OLD AGE AND POVERTY
1867-1914

Summary

Most Canadians in 1867 did not "retire." Canada was then a largely pre-industrial, agricultural society. Most people lived and worked on farms well into their old age. When they were physically unable to work, they were supported by their families on the farm.

Those without family support had few options. Many turned to local charities or public "poor relief" for help. However, these forms of assistance were often difficult to obtain. For example, unless they had a medical certificate excusing them from work, recipients of public assistance could be required to saw cordwood or break rock as a condition for receiving help. Even then, many poor seniors had to beg for additional help because the assistance they received was so minimal.

By the early 20th century, industrialization greatly changed the Canadian way of life. Across Canada, the migration of people from rural communities to cities and towns had a huge impact on the lives of older people. Farm life and the family support system were dissolved, and many elderly poor lived the rest of their lives in poorhouses.

Other industrialized countries became convinced that the elderly poor should receive special assistance. Although Canadian social reformers called for a national old age pension, in 1908 the Dominion government adopted instead a program of Government Annuities[1]. The problem, however, was that few Canadians could afford to buy them.

Researcher's Summary

In the years between Confederation and the First World War, pensions were reserved for a select few. The majority of Canadians continued working into old age, and when that was no longer possible, they relied on personal resources or family and community for support. Those

[1] **Government Annuities:**
The *Canadian Government Annuities Act* of 1908 was one of the earliest significant pieces of social legislation in Canada. Its purpose was to encourage Canadians to prepare financially for their retirement through the purchase of a government annuity.

The Act allowed for the purchase of various annuities for different amounts and lengths of time. At a specified age, the recipient would begin to receive fixed yearly benefits. The government guaranteed these benefits and assumed all the costs to administer them.

The first annuities issued were to a married couple from Quebec City.

seniors without work or support could avoid destitution by turning to public poor relief or private charity, if available. However, these forms of assistance were meagre and dispensed only after applicants were subjected to demeaning eligibility tests intended to weed out the “undeserving”.

In the 19th century, the proportion of seniors in the total population was not as large as it is now, and people did not live as long. At the same time, poverty amongst seniors was not a very visible problem until expanding industrialization brought a concentration of people to urban centres, where living conditions could be harsh, economic survival precarious, and traditional social support systems strained.

The idea of a state-sponsored system of pensions for seniors did not come easily. Nineteenth century ideology stressed the importance of individual self-reliance, even in old age. Poverty was believed to result from character deficiency or lack of foresight and self-discipline, and care for the poor and vulnerable members of society, including the aged, was seen as a family and community responsibility. It was not thought to be the role of government to interfere or to assume this obligation. Only those with nowhere else to turn were to be recipients of limited state help.

The “poor relief” traditions that Canada had inherited from Britain complemented this philosophy well, with their stress on local and municipal responsibility for the poor and their attempts to discriminate between “worthy” and “unworthy” supplicants. The importance of the Roman Catholic Church’s role in poor relief in Quebec distinguished Quebec’s social welfare system from those of other provinces in this period and well into the 20th century. This is because beginning in 1774, when the British Parliament enacted the *Quebec Act*, the Catholic Church’s prominent role in many aspects of social policy-making in that province, including education and relief for the poor, was protected.

Even if the federal government had wished to establish an old age pension system, there were constitutional impediments. The *British North America Act* of 1867 gave the provinces sole jurisdiction over social welfare within their domains. There were also financial considerations. Provincial and federal government revenues were limited. The federal government had the greater resources, but they were not as extensive as they would later become. Income tax, for instance, was not introduced until the First World War. The priorities for the Dominion government were economic development and the building of a viable transcontinental nation.

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However, by the early 20th century, industrialization and urbanization had brought changes in work and family patterns. These changes resulted in more and more seniors ending their lives in poorhouses, or “old age homes” as they had come to be known.

Influenced by developments in other Western countries, where industrialization and its social costs had been experienced earlier, and convinced that the elderly poor should receive special consideration, Canadian social reformers advocated replacing existing practices with a national old age pension program. The Dominion government balked at the suggestion, and in 1908 instituted a Government Annuities program instead, for those that could afford it. Never widely popular, the Government Annuities program stopped selling new annuities in 1975. Nevertheless, payments from this virtually forgotten scheme continue to be paid by Human Resources Development Canada, an example of the very long time frame within which pension provisions must operate.

The creation of the Annuities program changed little. It would be nearly twenty years before the first meaningful step was taken towards replacing grudging charity for indigents with an acknowledgement of the right of older citizens to a minimum level of support from society.

Daily Life

Canada at Confederation in 1867 was a largely pre-industrial, agricultural society. Most people belonged to large families, and most families lived on farms. The farms themselves were very valuable resources, as they often supported entire families for generation after generation.

This social structure had many important implications for seniors and disabled people. People with disabilities who were largely unable to work relied on their families for support throughout their lives.

Seniors who owned farms worked on them for as many years as they had to before their children took over upon reaching adulthood. Moreover, many older people continued to work alongside their children, sometimes until the very end of their lives. In return, they were able to stay in their homes and be looked after by their children throughout their old age.

Thus, neither the practice of retirement (that is, of ceasing to work at a certain age), nor the concept of providing seniors with a retirement income were at all common among the vast majority of the population in this period. People were expected to work on the family farm as long they were physically able to do so. In a complementary fashion, persons unable to contribute fully were felt to deserve support.

Those who did not belong to families that owned farmland fared much worse as they grew older. People who could not rely upon a large family network survived by working for wages. As their ability to work declined with age or through disability, many older people eventually became destitute and reliant on poor relief and charity.

However, retirement was not yet considered an entitlement of seniors because the problem of the elderly in the industrial system had not yet been fully recognized. Since so many of the aged continued to work as hard as younger people until the end of their lives, those who fell into destitution were not treated very differently from other poor people.

The aged poor were offered the same degree of assistance as the younger poor. They were either given emergency relief only, in amounts small enough to strongly encourage them to find work, or a place in the poorhouse, which was also designed to be extremely uncomfortable so that the poor would see it as a very last resort.

The number of seniors who became poor increased in the late 19th century as the process of industrialization began to affect Canadian society. As factories were built in the cities, more workers were needed. Meanwhile, the population in the countryside grew to the point that people began to be forced off their farms into urban areas to work for wages. Industrial wages were low enough that most people were unable to put money aside, and as Canadians grew too old to work they very often became unable to support themselves.

Without the close-knit family and community networks of rural, pre-industrial society, more and more people turned to poor relief and private charity, until the problem of the elderly poor came to be recognized by the turn of the century. Around 1900, for the first time, the aged were identified as a distinct group among the poor and new social reform movements began questioning the appropriateness of their treatment.

Political Events

Pension programs for seniors and disabled persons were created later in Canada than in many

Western European countries. A number of factors contributed to the relatively slow pace of change.

To begin with, industrialization also occurred later in Canada than in Europe. The movement of people away from the country and into urban areas characterized by manufacturing only began to occur on a large scale in the very late 19th century. It therefore took longer for the social problems created by the decline of a traditional agricultural way of life — in particular, problems involving the elderly and disabled poor — to emerge in Canadian society.

The nature of Canada's Constitution further contributed to the lengthy process of developing national pension programs. The *Constitution Act*, as initially enshrined in the *British North America Act* of 1867, outlined what powers belonged to the federal and provincial governments in Sections 91 and 92 respectively. At this time, the authority to implement social welfare policies was given to the provinces. This is why poor relief and charity were administered provincially and locally (with provincial supervision) in the 19th century. As the problem of the aged poor became a national political issue in the early 20th century, both the federal and provincial governments had to take into account the powers vested in them by the 1867 *Constitution Act*.

In addition to the constitutional issue of the division of powers between the federal and provincial governments, the federal government faced its own challenge when creating the first national program to aid seniors, the *Government Annuities Act* of 1908. Because Canada was only beginning to have to deal with the severe social impact of industrialization and urbanization, it did not have a civil service that was either large enough or well enough prepared for these challenges.

The process of setting up and administering any national pension program would be a major undertaking for the federal government. This was made worse by the fact that many parliamentarians continued to view relief for seniors as a private matter. What little staff and resources that existed were not made available for this purpose.

Canada's Native peoples were not included in either provincial welfare programs or the federal program created by the 1908 *Government Annuities Act*. This is because the federal government was assigned the responsibility of governing First Nations in section 91 (24) of the *British North America Act*. Native peoples were governed by the *Indian Act* of 1876, which established a different system of welfare for those given Indian “status” as part of the more general move to assimilate aspects of their cultures into mainstream Canadian culture. It would not be until the 1950s that Canada’s Native peoples took part in the national pension system.

World Events

Public pensions have a long and diverse heritage, dating to at least the 11th century when they were introduced in China under Emperor Wang An-shih (1021-1086). However, in industrialized countries, the national, comprehensive pension systems of today have only emerged in the past 150 years or so.

Beginning in the late 18th century, industrialization occurred in many countries across Western Europe. The ways in which the resulting social problems were dealt with overseas provided ideas and examples for Canadians to draw upon.

Germany was the first Western country to adopt a national public pension program in 1889. Germany became a unified country only in 1871. In order to achieve the level of industrialization that most other European states enjoyed by this time, the German government, led by Chancellor Bismarck, took up a very high level of control over the country’s economy.

Under Bismarck, a contributory pension plan was set up so that workers had the chance to pay into a pension fund throughout their working years. On retirement at age 65, they would then receive regular pension payments. This offered people the security they needed to leave family farms to work for wages, thus helping a large industrial workforce to develop quickly. Germany continued to lead the West in this area into the early 20th century, with innovations such as survivor benefits (introduced in 1911).

Despite Germany’s advances in the area of public pensions, it was the British system of poor relief that had the most profound effect on the development of social welfare in English Canada.

In Britain, the *Elizabethan Poor Law* of 1601 created a local system for dealing with the poor, giving individual parishes responsibility for offering relief. The *Poor Law Amendment Act* of 1834 (also known as the *New Poor Law*) consolidated parishes into larger administrative units called poor law unions, but this was still a largely decentralized system.

The *New Poor Law* distinguished between the “undeserving” and “deserving” poor, and between “indoor” and “outdoor” relief. The “undeserving” poor were those considered capable of working, and they were subjected to “indoor” relief which meant being forced into a workhouse where they worked in exchange for meagre food and shelter. The undeserving poor were given enough relief to survive, but that also kept them poorer than the poorest workers. This was called the principle of “less eligibility”, designed to encourage the able-bodied poor to work.

The “deserving” poor, on the other hand, included seniors, orphans, the sick and disabled. Because they were unable to work, they were sometimes offered “outdoor” relief (given money directly), but sometimes they too had only the workhouse to turn to. Conditions for poor children known as the “Home Children” or “Barnardo Children” were so appalling that an organized movement developed to ship them en masse to the colonies (i.e., Canada, Australia, New Zealand) as indentured workers, in the hopes of improving their chance of survival. There was, of course, no such solution for the elderly.

By the 1880s, however, increasing numbers of people became aware of the problem of the elderly poor in Britain as more and more people who had worked their whole lives were forced, along with their spouses, into destitution and sometimes the workhouse. As more working-class men, and eventually women, won the right to vote, the plight of the elderly poor became an important political issue. In 1908, the British government took the first step by introducing a non-contributory pension program for all those over age 70 who qualified for it by passing a means test that assessed their wealth. A similar evolution of the franchise in Canada, as more people became eligible to vote, contributed to the development of this country’s public pension system following the First World War.

The importance of the Catholic Church’s role in poor relief in Quebec distinguished Quebec’s social welfare system from those of other provinces in this period and well into the 20th century. This is because, beginning in 1774, when the British Parliament enacted the *Quebec Act*, the Catholic Church’s prominent role in many aspects of social policy-making in that province was protected, including education and relief for the poor.

It is interesting to note that although Americans had a national military pension program after the Civil War, the American Constitution presented difficulties related to federal and state powers similar to those experienced in Canada. A national program was not achieved in the United States until 1935, when the American *Social Security Act* was enacted.

Influential People

Social reformers calling for old age pensions brought the issue into the national political arena. In the first decade of the 20 th century, the question of what type of relief (if any) seniors were entitled to was debated repeatedly in the two years leading up to the passage of the 1908 *Government Annuities Act*. In early 1907, two outspoken members of the Senate voiced their views on the benefits of an annuities program as opposed to a pension system.

Sir Richard Cartwright (1835-1912), from Kingston, Ontario, was a Liberal Senator and the Minister of Trade and Commerce in Wilfrid Laurier's government in 1907. He was closely involved in the development of the Government Annuities bill. Despite his argument in favour of pensions for "deserving" seniors who had worked hard throughout their lives, Cartwright was unwilling to support a national pension system because he believed this would discourage people from saving money for their old age:

"*My own impression is that, in a great many cases … a [pension] scheme would be found to encourage extravagance, and the result would be that the thrifty, industrious working man would find himself compelled ultimately to bear the burden of his less industrious and possibly dissolute companion*." [2]

Cartwright argued that working people would put money aside if they were encouraged to do so:

"*… there is very little risk of any hardworking, industrious, able bodied man not being able to make an adequate provision for his old age, if only an opportunity were given to him*."[3]

Donald Ferguson (1839-1909), from Marshfield, Prince Edward Island, was a prominent Conservative Senator in 1907. He supported much of the proposed Government Annuities bill because he, like Cartwright, felt such a program would encourage foresight and saving, although

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[2] Debates of the Senate of the Dominion of Canada, 1906-1907. Third Session, Tenth Parliament (Ottawa, 1907), p. 331.
[3] Debates of the Senate of the Dominion of Canada, 1906-7. Third Session, Tenth Parliament (Ottawa, 1907), 331.

he argued it would appeal most to the middle class. Ferguson's arguments reflect the growing awareness of the plight of the elderly poor in this period. At the same time, he emphasized the government's responsibility to help only those seniors worthy of support:

"*Poorhouse conditions have been greatly improved since Dickens wrote Oliver Twist, but no applied humanitarianism can remove in the minds of many of the most deserving the strong sense of shame in being obliged to accept that form of relief*." [4]

An annuity scheme would restore the dignity of such people and encourage them to be careful with their money:

"*There is nothing like holding out hope to the wage-earner and giving him an absolute certainty that he will have some relief in old age. It encourages thrift rather than otherwise*." [5]

What Canadians Received

Old age pensions evolved relatively slowly in Canada. Between Confederation and the First World War there was some activity in the area of retirement benefits, but the majority of the new Dominion's seniors remained unaffected. Constitutional arrangements that gave the provinces jurisdiction over social welfare limited federal revenue potential in a time before income taxes, and administrative constraints were partly responsible. So was the prevailing ideology that economic security in old age was the responsibility of individuals and their families. Pensions were not considered to be an entitlement, and only gradually did the problem of the aged poor grow in the public consciousness.

Some Canadians in this period could look forward to a degree of income replacement in old age. A few received discretionary gratuity settlements for long service to an employer. Others benefited from membership in private employment-based pension plans such as those instituted by the Grand Trunk Railway in 1874 and the Canadian Pacific Railway in 1903.

The federal government of Canada, with constitutional jurisdiction over military and federal employees, passed a *Superannuation Act* in 1870 introducing contributory pensions for federal

[4] Ibid, p. 712.
[5] Ibid, p. 713.

civil servants. In 1904, it enacted legislation to reverse an alarming desertion rate in the Canadian army by raising military pay and awarding a retirement pension of about $110 per year to troopers who served twenty years. In 1905, the Dominion authorities gave Privy Councillors and Cabinet Ministers pensions of $3,500 per year.

This was a great deal of money at the time. The Bank of Canada's Inflation Calculator gives an idea of just how much it was. The Calculator only goes back to 1914, but a sense of the value of a Cabinet Minister's pension in 1905 can be gained by knowing that $3,500 in 1914 would be equivalent to $55,408.45 in the year 2000.

At the provincial level, a civil service pension plan was established in Quebec in 1876.

For most people though, savings, property, family and community remained the only sources of support when they were no longer able to work. Seniors lacking these options could find themselves in the poorhouse or even forced to seek refuge in jails. For those who did not require special care and could remain in their own homes, there might be a little cash relief or the provision of basic necessities like food and clothing. Widows could be particularly vulnerable, as women tended to be financially dependent. Even if a woman's husband had a work-related pension plan, there would be no spousal benefits, and an older woman's opportunities for paid employment were restricted.

People with disabilities who could not work and who did not receive support from their family or community would have little option but to turn to charity, poor relief or institutionalization. Those whose disability resulted from an injury sustained in the course of employment had very limited recourse for compensation, as the first workers' compensation legislation was not passed until 1914. Although child welfare was receiving increased attention by the late 19th century, the children of disabled people no longer able to work, and of widows left without a spouse to support them, were not able to get the financial help that is available today through private and public pension program benefits.

With provincial responsibility for welfare falling largely on the shoulders of municipalities and private charity organizations, and no overriding national legislation or policy for the alleviation of poverty, the availability and standard of assistance varied from one location to another across the country.

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All forms of assistance, public or private, provided subsistence at most, and involved intense scrutiny of applicants' lives and family circumstances. Relief officials attempted to make families accept responsibility for their own members. Seniors who moved to public institutions lost their voting rights. Moreover, municipalities often made claims on the estates of seniors who entered public institutions to ensure they paid the cost of the care they received.

By the turn of the century, industrialization had created an urban working class that was increasingly dependent on poorly paid and often seasonal wage work. Struggling to survive on meagre and uncertain incomes, a growing number of people found it difficult to support their aged relatives or to provide for their own old age. Moved by their plight, social reform and labour movements, including Social Gospel proponents like the Moral and Social Reform Council and the Trades and Labour Congress of Canada brought the question of a national pension program for the poorest seniors to the attention of the federal government. Fearing the cost, and still convinced that the right savings plan and a little self-discipline on the part of workers would solve the problem, the Dominion authorities passed a *Government Annuities Act* in 1908, providing for the sale of government annuities of up to $600.

Contributions were voluntary, payment schedules could be adapted to suit the individual, and the terms were better than those offered in the private sector. At a specified age the purchaser would begin to receive fixed yearly amounts in benefits. Few were sold, however, and the majority of benefits went to people who were not the most vulnerable anyway. The very poor could not save for contributions to a plan like this; many could barely survive.