

Social Security.—In co-operation with the provinces, the social security legislation already in existence was to be broadened by the introduction of comprehensive health insurance provisions and extensions of the old age pension and unemployment insurance schemes. Such a measure would go far to further protect the level of income and employment of the Canadian people from wide fluctuations.

The Proposals conclude with a suggested basis of agreement between the Dominion and the Provinces on the financial arrangements necessary to carry out the reconstruction program.

The Dominion Proposals were accepted as a basis of discussion by the Dominion-Provincial Conference which met in August, 1945. A co-ordinating committee consisting of the Prime Minister and the nine Provincial Premiers met in camera in November, 1945, January and April, 1946. Modifications were suggested by the provinces and revisions were offered by the Dominion, but on May 3, 1946, the Conference was adjourned *sine die* when it became evident that no immediate agreement acceptable both to the Dominion and to all the provinces was likely to be reached.

Accordingly, in the Budget Speech of June 27, 1946, the Dominion Government proposed a modified form of agreement to be concluded with any province willing to restrict its use of certain specified tax fields over a five-year period in return for an annual subsidy. Failure to secure a general agreement with the provinces put into abeyance for the time being implementation of the Dominion's proposed plans for a comprehensive social security scheme and a co-ordinated public investment program (see also p. 81 of this volume).

Implementation of Reconstruction Policy.—By mid-1946, a major part of the reconversion program has been accomplished. Large numbers of men and women either in the Armed Forces or working in war industry had moved to production and distribution of peacetime goods with a minimum of dislocation and personal hardship. Between June 1, 1945, and June 1, 1946, approximately 620,000 service men were discharged, and possibly an equal number were released from employment on war contracts. In spite of the magnitude of this manpower shift, the number of unemployed was kept surprisingly low, never reaching more than about 270,000 out of a total working force of close to 4,800,000. Similarly, technical reconversion was accomplished with remarkable speed. A survey of major war-contract plants revealed that the physical reconversion of industry to peacetime production was expected to be about two-thirds complete by mid-1946, and four-fifths by the end of 1946. The survey also showed that extensive plans for modernization and expansion of productive facilities were well under way. The high level of employment and income prevailing during the war years declined only moderately, and levelled out far above pre-war levels. Production of consumer goods in short supply increased steadily in spite of supply bottlenecks and industrial unrest. A substantial volume of home building and commercial construction was in prospect as the supply of labour and materials expanded.

Decontrol.—The policy of gradual decontrol was implemented during the first post-war year to a considerable extent, although the pressures of inflation continued in many fields. Price ceilings were removed in cases where goods were in reasonable supply, and adjusted where such action was necessary to increase production. An integral part of this policy was the payment of subsidies in order to stabilize prices of the chief items in the consumer's budget. Almost all manpower controls were suspended, and controls of foreign exchange, wages, and foreign trade were eased where possible. The success of the price stabilization policy is reflected in the