

Reconstruction must start from the circumstances existing in Canada that have resulted from nearly six years of war: it is, therefore, a complicated task of combining the demobilization of the Armed Services and war industry with the rebuilding of an ample and stable Canadian economy by a process of smooth, orderly transition and the maintenance of a high and stable level of income and employment. This task will require the active co-operation of all governments and all groups within the country.

The future, so far as reconstruction is concerned, falls logically into two periods. The first of these, which may be called Stage II of the War, begins at the cessation of hostilities in Europe and extends to the time when complete victory has been won in the Pacific. This period will mark the beginning of the transition period to a peace economy. The *specific* applications of reconstruction policies are set out for this period only, since, apart from immediate urgency, this is a time concerning which it is possible to speak with some degree of certainty.

This transition involves the speedy settlement of war contracts and clearing of plant, arrangements for which have been made already.

During this period, continuing needs for war production together with the demand for civilian goods will result in high employment, but with delays in some localities where wartime demands have necessitated heavy concentration of war orders and abnormal wartime population. The Department of Reconstruction is responsible for plans to meet these local situations, which shall include the speedy re-establishment and development of civilian industry and the encouragement of housing in such areas. Where necessary, they will be supplemented by special housing and public works programs. Controls will be used to see that materials are available. The co-operation of both provincial and municipal authorities will be sought both as regards the preparation and the implementation of these plans.

No such degree of certainty exists for the period that will begin when final victory in the Pacific has been achieved. Certain long-term policies of reconstruction will be put into effect but such policies will be vitally affected by later international economic arrangements. Above all, such a long-term program will depend upon the financial and administrative agreements reached by the Dominion and Provincial Governments in conference and at the present time it is impossible to do more than outline the long-term reconstruction policy.

**The Employment Problem.**—On the basis of calculations set out in the White Paper, it is established that the employment of less than 900,000 persons over the level of 1939 would provide a high level of employment for the population of June, 1944. This figure should be increased by about 60,000 annually as the result of natural increase and the ageing of the population.

At present, more than sufficient jobs are provided by Government war expenditures, but these will be curtailed just as soon as the requirements of war permit. It will be possible, also, in Stage II to release part of the Armed Forces and part of the workers and capacity in war industry.

The first early task of reconstruction will be to facilitate and encourage an expansion of private industry. The rate of release of personnel from the Services will be governed by the exigencies of war but, so far as is practicable, manpower so released will be directed to:—

- (1) Contributing, through international arrangements, to the relief and rehabilitation of devastated countries.
- (2) The maintenance and resumption of exports to Canada's historic markets and, as supplies and shipping permit, to the development of new continuing markets.