the same social problems that were created by its sales to municipalities. In 1955, the Vancouver area tenants of the Renfrew Heights Wartime Housing project unsuccessfully attempted to persuade Public Works Minister, Robert Winters, that the selling price set for their homes was too high. CMHC turned a two block Wartime Housing development over to the city of North Vancouver. After the homes were demolished, the land was used for an industrial park.<sup>70</sup>

The discontinuity between Wartime Housing and the later forms of public housing, besides the loss of momentum and design skills

described by Carver, had the negative consequence of dismantling the programs of social integration of tenants which the earlier corporation had pioneered. A leading public housing advocate of the era, Albert Rose, in 1952 observed how the community centers of Wartime Housing were one "of the first casualties of the early post-war years". In Halifax, a community hall was turned over for use as a regional construction office for CMHC. Frequently, the halls were turned over to schools although in some cases a center "formerly operated by a Tenants' Council" would be "turned over to a Community Recreation Association under the jurisdiction of the Municipal authority". Some community centers were simply closed.<sup>71</sup>

The sudden termination of Wartime Housing had effects on the quality of life in public housing projects that were comparable to its contribution to the miniscule quantity of the new housing units it produced. This was especially obvious to the social workers of the period in the case of Regent Park North, the first public housing project in Canada. It opened in 1949 in Toronto. This project was originally built and subsidized completely by the City of Toronto, the federal government only paying for land acquisition costs under a unique application of the NHA limited dividend program. This project's 800 units were only a fraction of the 2,000 units that the Toronto Citizens' Housing and Planning Association felt should be constructed directly by the federal government through Wartime Housing.<sup>72</sup> What was significant for the quality of life in the new project was that the sophisticated system of tenant relations built up by Wartime Housing in its Toronto area projects was not applied to the new forms of public

housing. Indeed, the management of the projects encouraged the very social isolation which Pigott had strove to overcome in his administration of the munitions workers' housing program.

The tendency to authoritarian management in the completed project was magnified by the "slum clearance" nature of the Regent Park North development. Although the majority of the residents in the former community were rehoused in the project they had no opportunity for participation in the design of the development which so drastically changed their neighbourhood. Social workers were brought in to discuss the area's future with residents only after the plans had been finalized. Some tenants in the district were evicted from their homes by landlords. This was done as part of the larger trends to sell off rental housing to homes purchasers in the inflated residential real estate market created by the continuing post-war housing shortage. Also, single persons living in the district were considered ineligible for rehousing.<sup>73</sup> The housing shortage meant that the time for a slum clearance project was particularly inopportune. The goals of rehousing the neighbourhood residents in better quality, more affordable housing were somewhat in conflict with the need for better housing for low income persons throughout the city. This conflict was intensified by the continuation of emergency housing for the homeless in inverted army barracks. Pioneer public housing advocate, Albert Rose, complained at the time that tenants were given "scant attention" as responsible participants in the management of projects. They were simply "issued a handbook of rules and regulations dealing with such

significant questions as animal pets, flower pots on window-sills and television aerials".<sup>74</sup>

Rose's assessment of the anomie promoted by early Canadian public housing was shared by Allison Hopewood. Hopewood was another early advocate of public housing and, together with Humphrey Carver, prepared the rent scale for the project. Hopewood and Rose, in Canadian Forum, together asked whether Regent Park was a "milestone or millstone". The two authors drew attention to how the "emphasis has been on the new houses: little understanding has been shown to the feelings of the people who will move into them". They concluded that "authoritarian management in public housing can be more demoralizing than the blighted surroundings from which the people are removed". That such comments should come from two of the leading public housing advocates in the nation shows the social problems created by the first public housing projects.<sup>75</sup>

After abruptly ending the eight years of continuity of Wartime Housing's experience in planning, building and managing public rental housing, Mansur had a clean slate on which to develop new policies for housing low income Canadians. To his credit, Mansur applied considerable imagination to this task, although the final result was quite conservative.

Mansur toyed with quite sweeping proposals for alternatives to public rental housing to provide affordable accommodation for low income groups. He presented far reaching recommendations for "broadening the band of home-ownership" to the CMHC Executive Committee. These called for eliminating the down payment for

homeownership, allowing homes to be purchased on a "lease option, rent purchase" basis. Mansur believed this would prove to be very popular among low income families who, for the first time, would be able to afford home-ownership. He also believed such a dramatic change might be necessary to sustain housing production at the level of 100,000 units a year. Such a scheme, he felt, would unite "private enterprise and social security" and establish "a bias in favour of those people who are willing to put a stake in their community".<sup>76</sup>

However, Mansur's own memorandum on this low cost home-ownership proposal sets out the reasons why it was not adopted. He noted that such assisted home-ownership would cause a "gap" between it and the joint-loan scheme. Indeed, it would likely mean the end of "economic" housing in the whole home-ownership field. Consequently, it would prove to be "very unpopular with lending institutions". The proposal would go against "the traditional mortgage practice" of trying to get "as much owner's equity into the house as possible". Mansur also believed that "a means test to determine who should enjoy the assisted or subsidized home plan would not work".<sup>77</sup>

After rejecting a scheme for subsidized home-ownership on a massive scale, CMHC proceeded to design a public housing program of miniscule proportions, intended for the political objective of transferring criticism for inaction in the area of low income housing to the provinces. Mansur, however, did not want a repeat of the stillborn Section Two of the NHA of 1938. He rejected proposals for a federal grant in aid of "\$1,000 to \$1,500 per unit for any low rental housing constructed by a province or municipality". Mansur did this

because he believed such a scheme would "not produce any housing".<sup>78</sup>

Although Mansur had the insight, ability and integrity to reject an unworkable scheme that would eventually prove a political liability to the government, his considerable skills turned toward devising a public housing scheme that would generate a minimal level of construction and transfer criticism of inactivity to other levels of government. He set forth the basic principles of Section 35, the first workable federal public housing legislation, in a memorandum of June 3, 1949.<sup>79</sup>

In his public housing memorandum, Mansur opposed the direct dealings between the federal government and municipalities which had proven so successful in terms of volume of construction under Wartime Housing and which would again be so after the NHA amendments of 1964. He rejected the formula of the Curtis report of "a national rent reduction fund" to assure low income affordability in municipal projects.<sup>80</sup>

In lieu of dealing directly with municipalities and having the federal government pay the costs, as recommended by the era's public housing advocates, Mansur proposed public housing through a federal-provincial partnership. In outlining the merits of this scheme, Mansur told the CMHC Board of Directors, "that the 25% participation by the provinces will tend to keep down the number of public housing projects". His formula, which was incorporated into the new NHA Section 35, provided for the federal and provincial governments to share 75 and 25 per cent respectively, of the capital costs and

deficits of public housing. He saw that allowing provinces to pass on to municipalities a portion of their share would favourably prove "to be a very real limiting factor" in the amount of public housing produced under Section 35. In order to keep out municipal influence from the administration of public housing projects, the local authorities responsible for them would all be appointed directly by the province. Ownership would reside also with the federal and provincial governments. Mansur stressed the need "to avoid the establishment of long term vested interests and rights in local authorities". His outline for future public housing legislation was approved at the June 25, 1949 meeting of CMHC's Board of Directors.<sup>81</sup>

After Reconstruction Minister Robert Winters and the CMHC board approved his ideas on public housing, Mansur proceeded to obtain the co-operation of the provinces. He expected that Saskatchewan's CCF government would take the view of social housing advocates and make "a very strong stand that all the moneys and all the rent reduction fund should come from the Dominion". Indeed, T.C. Douglas in a March 2, 1949, letter to Prime Minister Louis St. Laurent, argued that the low interest loans available to private limited dividend projects should be extended to the provincial crown corporation, the Saskatchewan Reconstruction Corporation and to municipalities. Mansur did not bother to communicate this proposal to CMHC's board. He also viewed opposition coming from the Union Nationale government of Quebec, which preferred to subsidize home-ownership. Mansur believed Nova Scotia, P.E.I. and Alberta were indifferent to low income housing. the provinces wanting to negotiate would be British Columbia and Ontario.<sup>82</sup>

Mansur chose to obtain a first agreement on public housing with Ontario, as the province's objectives in the area were similar to his own. These were simply to reduce the political demand for public housing, while constructing as few units as possible. Also, Mansur was placed in a good negotiating position as Ontario Premier Leslie Frost was eager to have the federal government assume the province's second mortgage scheme, which supplemented the NHA joint-loans. Mansur told Winters that he hoped to "take advantage of the Province's reluctance toward subsidized housing by the adoption of a plan under which subsidized rental housing may be provided, but only with the concurrence of the Province". Frost believed the avoidance of municipal control would encourage the "ultimate disposal of the units to home ownership". He was enthused that Mansur's scheme would mean that "public housers" would no longer be "able to play off the Dominion against the Province and vice versa". He saw that it could provide "an effective answer" to "demands for public housing with subsidized rentals".<sup>83</sup>

After negotiating with Frost, Mansur enjoyed an equally amicable entente with Quebec Premier, Maurice Duplessis. Duplessis agreed with Mansur that "the Dominion and the Province should work very closely together" in the housing field. He expressed himself as a "firm believer in home ownership" and an opponent of "subsidized rental housing". "Government built projects", Duplessis maintained, "would have the effect of increasing the undesirable trend of individuals relying more and more upon the state". His acceptance of the scheme was encouraged by the fact that Section 35, by providing for federal/provincial partnerships in "providing and servicing raw land",

would also assist housing for home ownership. Mansur felt Quebec's own subsidization of interest rates on residential mortgages worked well with the joint-loan provisions of NHA. He felt that Duplessis was keenly interested in housing and had shown "more real knowledge of the situation and its needs than any other provincial Premier I have met".<sup>84</sup>

The 1949 NHA amendments carried through the agreements negotiated among Mansur, Frost and Duplessis. Despite the reservations of the Department of Finance, it allowed Ontario to get rid of its second mortgage scheme. This was done by having, on top of the now uniformly 80 per cent joint-loan, an additional loan to the purchaser of a home, or to persons building their own homes, equal to one-sixth of the value of the joint-loan. It was estimated this scheme lowered downpayments by half the existing average. The new Section 35 provided for 75:25 cost sharing agreements for the federal and provincial governments to jointly "acquire and develop land" and to "construct housing projects for sale or rent". The details of how this would be worked out were left to future regulations which were not spelled out in the legislation.<sup>85</sup>

The first year of Section 35's life saw only one public housing project completed. It was for 140 family rental units in St. John's, Newfoundland. This pioneer project was not serviced with either heat or hot water. Tenants provided their own heat by purchasing space heaters. They also had the choice of "cooking by wood, coal or electric stove". In St. John's, this Estbary Estate project was constructed over three years. Its details were subject to complicated

negotiations between the two levels of government. Its original design was rejected by the Newfoundland cabinet. This was on the grounds that the proposal design would set "too high a standard of subsidized rental housing in St. John's". At this stage, CMHC pointed out that "any further lowering of standards would not comply with National Housing Act regulations". In recognition of heating costs to tenants, the project's rents were set at 20 per cent of tenants' income, five per cent below what CMHC contemplated charging tenants in fully serviced projects.<sup>86</sup>

CMHC took the attitude that the passage of Section 35 had achieved the intended purpose of reducing the political vulnerability of the federal government in the low income housing area after the ending of Wartime Housing's extensive programs of direct public rental construction. Little effort was made to promote the use of the new legislation, especially in contrast to CMHC's cultivation of private entrepreneurs in the housing industry. No targets were set to meet social needs for improved affordable shelter. On February 20, 1950, CMHC's Board observed how it was "not anticipated that there would be a great deal of housing started under Dominion-Provincial plans during 1950". This was not a cause for alarm nor for consideration of more promotional efforts. CMHC's board was content that the political objectives of the passage of the legislation had been met. The Board favourably noted how it was "already" evident that Section 35 had accomplished the task of "removing pressures for public housing projects from the Dominion to Provincial governments".<sup>87</sup>

Mansur had successfully, by the end of 1949, guided the federal government out of a commitment to a major social housing program. At the end of the second World War, protests of tenants had forced a target of 10,000 public rental units a year on the federal government. By 1950, this was down to 140 units in a single project promoted by the Newfoundland provincial government. Mansur had accomplished a successful transfer of responsibility for the promotion of social housing to provincial governments. These were given considerable leverage in deciding on how large a scale the program would proceed by being able to alter the proportion of their costs to be borne by municipalities. Both CMHC and the provincial governments of Ontario and Quebec shared an evident hostility to public housing and desired to discourage municipalities from developing their own housing authorities which would be a constant threat to private housing investors.

By the turn of the decade, Mansur and Clark had been able to prevent the intense post-war housing shortage from being the occasion for the development of the large scale federally financed and municipally managed public housing desired by the James Committee, trade unions, architects and the social work profession. The considerable stock of social housing built by Wartime Housing Limited over eight years was sold to tenants on the threat of eviction, or, on the private market when tenants vacated voluntarily, or were evicted from an inability to acquire funds to buy their homes. Clark and Mansur's opponents would welcome the passage of the NHA amendments for public housing which they had campaigned for 17 years, since the first

housing surveys of the great depression. They would now, as Mansur and Clark predicted, transfer their criticism to provincial and municipal governments in order to get social housing produced.

Mansur had also succeeded in developing small scale limited dividend and rental insurance programs to stimulate private rental construction after persuading the Department of Finance that the benefits of getting such construction going was worth the political risks of developing a program which would be used on only a small scale despite the pressing housing shortage. This would provide an alternative to public housing and a source of investment capital to residential building entrepreneurs when other outlets dried up. In place of the minor programs of public and private rental construction that were developed, the joint-mortgage scheme had grown into a major stimulus for the home building industry. The integrated scheme had also accomplished what Clark had realized could not be achieved in the depression, the encouragement of large scale residential builders capable of designing entire communities.

- 1) David Bettison, The Politics of Canadian Urban Development (Edmonton: University of Edmonton Press, 1975), p. 100.
- 2) J.F. Parkinson, "Notes on Discussions with Rentals' Officials in Western Canada", May 11, 1946, in Public Archives of Canada, Department of Finance Papers, PAC, RG19, Vol. 3961.
- 3) Letter from David Mansur to J.F. Parkinson, June 18, 1946, PAC, RG19, Vol. 3961.
- 4) O.J. Firestone, Residential Real Estate in Canada (Toronto: University of Toronto Press, 1951), p. 498.
- 5) Letter to Mayor J.I. Ahern from S.M. Lison, General Supervisor Real Estate Division CMHC, October 1, 1948, Public Archives of Nova Scotia (PAN), RG35-102, Series 3, (B, 11), File 103-A; Letter from Mrs. Ballie to Mayor Ahern, PAN 35-102, Series 3, (B, 11), File 103-1A. At this time, Halifax had an 800 person waiting list for accommodation of veterans' families in Wartime Housing.
- 6) Memorandum, October 30, 1945 from Eric Gold to Donald Gordon in PAC, RG19, Vol. 363, File 101-102-1-1; Gold saw this as an easy way to ration the limited emergency shelter space so that veterans' families could be taken care of. The housing problems of Montreal had become a source of acute political vulnerability to the government. On January 29, 1945 Minister of National Health and Welfare told his Cabinet colleague, Brooke Claxton, that the Conservatives and CCF were stirring "up agitation again" making the housing shortage the "major issue" in federal politics in the city. Claxton to Ilsley, PAC, RG19, Vol. 363.
- 7) Brief submitted by the City of Charlottetown re Emergency Housing at Airport, PAC, RG19, Vol. 363.
- 8) Memo for C.D. Howe from David Mansur re Emergency Shelter, May 23, 1947, PAC, RG19, Vol. 728, File 203 CMHC-1.
- 9) Ibid.,
- 10) Ibid., "Review of Operations Under Order-in-Council P.L. 9439, December 19, 1944 for "Emergency Shelter Regulations as Amended" in PAC, RG19, Vol. 728.
- 11) Memorandum for the Prime Minister in PAC, Privy Council Papers, RG2, Series 18, Vol. 80.
- 12) Rehabilitation Information Committee Press Survey on Rehabilitation, Letter March 23, 1946, from Ken Perry Zone 2 Housing Committee, Canadian Legion in PAC, RG2, Series 18, Vol. 99.

- 13) "All-Out Housing Program for Canada" Submission of the National Executive Committee of the Labor-Progressive Party to the Government of Canada, March 26, 1946 in PAC, RG2, Series 18, Vol. 99.
- 14) Ibid.; "50,000 New Homes for Saskatchewan", the Labor-Progressive Party Brief on Housing for Presentation to Saskatchewan Government, in Public Archives of Saskatchewan, PAS, T.C. Douglas Papers, Housing, 86 (2-22).
- 15) PAS, Douglas Papers, Reconstruction, Provincial Housing, 614 (16-3.2).
- 16) Letter February 8, 1946, Grace McInnis to T.C. Douglas, Letter February 14, 1946, Grace McInnis to T.C. Douglas, "Suggestions for five concrete proposals CCF can make for immediate action by Dominion Government in Housing and Community Planning, in PAS, Douglas Papers, Reconstruction, Provincial Housing, 614 (16-3.2)
- 17) Letter from David Mansur to J.F. Parkinson, op. cit.; Letter November 5, 1946, Owen Lobley to Donald Gordon, PAC, RG 19, Vol. 3961.
- 18) "1947 Program", Program Division, May 15, 1947, in PAC, RG19, File W.C. Clark, Meeting of Board of Directors, June 7, 1947.
- 19) Memorandum for the Right Honourable C.D. Howe, Minister of Reconstruction, from D.B. Mansur, May 23, 1947, in PAC, RG19, Vol. 728, File Meeting of the Board of Directors, September 15, 1947.
- 20) Ibid.,
- 21) Ibid., Carver, op. cit., p. 108.
- 22) David Mansur, Cabinet Document No. 483, June 24, 1947, in PAC, RG2, Series 18, Vol. 80.
- 23) Memorandum for the Honourable C.D. Howe from David Mansur, op. cit.,
- 24) Ibid.,
- 25) "Cabinet Document, No. 483", op. cit.,
- 26) "Memorandum for the Honourable C.D. Howe from David Mansur", op. cit.,
- 27) 1948 Wartime Housing, Sept. 9, 1947, in PAC, RG19, Vol. 727, File September 15, 1947, Meeting of Board of Directors.
- 28) Ibid.,

- 29) Draft Memorandum of C.D. Howe to Cabinet re Housing July 15, 1947, PAC, RG2, 18, Vol. 80.
- 30) Ibid.,
- 31) "Rental Housing Proposals", November 24, 1947, in PAC, RG19, Vol. 727, December 1st, 1947, Meeting of the Board of Directors.
- 32) Ibid.,
- 33) Ibid.,
- 34) Ibid.,
- 35) Memorandum to Dr. Clark Re: Housing Proposals, November 26, 1947, PAC, RG19, Vol. 727, File December 1, 1947, Meeting of Board of Directors.
- 36) Firestone, op. cit., pp. 384, 485.
- 37) Memorandum Report on "Rental Insurance", November 17, 1948, PAC, RG19, Vol. 727.
- 38) Memorandum to D.B. Mansur from H. Woodard, "Re: Survey - Rental Situation, Montreal" in PAC, RG19, Vol. 726, File: 203 CM2d-1. Meeting of Board of Directors, June 25, 1949.
- 39) Some idea of the severity of the post-war housing shortage can be gained from the fact that only five to ten per cent of Montreal's residents at this time who were seeking rental accommodation could afford serviced units with hot water Ibid.; Minutes of April 18, 1949, Meeting of CMHC Board of Directors, in PAC, RG19, Vol. 726, File CM2d-1, Meeting of Board of Directors, June 25, 1949; See also May 10, 1948, Minutes of CMHC Board. The Executive Committee of CMHC decided to curtail Rental Insurance rather than have certain projects be built that would charge such high rentals as to prove to be a political embarrassment to the government, in PAC, RG19, Vol. 727.
- 40) Memo A.E. Brounell to D.F. Marstand, May 19, 1947, PAC, Central Mortgage and Housing Papers, RG56, Vol. 55.
- 41) Memorandum to Dr. Clark, January 16, 1948, in PAC, RG19, Vol. 3980.
- 42) Central Mortgage and Housing Annual Report, 1954.
- 43) Memorandum D.B. Mansur to Executive Committee, CMHC re Section 9 - NHA, October 31, 1950, in PAC, RG56, Vol. 55.
- 44) Ibid.,

- 45) Ibid.,
- 46) Ibid., Michael Dennis and Susan Fish, Programs in Search of a Policy, (Toronto: Hakkert, 1972), pp. 225-242.
- 47) Alexander Laidlaw, "Nova Scotia Finds an Answer to the Housing Problem", Canadian Welfare, December, 1950. J.F. Midmore, Report on Co-operative Housing, (Ottawa: Co-operative Union of Canada, 1962), pp. 52-60.
- 48) Memorandum by Humphrey Carver re: "Housing Co-operatives in Nova Scotia", November 18, 1949, in PAC, RG19, Vol. 726, File: 203 CM2d-1. Meeting of Board of Directors, June 25, 1949.
- 49) Memorandum for G.J. McIlraith, Esq., Parliamentary Assistant to the Minister of Reconstruction and Supply, PAC, RG2, Series 18, Vol. 80.
- 50) Midmore, op. cit., pp. 53-65; Memo from Humphrey Carver to David Mansur re "Housing Co-operatives in Quebec", December 5, 1949, in PAC, RG19, Vol. 726, File 203, CMHC 2d-1, Meeting of Board of Directors, June 25, 1949.
- 51) Carver, Compassionate Landscape, p. 111.
- 52) Ibid., pp. 109-110.
- 53) Ibid., pp. 110-111.
- 54) Report re Maritime Region, October 12, 1948; Report on Quebec Region, September 21, 1948, in PAC, RG19, Vol. 427.
- 55) Report on Maritime Region, op. cit.,
- 56) Memo to C.D. Howe, October 27, 1948, in PAC, RG19, Vol. 727.
- 57) Ibid.,
- 58) Memorandum for Howe from Mansur, October 30, 1945 in PAC, RG19, Vol. 727.
- 59) Firestone, op. cit., p. 485.
- 60) Carver, op. cit., p. 110.

- 61) The Ontario Association of Public Housing Authorities, Good Housing for Canadians, (Toronto: 1964), pp. 1, 99.
- 62) Ibid., p. 79; Michael Dennis and Susan Fish, Programs in Search of Policy, (Toronto: Hakkert, 1972) p. 173; The Ontario Welfare Council, A study of Housing Policies in Ontario, (Toronto: Ontario Social Welfare Council, 1973) p. 79.
- 63) Humphrey Carver, Compassionate Landscape, (Toronto: University of Toronto Press, pp. 106-108).
- 64) Ibid., For an outline of what Carver and social welfare interest groups felt should be the direction of Wartime Housing see A National Housing Policy for Canada, Ottawa: The Canadian Welfare Council, 1947 p. 21 and its summary in "A National Housing Policy for Canada, Canadian Welfare, Sept. 1947. The Canadian Welfare Council's suggestions that municipal housing authorities should be given "control of the Wartime Housing projects and other publicly owned housing within their communities" were drawn up by a nine person committee that included Carver, long-time public housing advocate W. Harold Clark, W.M. Anderson, formerly with the Department of Finance's Housing Division and architect of the limited dividend Housing Enterprises Limited, and currently General Manager of the North American Life Insurance Company, Eugene Forsey, then research director of the Canadian Congress of Labour, Albert Rose, Dr. Stuart Jaffary, Associate Professor of the University of Toronto School of Social Work and Charles H. Young, Executive Director of the Montreal Council of Social Agencies. The political acceptability of these proposals can be seen in that they were approved and also drawn up by such business leaders as E.P. Taylor and W.F. Duthie of the Manufacturers' Life Insurance Company.
- 65) Memorandum for G. Murchism to E.R. Gold, re Sale of Veterans' Houses, 1944-1947 Construction, in Public Archives in Canada, Department of Finance Papers, PAC, RG19, Vol. 727.
- 66) Ibid.,
- 67) Revisions in the form of Sale Agreement for the sale of munitions workers and veterans' houses, PAC, RG19, Vol. 727.
- 68) Minutes of the Special Committee on Prefabricated Housing, July 6, 1950, September 1950, Public Archives of Nova Scotia, PAN, RG35-102, (34) LD.1.
- 69) Ibid., November 8, 1950, December 4, 1950, July 6, 1950.
- 70) Newspaper clippings, Vancouver City Archives, Housing, 1949-1950, CMHC Docket, M 1784.

- 71) "Community Centers, Report of Dispositions of Buildings and Operations" April 2, 1949, CAC, Central Mortgage and Housing Corporations Papers, RG56, Vol. 60: Albert Rose, "Housing Administration in Canada", Canadian Welfare, Dec 15, 1952, pp. 36, 37.
- 72) Albert Rose, Regent Park, (Toronto: University of Toronto Press, 1958), p. 53.
- 73) Ibid., pp. 86-91.
- 74) Rose, "Housing Administration" op. cit., p. 36.
- 75) Allison Hopewood and Humphrey Carver,, "Regent Park: Milestone or Millstone?", Canadian Forum, May 1949, pp. 34-36.
- 76) David Mansur, "Public Housing and Marginal Home-Ownership", June 13, 1949, in PAC, Privy Council Papers, RG19, Vol. 538.
- 77) Ibid.,
- 78) Letter from D.B. Mansur to R.H. Winters, June 29, 1949, PAC, Department of Finance Papers, RG19, Vol. 538, File 35-0167.
- 79) Memorandum re Housing, June 3, 1949, in PAC, RG19, Vol. 726, File Supplementary Folder, Meeting of CMHC Board of Directors, June 25, 1949.
- 80) Ibid.,
- 81) Ibid., Minutes of Board of Directors Meeting, June 25, 1949, PAC, RG19, Vol. 726, File 203 MHC-1.
- 82) Memorandum re Housing, op. cit., Letter from T.C. Douglas to Louis St. Laurent, March 2, 1949, T.C. Douglas Papers, Saskatchewan Provincial Archives, Housing.
- 83) David Mansur, "Memorandum Re Housing Discussions with Ontario", August 17, 1949, PAC, RG19, Vol. 3439, Mansur to Winters, Aug. 18, 1949, PAC, RG2, 18, Vol. 127.
- 84) David Mansur, "Memorandum Re Housing discussions with Quebec", in PAC, RG19, Vol. 3439.
- 85) M.W. Sharp, "Memorandum to Mr. Abbott Re Housing Policy, PAC, RG19, Vol. 3439. The legislation was the same for public housing and land assembly facilitating housing for sale. In both cases the federal government and the provinces would split the costs and any deficits on a 75:25 basis. The federal and Ontario provincial governments agreed that "little emphasis" would be placed in using this arrangement to produce rental

units, either at economic rentals or on a subsidized basis".  
In "Memorandum of Conversations at a Meeting held by the Deputy Provincial Treasurer - August 9, 1949, In Respect to Dominion-Provincial Housing Arrangements," PAC, RG19, Vol. 3439; Carver, op. cit., p. 109.

- 86) Minutes of CMHC Executive Committee, May 23, 1950 in PAC, RG19, Vol. 723; CMHC, Annual Report, 1951, p. 16.
- 87) Minutes of a Meeting of Board of Directors, February 20, 1950, PAC, RG19, Vol. 724; as Mansur's earlier conversations had predicted, at its April 17, 1950 meeting, CMHC's Board of Directors observed that Ontario and Quebec were only interested in the legislation being used for land assembly projects. Manitoba quickly discouraged any public housing being built by having its municipalities become responsible for 100 percent of the provincial share of costs. In PAC, RG19, Vol. 723.

Change to Stay the Same: The Role of  
Federal Government Housing Policy

In the first half of the 20th century concern for government housing policy had expanded from the tentative discussions between manufacturers and trade unionists on the relative merits of limited dividend and municipally owned housing projects, into an important part of the activities of the federal government. Housing policy was now included in the political platforms of the major national parties and involved a substantial amount of debate in the House of Commons. A crown corporation, the Central Mortgage and Housing Corporation, had become the nation's biggest mortgage lender. Its programs had become a vital part of the residential construction industry's ability to produce new housing. The federal joint-loan program, once scorned by most institutional lenders, was now accepted and played an important part in the record breaking levels of national home construction achieved in 1949. Federal policy had also reshaped the residential construction industry in its own image. In place of what W.C. Clark termed "the small speculative builder", new "merchant builders" had been fostered with the capacity to plan entire communities.<sup>1</sup>

The fundamental point behind the emergence of massive housing intervention by the federal government was that it was change with profoundly conservative objectives. The growth of federal housing programs came from the kernel of the Dominion Housing Act of 1935. This seminal legislation was the product of the cross fertilization of the minds of the federal Department of Finance and the Dominion Mortgage

Investments Association. The leaders of these two organizations, W.C. Clark and T.D'Arcy Leonard, drafted the DHA with the intent of using government to maintain housing as an area for private investment. Their legislation facilitated the building of new homes whose standards were high enough to secure the confidence of lending institutions. This helped make them, however, unaffordable for 80 per cent of Canadian families whose incomes were too low to be considered a reasonable risk by these same companies.

In drafting their pioneering legislation, Clark and Leonard were responding to a growing social movement which they feared posed a danger for the future of housing as an outlet for private investment. The best way to counter this threat was to avoid a rigid refusal to incorporate its concerns into the activities of the federal government. Instead the DHA of 1935 and most subsequent federal interventions, would convey the impression of meeting social housing objectives, while actually accomplishing little apart from temporary programs which would expand during periods of extreme crisis. Clark would confide in private correspondence to his close associate, David Mansur, that he favoured the federal government assisting the building of higher cost housing. However, this would never be set forth in published material such as annual reports, or, Liberal party political platforms.<sup>2</sup> While all federal legislation from 1935 to 1944 was full of unfulfilled promises of low rental housing, attempts to give market orientated policies a halo of social concern did not stop there. Federal mortgage assistance was promoted as making home ownership more accessible to a broader band of Canadians, although public statements ignored that the

lower cost used housing was not eligible. The Home Improvement Plan attempted to make obtaining a bank loan for a small exterior home improvement appear as a patriotic duty to fight the depression. The low rates of defaults on such loans show they did not induce banks to venture into new areas of higher risk customers. The very promotion of higher standards, so prided by the Department of Finance as of an achievement of public policy, tended to make new homes less affordable. In 1940 the federal government's own Economic Advisory Committee saw that HIP and NHA served no public purpose other than job stimulation when it moved to abolish them as the nation entered a labour shortage.

Although exaggerated by self-serving hype and public relations, federal intervention in the housing market did bring important changes. The short term, renewal at floating interest rates with heavy down payments faded from the scene. In their place came longer term mortgages, up to 30 years, with blended payments of principal and interest and a downpayment of from 20 to 10 per cent. Prior to 1935 first mortgages for more than 60 per cent of the value of a new home were simply unavailable. (Companies being prohibited by law to exceed this amount). The traditional reservations of lending institutions as to the higher risk nature of loans with low downpayments were not easily overcome, especially during the depression. But by 1947 CMHC had won enough confidence in investors for the programs that it had become an important part of the Canadian mortgage market.

The innovations in the mortgage market fostered by the DHA in 1935 were advocated by the Canadian Construction Association in 1919. They

were promoted in the Commons by former Toronto Mayor, H.L. Hocken, who was very much in touch with their general pro-labour and social welfare orientated intentionist approach. These were defeated in the Commons by another Conservative M.P., Hume Cronyn, then president of the Dominion Mortgage Investments Association. Cronyn argued that it would be "a grave mistake" for the Dominion to "enter into the lending business."<sup>3</sup> This is what Cronyn's successor, Leonard, would facilitate 15 years later, but only after the CCA's more radicalized stance had changed the focus of debate on housing issues.

After the return of prosperity to the residential building industry in 1924, the CCA, unions, social workers, planners and architects adopted the reassuring view that the social housing problems of the nation did not require government interference with the private housing market. This view dramatically changed when the great depression damaged the construction industry. The urban poor with severe shelter problems were rediscovered. Housing surveys pointed that many groups in Canadian cities could never afford the housing needed by their families unless it was subsidized. This goal of a large scale public housing to provide comfortable and affordable shelter to low income families and employment to the construction contractors, architects and planners who would build it, set the new political situation on housing matters that would produce the DHA and the federal government's housing responsibility. In order to defeat such calls for social housing, the DHA also promised to embark on low rental projects after they had received further study.

The short and simple DHA was expanded by subsequent legislation,

but the basic dynamic remained the same. A variety of national organizations called for social housing which was met by further improvements to mortgage market legislation and renewed promises of action for low cost rental housing. The NEC's report produced the NHA of 1938 and the work of the James Committee brought about the NHA of 1944. Public protest over the inadequacy of rent controls in 1945 forced a commitment to build 10,000 veterans' rental units in one year and the creation of CMHC. This crown corporation was at birth given a clear mandate to discourage government fostered construction and to promote the building of housing by private enterprise.

Federal policy did not address the basic concerns that led to calls for public intervention in the great depression. There was no desire for establishing, as the reformers envisaged, a sort of national minimal standard of housing conditions that would assure low income families with the housing they needed for their well being, through various forms of shelter subsidies. Indeed the key policy maker, W.C. Clark, was quite opposed to the notion that the incomes of a substantial number of Canadian families were so low as to require the payment of some type of shelter subsidy if they were to live in adequate housing.<sup>4</sup> Clark, therefore, was determined to achieve this through the market, on the grounds of not sacrificing economic efficiency. Such savings in his view were to be achieved by promoting a large scale building industry. In the midst of widespread demand for social reform in the Second World War, he made one exception to this equation and held that all could afford shelter sufficient to their needs with the payment of family allowances.

In their rigid opposition to the notion of subsidized housing, Clark and his colleagues felt the need to stop any "creep" of socialist thinking, which they feared if once achieved in a few demonstration projects, would turn into an avalanche. The NEC's call for a handful of low rental housing projects was deplored by Clark lest the pressures to expand it became "irresistable" so as to "cover more than the favoured few".<sup>5</sup> Similarly Rentals Administrator, Cyril De Mara, in 1942 warned that Pigott's proposed Hamilton agreement would encourage "the socialization of all our housing".<sup>6</sup> This type of fortress outlook would for a long period, only be bent to accommodate demands for veterans' and munitions' workers. This was done in a way that would facilitate the return of these units to the private market, by building single family homes that could be quickly sold. It was only to rid itself of this large scale, if temporary program, that the federal government finally accepted subsidized rental housing in 1949. This was done with enough safeguards, such as provincial controls, that the federal government did not expect the creation of the very large scale program of social housing it had oposed for 17 years.

Clark understood more clearly than his critics, how his vision of the urban future was tied to the prevailing socio-economic order. He admired the Parkchester apartments of the Metropolitan Life Insurance Company because they showed how a large scale housing project could be an outlet for the investment of major pools of private capital. Consequently, he did not quibble with the barren, stark design of the project, since the cost of maintaining trees, flowers and shrubs might undermine the return on investment needed to undertake it. Clark took

such reasoning to the extreme in advocating a limited dividend project in Montreal that did not have central heating in order to meet his objectives of avoiding federal subsidies and permitting private investment. In this case his vision over reached itself. The private investors refused to be associated with such poorly designed units. They later cancelled the scheme when higher standards showed the investment would not be remunerative.

The leading alternate vision to Clark's corporate city outlook was put forward in the great depression by Humphrey Carver. His vision of the "compassionate landscape" achieved was realized in the projects of Wartime Housing Limited, with their careful attention to landscaping and high degree of ancilliary services for tenants. But such projects would be rare in part because Carver and other reformers had little sense of the social forces shaping government housing policy. Carver wrote for advice to W.C. Clark, the key foe of his vision within the federal government.<sup>7</sup> He would in recalling the groups that supported social housing, make no reference to the business group, the Canadian Construction Association.<sup>8</sup> Likewise Noulan Cauchon would decry the skyscraper, but not the economic interests that were encouraging this urban form. Clark justified the skyscraper by the important economic interests in a high level of land capitalization it protected. His book was a straightforward promotion of the viewpoint of a business group directly benefitting by this urban form as it was published by the National Institute for Steel Construction.

Clark's book, financed by a business group whose views he was promoting, illustrates how his task was easier than his critics. He

tended to anticipate trends that the economic self-interest of finance and real estate were heading and so adjust them towards his ideal world view. His goals of secure financial investment in urban land and greater corporate concentration in the residential building industry, were in harmony with important economic groups whose self-interest would promote these aims for the future of urban Canada.

The reformers had a more difficult target than Clark. Their vision, infringing on the profits of real estate firms and lending institutions was harder to promote. George Mooney was able to develop a distinguished career around his view of the urban future as executive secretary to the Canadian Federation of Mayors and Municipalities. Horace Seymour wrote a series of articles promoting social housing for the Canadian Congress of Labour. S.H. Prince served over a quarter century on the Nova Scotia Housing Commission. He assisted in the critical 1932 Halifax Housing survey and in the development of co-operative housing in the province. Humphrey Carver wrote numerous articles in the Canadian Forum from a socialist outlook in the great depression and with the help of Mooney, Seymour, Prince and Percy Nobbs, organized the first National Housing Association to campaign for social housing. The release of the Curtis report in 1944 did give national attention and prominence to these reformers' proposals.

Despite their many and varied accomplishments, housing reformers by 1949 would have little to show for their efforts. Only the soon to be sold off units of Wartime Housing and the recently passed but ill-fated legislation for public housing stood as concrete achievements at the federal level. They had been able, with some federal funds for

land acquisition for "slum clearance", to have the city of Toronto undertake its own Regent Park public housing project, by mobilizing public opinion against the local real estate lobby. But even here, severe limitations were imposed on their success. The paternalism of the project's management, which of course sharply contrasted with the tenant participation fostered by Wartime Housing, led some of the Regent Park's leading supporters to question publicly if it had proven to be a "milestone" or a "millstone."<sup>8</sup>

Social housing supporters did have a national organization that united their efforts, the National Construction Council. It operated from the depression to the post-war period. However, neither of NCC nor any of its member groups, launched a campaign directed against the influence of the Department of Finance on Housing Policy, or, on the market orientated thinking that shaped its policies. The NCC and other reform groups remained in a friendly dialogue with Clark on housing policy. Over the years it appears that Clark had more influence on their views, than reformers did on the federal government.

In order to spark enthusiasm for public housing, Humphrey Carver decided to write a book which he hoped would inspire interest in the subject as Catherine Bauer had in the United States after the publication in 1932 of her book Modern Housing. Carver failed in this task, confessing in his memoirs that the result of his efforts was a "rather dull book." This was not caused by lack of literary talent, but more from the intrusion of ideas from business and government which departed from his former outlook. The final book, Houses for Canadians

was heavily influenced by an advisory committee of a life insurance executive and a partner in a real estate company. Carver repeated Clark's maxims about the need for large builders to design whole communities, putting into print what Clark had declared in classified memorandum.<sup>9</sup>

In place of the coalition that Pigott envisaged of organized labour, construction contractors, planners, architects and social workers, Clark forged more winning alliances. In the depression period and war years, Clark's allies were restricted to groups that shared only opposition to public housing. This included municipal property owners' associations, retail lumber dealers, real estate interests, mortgage lending institutions and home builders. After the Second World War this alliance was able to grow as Clark won converts from the advocates of housing reform, over his plans to reshape the Canadian residential construction industry to design entire communities. This prospect of integrated urban development won the sympathy of the experts who had previously held aloof from the support of his policies. The old coalition of the depression and war years, forged out of a collapse of the construction industry in 1933 was loosened by the building boom of the post-war era. Now the greatest difficulties the industry faced were related shortages of labour and supplies, not a lack of customers as in the depression.

In the post-war era where the economic circumstances that had led to calls for social housing had been reversed, Clark's ideas would come into their own. The visions of expert opinion on housing had shifted

from the public housing projects of socialist Vienna and New Deal America to the residential suburb planned by a single corporate developer. Clark took the ideal image of the urban future from Regent Park to Don Mills, although the low income groups, who could not afford new market produced housing, would be left behind.

## FOOTNOTES TO CHAPTER THIRTEEN

- 1) For Clark's proposals to replace small builders as leading force in the Canadian residential construction industry, see his "Proposal to Promote Integrated Housing Projects Through the Medium of Private Housing Corporations" in PAC, RG 19, Vol. 710, File 203-1A-12.
- 2) Mansur complained to NEC Chairman Purvis that he felt the DHA's had missed its original goal of serving low income groups. Clark replied to Mansur, that this was never the purpose of the legislation since "the building of high cost houses" "more effectively" met the government's goal of stimulating employment "than the building of low cost houses" for this candid statement by Clark, so different from his own and government's public statements on housing policy see, Letter from W.C. Clark to D.B. Mansur, August 10, 1936 PAC, R G 19, Vol 711, File 203-2C.
- 3) House of Commons Debates, 1921, 2: 1142-1146.
- 4) Clark's views on this subject are most clearly expressed in his commentary on the NEC's proposals for low rental housing contained in "Memorandum to Mr. Dunning Re: Low Rental Housing Program, March 7, 1937 in PAC, R619, Vol. 3888. My own treatment on how Clark's opinions were able to galvanize groups hostile to increased expenditure for public housing is similar to Struther's portrait of how Charlotte Whitton's advice was used by Bennett and King to justify relief cuts. See James Struthers, No Fault of Their Own (Toronto: University of Toronto Press, 1983) pp. 106-107, 116,117,153,154,170,171. Both mine and Struther's account, downplays the significance of federal provincial disputes, stressing the importance of the philosophical outlook of federal cabinet ministers and civil servants.
- 5) W.C. Clark, "Memorandum to Mr. Dunning" opicit.
- 6) Inter-office correspondence from Rental Administrator, Cyril R. De Mara, to Assistant Secretary of Wartime Prices and Trade Board, R.C. Carr, in PAC, RG19, Vol. 3890-File H-1. This peculiar siege attitude explains much of the extreme measures Clark used to combat public housing. These included a string of failed experiments as alternatives. Specific projects included the 1937 Winnipeg limited dividend scheme, the creation in 1942 of the office of Real Property Controller to find residential vacancies that did not exist the failed Spinny scheme of 1944 and the post-war fiasco of Housing Enterprises Limited. Also the paper provisions for low rental housing in the 1935, 1938 and 1944 housing acts are part of this strange zeal against the introduction of subsidized shelter. Mansur, after assuming control of CMHC would be less rigid. This greater flexibility allowed a limited dividend and public housing programs to exist on a small scale.

- 7) Letter from M.M. Carver to W.C. Clark, August 17, 1939, in PAC, RG 19, Vol. 3890, File H-1.
- 8) See Allison Hopewood and Albert Rose, "Regent Park: Milestone or Millstone?", Canadian Forum, May 1949, pp. 34-36.
- 9) Humphrey Carver, Compassionate Landscape (Toronto: University of Toronto Press, 1975), pp. 80-82,  
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