

INTRODUCTION *

The war and post-war economic efforts were of such magnitude that in less than a decade the Canadian economy became highly industrial. The consolidation of this changed position in the post-war era has meant the full revival of a peacetime economy but on other than the pre-war economic patterns. Far-reaching adjustments have still to be made that will take account of Canada's economic progress during the war years, the deterioration in the economic position of Europe, and the greater importance of the United States as a determinant in levels of world trade, a competitor, and a market. All Canadian industries are necessarily participants in the process of economic adjustment and readjustment. They are assisted by governmental action, both federal and provincial, particularly wherever appropriate measures are beyond the scope of private firms and individuals. It is proposed in this Introduction to review in a general and topical way changes in the Canadian economy since 1939, and Federal Government measures during and after the War that were associated with those changes. A more specific discussion of Federal and Provincial Government activities in connection with post-war reconstruction is to be found in Chapter XXVII.

That adjustments would have to be made to bring the Canadian economy into line with post-war conditions was recognized by the Federal Government before hostilities ended, and the implications—translated into policy terms—were outlined in April, 1945, in the White Paper on *Employment and Income* (summarized in the *Canada Year Book*, 1945, pp. 843-847). The Government, in that Paper, stated “unequivocally its adoption of a high and stable level of employment and income, and thereby higher standards of living, as a major aim of Government policy”, and pointed out that “if it is to be achieved, the endeavour to achieve it must pervade all Government economic policy” and “must be wholeheartedly accepted by all economic groups and organizations as a great national objective, transcending in importance all sectional and group interests”.

The economic and industrial developments of the post-war period, apart from those of a definite reconstruction nature, and the role of the Federal Government in helping to deal with them, can be conveniently considered under the following headings: (1) Changing Government Functions, (2) Private and Public Investment, (3) Foreign Trade, (4) Special Problems of Industry, (5) the Labour Market and (6) Social Security. Before dealing with these subjects, however, it is advisable to consider briefly the economic conditions under which developments in these fields have been taking place.

Economic Environment of the Post-War Period.—The liquidation of the industrial and military war effort and the expansion of peacetime economic activities to take the place of large-scale government buying of war material were complementary parts of the reconstruction task. Despite innumerable difficulties, both these objectives were attained with little economic dislocation, the result

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