

**Demobilization and Rehabilitation.**—Through the National Employment Service, large numbers of men and women in the Armed Forces and in war industries were placed in peacetime pursuits. Between June 1, 1945, and the end of 1946, approximately 675,000 service men were discharged and about 500,000 workers were released from employment on war contracts. In spite of the magnitude of this manpower shift, the high level of economic activity was maintained. The number of unemployed never reached more than about 270,000 out of a total working force of close to 4,800,000. Extensive provisions were made to assist ex-service personnel to rehabilitate themselves by means of financial assistance and training. (This program is outlined in detail in Chapter XXX on Veterans Affairs.)

**Assistance to Private Investment.**—The settlement of outstanding war contracts proceeded rapidly after V-J Day. Surplus war plants and equipment were made available for the reconversion and expansion of industry by the War Assets Corporation working under the Department of Reconstruction and Supply. Reduction in excess profits and income taxes stimulated the incentive of private industry to expand production. Special depreciation allowances for tax purposes were granted between November, 1944, and Mar. 31, 1947, for projects completed prior to Mar. 31, 1949. Over this period of approximately two and one-half years, approvals for special depreciation had reached a total in excess of \$1,300,000,000. Low interest rates and special credit facilities for industrial expansion, not provided by the commercial banks, were made available through the establishment of the Government-sponsored Industrial Development Bank, a subsidiary of the Bank of Canada, in 1944 (see pp. 1017-1018). Allocation and price controls were retained over many types of producers goods and construction materials for a period after the War so as to ensure a more orderly distribution of supplies to industries. When it became evident in 1946 that the supply of basic and building materials was lagging behind the demand for them, various measures were taken to boost their production.

Sample surveys conducted by the Department of Reconstruction and Supply indicate that well over four-fifths of the reconversion of plant and equipment had been completed by the end of 1946 and that all but a small part would be completed by the middle of 1947. The modernization and expansion of plant and equipment was well under way by the end of 1946. Reporting firms stated that 20 p.c. of them had completed their programs at that time and that 70 p.c. expected to have completed their programs by the end of 1947. Two significant features brought out by the survey were: firstly, that a large proportion of the industrial firms interviewed were revising their plans upwards; and, secondly, that the emphasis of investment was on the acquisition of new plant and equipment rather than on the replacement of plant and equipment. Both the reconversion and the modernization and expansion programs were delayed throughout 1946 by shortages of material and labour.

**Public Investment.**—The Federal Government accepted the principle of timing public investment as part of its economic policy of high employment and income in April, 1945, and proceeded to implement such a policy (a) by establishing, through Orders in Council P.C. 7993 (Oct. 13, 1944) and P.C. 4942 (July 12, 1945), administrative machinery to handle its own public investment policy, and (b) by proposing to the Dominion-Provincial Conference on Reconstruction (Aug. 6, 1945) methods of co-operation to synchronize Dominion and provincial (and