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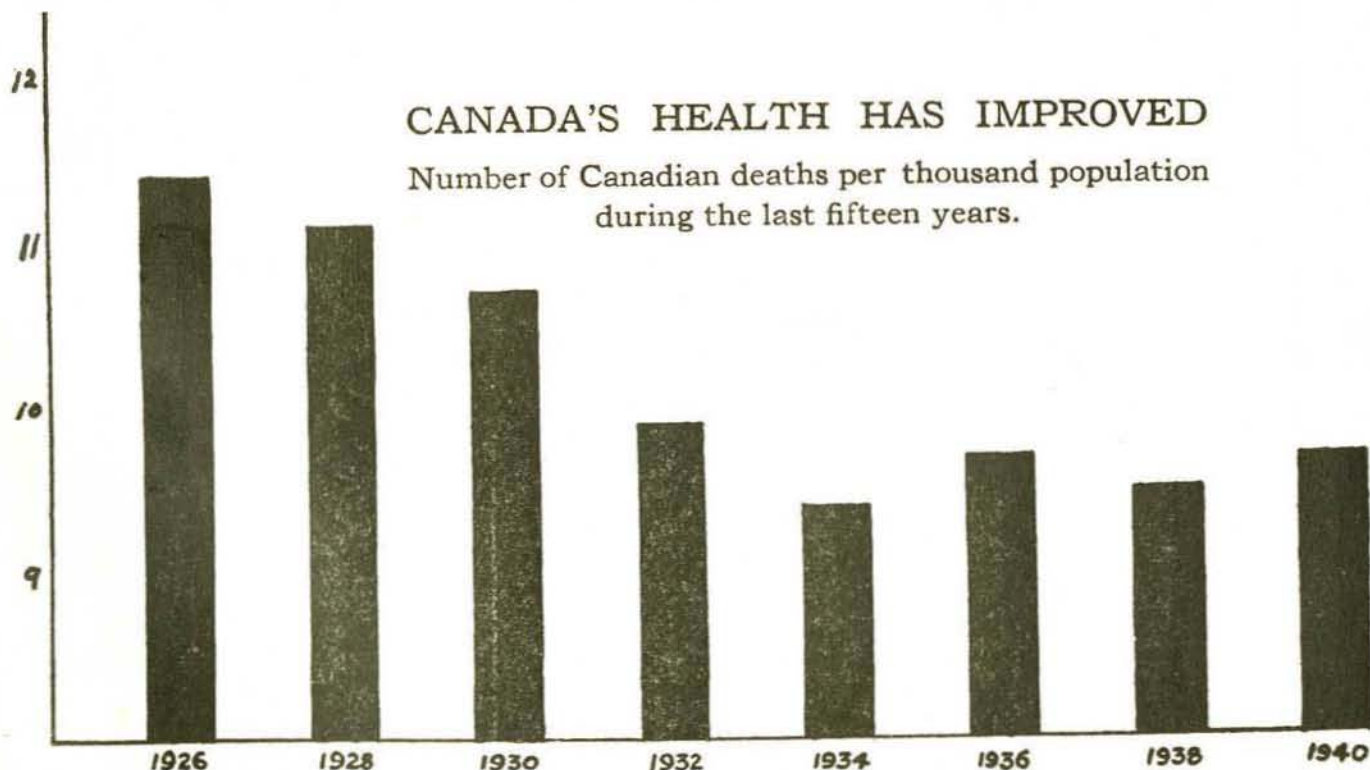
A Maritime Quarterly for Discussion of Public Affairs

NON-CIRC.

Labour Policy in War Time

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What is Wrong With Our Schools?

By ALEX S. MOWAT

SO much has been said recently about what is wrong with Nova Scotia's schools (some of it I have said myself) that it might be as well to begin this article by asking first what is right with our schools. For it is a mistake to suppose that everything is wrong with them. On the contrary the best Nova Scotian schools are very good indeed. Further, in many places there have been significant advances in the last ten years. New and modern school buildings have been erected. A new and better Course of Studies has been put into operation. The attendance of children at school has improved. Free school books have been granted to all children in the common school grades, and there is a growing realisation of the value of Handwork and Domestic Science in the school. The extent of public interest in education is shown in the growth of a flourishing Home and School movement. Evidence of all these merits you can see any day if you visit the proper school. But you will have to be rather careful what school you visit, or you will stumble upon the dark side of the picture. Some parts of it are very dark indeed.

All in all, I think it is fair to say that not more than one-half of Nova Scotia's school children enjoy an education at all adequate to this modern age, and that for at least one-seventh of them educational facilities are quite inadequate and in some cases practically non-existent.

For the schools of Nova Scotia suffer under two great handicaps. First, they fail to provide High School education of a sufficiently varied type; and second, they are operating under an outworn and outmoded system which permits the grossest inequalities of educational opportunity to exist and effectively prevents the reforms necessary for their removal.

The first of those problems I treated of in an earlier article in *PUBLIC AFFAIRS*.¹ The second and more serious is the subject of this.

The plain fact is that in Nova Scotia we are trying to conduct our education under a system set up seventy-five years ago. Some parts of the machinery are still sound. With care and good guidance they have lasted well and still give good service. Other parts have sagged or gone stiff and rusty. Others have broken down altogether. Others never worked well from the beginning and limp increasingly with time. Even the best engineers in the world cannot make such machinery go satisfactorily. In fact, miracles are being performed, and the engineers are making the rusty old wheels and chains do things you would scarcely believe. But still the machinery creaks and groans and heaves and at times stalls completely. Altogether mere maintenance and repairs take up far too much of the administrators' time.

The first and chief thing that is wrong with our schools is that the main machine for controlling them is hopelessly antiquated. Like the model T Ford it still runs, proud of its antiquity and its endurance. But modern streamlined models leave it standing still. There is nothing that Nova Scotia needs more than new educational machinery.

Let us take the old machinery apart and have a look at it. In its essentials it is not elaborate nor difficult to understand, though the patches, repairs and additions of the years have made it excessively complicated in detail. There are three main kinds of parts. First—the Council of Public Instruction. Of these there is one, which acts as a sort of flywheel to keep the whole machine moving. Second—the District Boards

EDITOR'S NOTE: A. S. Mowat, M.A., B.Ed., formerly of Edinburgh University is now Professor of Education at Dalhousie University.

1. *PUBLIC AFFAIRS*, Vol. IV, No. 1, p. 28. "Problems of High School Education in Nova Scotia."

of School Commissioners. Of these there are thirty-two. They merely act as regulators for parts of the third type, rubbing off rough corners, taking out some parts and occasionally adding others. Third—the School Sections. Of these there were 1774 in 1940. Those are the most interesting as well as the most important of the parts. On them falls most of the stress and strain of the everyday working of the plant. About 1,500 of them are quite small and pretty much alike. It is not unusual for one of those to become very worn or to break in pieces altogether. The rest are somewhat larger and more knobbly and stand the strain better. A reduction in the number of working parts and an increase in their size is clearly what is most needed to ensure smooth working.

To drop the metaphor, the present educational system may briefly be explained as follows.

The whole of inhabited Nova Scotia is divided into upwards of 1,750 School Sections. (The numbers of active sections varies somewhat with circumstances from year to year but has not been less than 1,750 in the past ten years). They are more or less equal in area, though not in population. Their size was determined in the first place by the distance which little children could walk to school, and they are therefore each roughly 3 or 4 miles across. In each is a school (in the towns and cities frequently more than one). The idea of the founders of the system clearly was the laudable one of putting an education within reach of every child in the province. Unfortunately, the system of control adopted for those schools, though probably the best possible in 1864, is now the main hindrance to educational progress in the province. For each of those tiny sections is a unit independent of all the others, making out its own educational budget, electing its own School Trustees, levying, and collecting its own school rates, owning and repairing and equipping its own school, building a new school when necessary, and appointing and paying its own teacher or teachers.

The 32 District Boards of School Commissioners settle boundary disputes between sections, alter boundaries and create new sections if necessary. They also decide which sections are entitled to special assistance from the Municipal Fund.

The Council of Public Instruction consists of the members of the Executive Council of the Provincial Legislature. Through the Provincial Department of Education the Council exercises a general supervision over education in the province, pays grants to teachers and sections, inspects the schools, prescribes courses of study and textbooks, licenses teachers and trains them in the Normal College.

About sixty per cent of the total expenditure on public education is made by the Sections, each from its own resources. About ten per cent comes from the municipalities which collect a school tax with their other taxes and pay it over to the Sections. The remaining thirty per cent comes from the Provincial Treasury through the Council of Public Instruction. Of this over fifty per cent is paid as Provincial Aid or pensions directly to the teachers and only about fifteen per cent goes to help the sections.

The main weakness of this system lies in the enormous differences between the Sections, who are expected to shoulder the main burden of educational expenditure. Some are rich; some are extremely poor. Some contain a population large enough to provide adequate and varied courses for children throughout their school life; most have a population so small that they employ one teacher only for all the children old and young. Some are interested in their schools; with others the only thought is to keep down the school tax as much as possible. As a result the amount and quality of the education in the schools varies to an almost incredible extent. If your child happens to be born and brought up in the right place he will be housed in a modern school building, taught by competent teachers, using modern apparatus and methods, in classes of a reasonable size, and will probably receive a training

comparable to that which he might obtain anywhere in Canada. But if he happens to be born in the wrong place, he will be housed in a ramshackle building, ill-heated, ill-ventilated, and ill-lit, perhaps leaky in wet weather, with no apparatus save a blackboard and a few battered books. In the schoolroom with him will be 50, 60, perhaps even 100 scholars of all ages. His teacher may have had some training or she may not, but she is certainly not capable of instructing a group of children in all the various stages from Grade 1 to high school level. She may be regularly paid by the section; sometimes her salary is in arrears; and she almost certainly intends to leave the Section at the end of the session. Under such circumstances a teacher's interest in her work tends to flag and vanish, and children learn little and heartily dislike school. About one in six or seven of Nova Scotian children have their schooling under such circumstances. Such inequalities of opportunity should not be allowed to exist in a democratic country.

Another weakness of the present system is the inefficiency of the sectional administration in rural areas. The reports of the Inspectors of Schools bear eloquent witness to this. Evasion of school taxes is widespread. In some cases trustees have not paid their own rates, and cannot therefore very well ask others to pay. Fire insurance on school buildings is frequently inadequate or non-existent. No proper accounts are kept, tax-rolls are not posted; and money is wasted in piecemeal and haphazard buying of supplies. There is a quite unnecessary multiplicity of school officials who in the rural areas outnumber the teachers by three to one or four to one if the secretaries to trustees are counted. When we remember that the everyday administration of the schools, including the collection of taxes, devolves upon those officials who are unpaid and carry out their duties in their spare time the inefficiency of management is perhaps not to be wondered at.

These weaknesses of our educational system have long existed and have long

been well known. As long ago as 1928 the Superintendent of Education described the sectional system of financial support for education as "inefficient, wasteful, inequitable, and hopelessly out of date". But nothing effective has been done by way of remedy. True, there are grants to "remote" sections and grants to "assisted" sections but those together amount to only \$45,000 from all sources. A Provincial Equalisation Fund of *at least* ten times that amount is required. Certain grants made by the Province, such as those in aid of Domestic Science and Manual Training actually *increase* differences in educational opportunity since only the wealthier and more populous sections are able to take advantage of them.

Provincial Aid to teachers in its present form does not and cannot help matters. On the average it amounted only to \$155 per teacher in 1940 and it is neither designed nor intended to equalize salaries. Consolidation of schools is likewise no solution to the problem. For under present conditions consolidation can take place only with the consent of the sections involved; and no wealthy section is willingly going to unite with a poor section in order to equalize educational opportunity. On the contrary there have been instances where a section has split into two, one rich and one poor, thus making inequalities greater than before. Besides, poor sections generally border on other poor sections and rich on rich. Nor, it seems, can we look for improved financial standing in the sections. For although Inspectors have been urging better business methods on trustees and secretaries, and although the law for the collection of school taxes has recently been strengthened, yet in 1940 there was an *increase* in arrears of teachers' salaries of \$23,000.

It cannot be too strongly emphasized that piecemeal methods of attacking the problem have been unsuccessful in the past and will provide no solution in the future. The thing must be attacked at its root. Where that attack must be made is now well known. Every one of

the Annual Reports of the Superintendent of Education since 1926 has advocated the adoption of a larger unit of administration in education. The Provincial Government, realising the urgency of the matter, in 1938 appointed a Commission "to examine fully the various types of school administration, with a view to the adoption of a unit larger than the present sectional organisation prevailing throughout the province." That Commission reported in 1939. Their recommendations are definite and clear. Briefly, they recommended that the cities and towns continue as at present unless they wish to come into the larger unit; but that the rural and village sections throughout the whole province be regarded as a single unit for school finance. A uniform assessment of property and income would be made and a uniform school tax imposed, which would be supplemented by a provincial school equalisation fund. There would be a minimum salary scale paid to all teachers. The school sections would not be abolished but remain as an attendance unit with powers to supplement the minimum school program if they desired.

There is no doubt that the adoption of some such scheme would make the administration of education in the pro-

vince much more efficient and would abolish the present gross inequalities. It has won the approval of many provincial organisations, and the praise of many citizens. Those who still remain doubtful I would advise to read the Report of the Commission on the Larger School Unit and perhaps along with it the latest Report of the Superintendent of Education, both of which are obtainable from the King's Printer, Halifax. To those who still hesitate I would simply point out that if democracy means anything it means equality of opportunity for all children, and that under the present system our children don't have it. Long ago, in 1864, when Nova Scotia adopted a system of free schools, she adopted also the principle that rich and poor, high born and low born, those with children and those without, should pay their share according to their ability in the education of the new generation. This principle can only be carried into effect by the adoption of some such scheme as that outlined in the Report of the Commission on the Larger Unit.

We know the disease, we see its debilitating effects, we have the remedy to our hand. It remains, by legislation, to apply it.

Land Settlement in Nova Scotia

By EDITH C. BLAIR

THE need for rehabilitating thousands of soldiers at the end of the present conflict has prompted the many followers of the "back to the land" movement to advocate comprehensive land settlement programs. In times like ours when the big cities and industrial centres are bombed; food is scarce in many parts of the world and our belief in the blessings of city born civilisation shaken, life in the country and the peaceful occupation of the farmer seem to promise peace and

security. People are apt to overlook the realities and are deceived by a false romanticism which is not the proper basis for the hard tasks of the farmer. It may therefore be worthwhile to point out that on two similar occasions in the past, land settlement programs have been launched in Nova Scotia which have been rather unsuccessful and it may even be more important to examine the reasons which have been responsible for this lack of success.

Up to the first great war land settlement was treated in Canada as a problem of

EDITOR'S NOTE: Edith C. Blair, M.A., is research assistant at the Institute of Public Affairs.

colonization and the settlers admitted to this country were mainly Europeans with previous farming experience. The two ventures to be discussed in this article are of a very different character. They were aimed at a redistribution of people already within the country and they were not restricted to persons with an agricultural background. The first was the Soldiers' Settlement program initiated after the first World War, the second was land settlement as an unemployment relief measure started in 1932 in Nova Scotia.

Although Nova Scotia was not directly involved in the settlement of ex-soldiers on farms this first departure from the colonization principle is of timely interest. The program was administered by the dominion government under the Soldier Settlement Act, 1919, which provided for a maximum loan of \$8,000 to a settler (up to \$5,000 for land purchases, \$2,000 for stock and equipment and \$1,000 for buildings and permanent improvements). Loans were repayable over a period of 25 years with interest at 5 per cent. Up to 1934 loans aggregating \$117,000,000 had been made to 24,491 ex-soldiers, and at that date about half of this number had abandoned their farms. Soldier settlement was not regarded as a part of agricultural policy but rather as a means of redistributing surplus population and not enough attention was given to the ability of the industry to absorb the settlers or to the means of marketing their products. Fitting the scheme into a coordinated plan for land utilization or supplying agricultural products would not have been in keeping with the *laissez-faire* principles prevalent at that time.

Prices of land and equipment were at their peak when the program was inaugurated and this meant a heavy burden of debt for the settlers, further aggravated perhaps by the fact that "government money" was being spent. Some of the farms purchased had been abandoned for some time and the soil and buildings were in a run-down condition, necessitating further expenditures of both money

and labor before any returns could be expected. The choice of settlers too has often been criticized because some of the men placed on farms lacked the knowledge and experience required to operate them. Short courses of instruction were available for men with no experience in agriculture but there were no doubt some settlers who had inadequate knowledge and little practical training. Physical fitness was sometimes under-emphasized and men who were described by medical boards as capable of "light outdoor work" found the routine heavy labor of farming quite beyond their capacity. The social aspect of the new life in which the families were placed was sometimes overlooked and ex-service men, trained in working cooperatively and accustomed to companionship, often found themselves completely isolated either by distance and poor communications or by the unfriendliness of their neighbors.

With this experience still comparatively fresh in the minds of many people a second nation-wide land settlement program was undertaken during the depression. It was a relief measure and aimed primarily at getting the families of unemployed workers off the urban relief rolls and "back to the land" where they could be self-supporting. The ability of agriculture to provide additional workers with a reasonable income was a secondary consideration since a bare subsistence was the goal and, theoretically at least, the soil could provide that.

Under this settlement scheme the Federal government cooperated with the provinces in paying the costs and various arrangements were made with all provinces except Prince Edward Island. Nova Scotia passed an Act in 1932 establishing the Land Settlement Board which was empowered to make necessary regulations and carry on the administrative work. A sum slightly in excess of \$1 million was allocated by the Provincial Treasury for the purpose of buying farms, providing equipment and supervising the scheme, and the dominion contribution was in the form of a grant of \$200 per settler. The farms purchased by the

Board might not exceed \$3,000 in value and were to be sold at their purchase price to settlers on a long-term amortization basis with interest at the rate of 5 per cent and payments to be made in monthly instalments. Most of the farms purchased were vacant or unoperated and part of the purpose of the Act was to bring such land back under cultivation.

At first the primary consideration in selecting settlers was that they be unemployed; other qualifications were that they be between 21 and 50 years of age and head of a household dependent upon them, and ex-employees of the coal mining, manufacturing or transportation industry. Most of the early settlers were unemployed coal miners and by far the majority were placed on farms in the mining counties, Cape Breton, Pictou and Cumberland. Many had no experience in farming and their wives had no knowledge of rural life. They were perhaps lured by the cash grant provided by the dominion government. By 1934 the high percentage of abandonments convinced the Board that further regulations regarding eligibility of applicants would have to be made. The upper age limit was reduced to forty-one years and only applicants with "enough experience to be capable of operating a farm properly" were considered. It was also provided that they have "sufficient capital to furnish adequate stock and equipment with which to operate a farm" and that they be able to provide security equal to one-third of the amount of the loan. These changes, after only two years of operation, indicated that a coal miner could not qualify as a farm operator simply by being on relief.

In the nine years of its operation the Land Settlement Board has made loans to 644 settlers, of whom 324 have abandoned their farms. Of those remaining on the land there are 44 whose loans are completely paid off, and 211 whose instalments are in arrears. This is scarcely the record of a successful land settlement program.

In 1938, the Nova Scotia Economic

Council reviewed the results of the program and came to the conclusion that:

"Further expenditure of public money to stimulate the "return to the land" of inexperienced urban persons now on relief in the hope of making them self-supporting on farms is not justified at the present time.

Encouragement and aid should be given rather to farmers' sons and other workers now engaged in agriculture who would like to start farming themselves and who have some capital with which to begin".

This conclusion was based on general considerations with regard to the economic position of persons already on farms, the availability of land suitable for agriculture, as well as the methods employed in the land settlement program itself.

Some of the farms purchased by the Land Settlement Board in Nova Scotia had been abandoned for some years and both soil and buildings had deteriorated seriously. This fact, plus poor market facilities and the prevailing prices for farm products made the farms submarginal for agriculture and investigation showed that they should have been allowed to revert to forest. The Economic Council therefore recommended that farms to be purchased by the Board should be more carefully inspected and that any program of land settlement be based on knowledge of the type and quality of the soil. This information will be available for future settlement programs as a result of extensive surveys being made by the Economic Survey Committee of the Provincial Government.

It was the experience of the Land Settlement Board that many of the urban workers had no interest in agriculture and no liking for rural life. Their wives, accustomed to urban conveniences, entertainment, and social life had no knowledge of the duties they must perform, and no taste for life in a rural community. As mentioned above the Economic Council concluded that only members of a farm family or farm workers should be assisted in buying farms. Both men and their wives should be given special short courses at the Agricultural College and if they had no experience in farming should serve an apprenticeship on a

farm before being given the task of operating one themselves. In this way the incapable or disinterested applicants would be weeded out without an expensive experiment. It was also considered essential that the settlers be able to provide a down payment on the farms and a part at least of the necessary livestock and equipment. The investment of their own money would give the settlers a greater sense of responsibility and increase their efforts to succeed.

Assuming that the settlers have been well trained and the land carefully chosen farming will be a new undertaking for them and in most cases guidance will be needed in the early stages at least. A competent supervisor, trained in the technical problems of agriculture and with a good knowledge of farm and home management and rural sociology can solve many problems which are insurmountable for the settlers themselves. Encouragement, as well as information and supervision, are needed by the settler if he is to make the best use of his land, balance his budget and fit himself into the life of the community. These considerations led the Economic Council to recommend that general supervision of the program be placed in the hands of a well-qualified, specially trained man.

Land settlement, if it is to be undertaken on more than a small and experimental scale, needs to be fitted in with a general agricultural policy and due regard must be given to the relative economic position of the industry. In Canada farm workers will be content with a low standard of living only so long as urban employment offers no better prospects. In recent years the use of more and better machinery and more scientific methods has reduced the number of workers who can profitably be employed in agriculture. As a result the surplus population from the farms in Nova Scotia has moved to urban areas or emigrated out of the province. The following table summarizes this trend from 1911 to 1931.

THE POPULATION OF NOVA SCOTIA

	1911	1921	1931
Total.....	492,338	523,837	512,846
Urban.....	186,128	227,038	231,654
Rural.....	306,210	296,799	281,192
Per cent rural.....	62.2	56.7	54.8

The number of persons gainfully occupied in agriculture decreased from 49,246 in 1921 to 44,032 in 1931—some 5,000 persons, either farmers, members of a farmer's family working on the farm or hired farm laborers, gave up the occupation and sought their livelihoods elsewhere. This trend may have been stopped, or even reversed, during the depression when other industries were also in a depressed state and offered no alternative employment for the excess farm population, but that is no proof that wholesale land settlement was the solution for the problem of unemployment in 1932.

In the last few years the land settlement program in Nova Scotia has been on a more modest scale with more careful supervision; the attempts to transplant urban unemployed have been abandoned. The results already indicate that it is both possible and practical to assist a limited number of carefully selected families who, both men and women, wish to make farming their occupation and have experience, ability and initiative. It will further contribute to the success of the program if the settlers are encouraged to use modern methods in cultivation and in marketing their products and if the efforts for revitalizing rural culture and improving community life which have been undertaken so successfully by various groups in the province, are being strengthened. Financial assistance by the government, as borne out by past experience, need not be over-generous but loans should be made on a long-term, easy payment basis and adequate provision should be made for stock and equipment essential to the successful operation of the farms. Assistance in the form of advice and supervision is equally important.

Wartime Regulation of Prices and Trading in Canada, 1914-1918

By C. W. BOLTON

AT the beginning of the present war trade and industry had been recovering since 1933 from a depression but had not reached the levels of 1929 in prices or in production in many industries whereas in 1914 the peak of a great expansion in trade and industry had been reached in 1913.

In one important phase the problem of price control in the Great War differed greatly from that in the present war, that is in the great demand for wheat for export with rising prices, halted only at the end of 1915 for a few months owing to the tremendous crop of 1915. The price at Winnipeg rose from 90 cents per bushel in July, 1914, to \$1.40 by July, 1915, falling to \$1.15 by the same date in 1916 and rising to \$2.95 $\frac{3}{4}$ by May 3, 1917, there having been a short crop throughout the world in 1916. The average price of bread in Canada rose from 4.2 cents per pound to 7 cents during this period. This abnormal war demand for wheat and rise in prices led to a great increase in the acreage planted to wheat in Canada and the United States and is considered to have been one factor in creating the problem of surplus wheat in recent years and also with halting the development of the livestock industry in western Canada. As in the present war, however, there was an immediate flurry in the sugar market and the price rose from 5 cents per pound to 7 cents in a few weeks and the price continued to advance throughout the war, in spite of regulation of markets and a great increase in the production of cane sugar. The markets for materials used for war supplies expanded considerably raising prices of wool, copper, lead, zinc, etc., and finally cotton which at first was depressed. The export demand for wheat, flour,

meats, oats, eggs, butter, etc., at the beginning of the war led to advances in prices and there was considerable buying by householders to lay in stocks.

Under the provisions of the War Measures Act, 1914, the Dominion Government had obtained power to regulate prices and trading by Order-in-Council and the Deputy Minister of Trade and Commerce and the Chief Statistician of the Department of Labour were directed to act as a committee to study prices and report on any action required. The collection of prices statistics was extended, retail prices figures being obtained weekly instead of monthly and wholesale prices of some food products daily for a time. In a short time the disturbance on the markets subsided and the retail prices of staple foods advanced only ten per cent by the end of 1915. During 1916, however, prices rose very steeply especially in foods after July. Complaints as to abnormal stocks in cold storage, manipulation of prices of potatoes, prices of canned goods, etc., were made. By October, 1916, the average cost of staple foods was up by twenty-five per cent over pre-war prices and prices of coal and clothing were rising fast.

On November 10, an Order-in-Council was passed authorizing the Minister of Labour to require information as to stocks, supplies, prices, and as to contracts and agreements, from any person operating a cold storage plant, factory, mine, etc., where any necessary of life was held, produced, marketed, etc. Municipal councils were also authorized to investigate and report to the Minister of Labour. The order made it a criminal offence for any person or corporation to conspire or combine to restrain or limit trade or the production of any necessary of life or withhold from sale at reasonable prices any such articles beyond the ordinary needs of his house-

EDITOR'S NOTE: C. W. Bolton has been in the Statistics Branch of the Department of Labour since 1911 and head of the Branch since 1920.

hold or business. The Minister of Labour, or the municipal council, could forward any information as to any offence under the regulations to the Attorney-General of the province where it occurred for prosecution. The penalty was a fine up to \$5,000 or two years' imprisonment or both.

The Minister appointed Mr. W. F. O'Connor, K.C., of the staff of the Department of Justice to act as a commissioner under the regulations to secure information and report. Information was obtained as to stocks in cold storage, trading in sugar, anthracite coal, and the operations of flour milling companies. These records were taken over after the war and have been continued since by the Dominion Bureau of Statistics. Special Reports on these subjects were published in 1917 and 1918. Reports were also made weekly or at frequent intervals to the Minister. Several municipalities made investigations and as a result of these and those of the Cost of Living Commissioner considerable publicity was given to many features of the trade in some commodities. In some cases leave for prosecution was secured from provincial Attorneys-General but further proceedings were not required as the offending parties discontinued the illegal practices. A General Report of the Commissioner dated May 18, 1917, included the following statement:

I have sought for evidence of undue accumulation and warned against it. I have carefully traced out costs and prices. I have many times insisted upon the right of proper buyers to buy at a fair price. I have searched for evidence of trade combines, located many, and caused them to dissolve. I shall not attempt to report to you as respects all these matters. They have constituted part of the day's work and you are as familiar as I with most if not with all of them. You will be aware that at times we have been able in specific instances to prevent rises in price. But you will agree, I am sure, that the best success attained under the regulations has been by way of restraining and informing. The knowledge that costs and prices were undergoing constant supervision has, I am sure, done much to restrain undue inflation

of prices. The information as to the cost to wholesalers and retailers, from time to time conveyed to inquirers who otherwise would have remained subject to the impression that advantage was being taken of the necessities of the poor, has resulted in a better understanding between the consumer and the dealer, both of whom, in fact, seem to be in most cases in almost the same box. I cannot too earnestly impress upon you, as I would like to impress upon all concerned, that notwithstanding any impression anywhere or by anybody held to the contrary effect, the manufacturing and trading classes of Canada, so far as my investigations have extended (and they have been wide and deep), seem, with very rare exceptions, to have resisted the temptations and withstood the strain of the time through which we are passing in a most commendable manner.

By May 3, 1917, the price of wheat had reached nearly \$3.00 per bushel at Winnipeg and it was found that exporters had bought more wheat of contract grades, No. 1, 2 and 3, Manitoba Northern, than was available in Canada, in fact buyers for the British and allied governments had unwittingly cornered the market. It was arranged that lower grades of good milling value would be accepted at certain price differentials and a Board of Grain Supervisors was appointed to control the trade in wheat with power to fix prices for sales from storage elevators, to sell to the British and allied governments, to control the trade in flour and fix prices, to investigate unfair trading practices and through the Railway Commission to control the movement of freight cars for wheat and flour. The price of wheat was fixed at \$2.40 for the last of the 1916 crop in August and \$2.21 for the 1917 crop in September. The board made regulations reducing the grades of flour produced to three, one of western spring wheat flour, one of winter wheat flour and one of blended flour. Prices were fixed from time to time according to the price of wheat and the millers were allowed a maximum profit of 25 cents per barrel.

In June, 1917, the Honourable W. J. Hanna, formerly Provincial Secretary for Ontario, was appointed Food Con-

troller for Canada with power to ascertain the food requirements of the country, to facilitate the export of food to Great Britain and allied countries, to make regulations as to prices, storage and distribution, as to the consumption of food in hotels, restaurants, cafes, clubs, private houses and other places, and to make regulations as to the manufacture, storage and transportation of food, with power to purchase, requisition, store, sell and deliver food. The regulations were subject to approval by the Governor-in-Council.

At the same time Mr. C. A. Magrath, chairman of the Canadian section of the International Joint Commission, was appointed Fuel Controller with power to investigate the production and importation of coal, the demand for coal and to regulate the trade in and the prices of coal. One of the most important features of the coal problem was to obtain adequate supplies from the United States where, as in Canada, an acute shortage was developing owing to the demand for the production of munitions. As a member of the International Joint Commission, Mr. Magrath's relations with United States authorities enabled him to obtain most favourable consideration of Canada's needs for coal. Regulations were made for the control of the distribution of imported coal and of that mined in Canada. It was arranged that each province should appoint a provincial fuel administrator to control chiefly the wholesale trade, and each municipality to appoint a local fuel commission to control the retail trade. All mine operators and importers, all wholesale dealers, and retail dealers were required to obtain licenses from the above authorities, the fees providing revenue for their work. Brokers were allowed to sell at a margin of 30 cents per ton over the cost of the coal at the mine in Canada, or at the point of entry if imported, wholesalers at a margin of 35 cents over the cost, freight paid, and retailers at a margin of 50 cents over the cost of coal plus delivery expenses. All dealers were required to report on all coal

handled, prices, sales, etc. The chief of the Internal Trade Branch in the Dominion Bureau of Statistics was placed in charge of statistical records of the Food Controller and the Fuel Controller. A Director of Coal Operations was appointed to control the mining operations in Alberta and the South-East section of British Columbia, owing to strikes of coal miners, with power to control wages, working conditions, and prices and to issue orders as to the operations of any or all of the mines. Toward the end of the war the Fuel Controller was appointed Director of Coal Operations in the Maritime Provinces with similar powers.

One of the chief problems in food control was to promote the export of food to Great Britain, especially in flour, beef and pork, and to prevent unnecessary consumption and waste in Canada. Regulations were made that on certain days there should not be served in public eating places, bacon, ham, beef, etc., the use of food made from wheat flour was restricted, the use of substitutes for wheat flour was required not only in public eating places but in bakeries and in private homes. The manufacture of package cereals was placed under a license system and an educational campaign was carried on to induce the public to conserve sugar, flour, butter, etc. The use of sugar for the manufacture of candy and confectionery was restricted as well as its use in public eating places. All dealers in foods were required to obtain licenses from the Food Controller and a license might be cancelled or suspended at any time. This was found to be effective in preventing violation of the regulations, including the prompt reporting of data required, as a dealer had to close his place of business while under suspension. There was practically no price fixing by the Food Controller but the margins allowed for selling prices over the cost were fixed for a number of commodities, including meats, lard, cheese, butter, oleomargarine, eggs, fish, bran and shorts. Later regulations standardized the weight of loaves of bread by provinces, and limited the use

of ingredients such as milk, sugar, etc., and made compulsory the use of specified percentages of substitutes for wheat flour, such as potatoes and other flours. Owing to this shortage and the high price of butter, the legislation prohibiting the manufacture, importation and sale of oleomargarine was suspended by Order-in-Council, regulations being made as to manufacture, etc.

In January, 1918, Mr. Hanna had resigned as Food Controller, being succeeded by Mr. H. B. Thomson and on February 11, 1918, the Canada Food Board was appointed to take over the duties of the Food Controller, Mr. Thomson being Chairman. Shortly afterwards Mr. O'Connor resigned as Cost of Living Commissioner being succeeded by R. J. McFall, Ph.D., Chief of the Internal Trade Branch of the Dominion Bureau of Statistics who as mentioned above was in charge of the statistical reports and records of both the Food Controller and the Fuel Controller. This tended to unify the administration where the powers of the Cost of Living Commissioner overlapped those of the two Controllers. An acute shortage of paper had developed and Mr. R. A. Pringle, K.C., was appointed Paper Controller with power to fix prices and control distribution.

As a result of the report of the Cost of Living Commissioner on cold storage and a subsequent inquiry by a Royal Commission into the businesses of certain meat packing companies regulations were made placing the slaughtering and meat packing of large firms under a license system under the Canada Food Board and providing that prices should be fixed so that profits should not exceed two per cent of the gross value of sales during a year and that of any profits over seven per cent of the capital invested up to fifteen per cent, one-half should be paid to the Dominion Treasury and all in excess of fifteen per cent.

In the summer of 1918 the Cost of Living Commissioner made an investigation into the price of gasoline and certain regulations as to the trade and prices

were made by the Fuel Controller. Amendments to the Order-in-Council of November, 1916, were made on November 8, 1918, giving the Commissioner greater powers of investigation and prosecution; also bringing rentals of dwellings under his jurisdiction and extending the powers of municipal Fair Price Committees.

Following the Armistice on November 11, 1918, the control of prices and trade soon ceased. The Fuel Controller announced that the regulations as to coal would expire on March 31, 1919, but the Order-in-Council providing for fuel control was not cancelled until March 5, 1920. The Canada Food Board was dissolved by Order-in-Council of March 19, 1919, its powers to regulate exports being transferred to the Canadian Trade Commission which had been appointed on December 6, 1918, to promote export trade after the war. The Cost of Living Commissioner continued in office carrying on the various statistical records for the Bureau of Statistics to which they were later transferred. In the spring of 1919, owing to rising prices of clothing and various food products, further investigations were made but on August 14, 1919, all these powers and duties were transferred to the Board of Commerce, which had been appointed under the Board of Commerce Act, 1919, to administer the Combines and Fair Prices Act of 1919 following an inquiry by a committee of the House of Commons during the 1919 regular session of Parliament.

An outstanding feature of the control of prices and trading during this period was the number of authorities set up and reporting to different members of the government: the Cost of Living Commissioner and the Director of Coal Operations for Western Canada to the Minister of Labour, the Canada Food Board to the Minister of Agriculture and the others to the Minister of Trade and Commerce. The measures taken to control supplies and prices of materials for munitions and other war supplies have not been included in this account. There was of course cooperation among

these authorities and with the regular departments of the government and very little friction appeared where the functions of one extended into the field of another or required supplementary action by the other. It may also be noted that in 1916 action began with the imposition of penalties for profiteering, hoarding, price fixing, etc., with provision for investigation and prosecution, also for the collection of statistical data. As it appeared, and was learned from the experience in other countries where price fixing had been tried since the beginning of the war, that regulation must include the control or direction of supply as well as the promotion of increase in production, prevention of waste, and the control of transportation

and distribution, measures for these were also taken and in coal mining were extended to some control of wages, owing to labour disputes. In the present war, having the advantage of the experiences during the Great War, provision for the control of prices and trading was made from the beginning and to a great extent centred in the War-time Prices and Trade Board, consisting of permanent officials in various departments of the government service, with wide powers of investigation and control of trade through administrators or controllers responsible to the Board, many of them from the permanent civil service, while others are drawn from business or the professions in order to have the advantage of their special knowledge and experience

Wheat in a War Divided World

By HELEN C. FARNSWORTH

BEFORE September, 1939, when Adolph Hitler sent his troops on their fateful march into Poland, one could talk meaningfully of a "world" wheat problem. At present, with the swastika flying over most of Continental Europe, and naval blockades curtailing outside shipments to that area and to Britain, it is necessary to distinguish between two different wheat problems: (1) the critical scarcity of wheat in Europe, and (2) the burdensome surplus in the overseas exporting countries. If the European war could immediately be ended, the former problem would vanish, but the more basic wheat-surplus condition would persist, at least for another year or two.

EUROPE

Within Europe, the degree of wheat scarcity varies from country to country. Britain, and Britain alone, has had full access to the large wheat supplies overseas. Yet even Britain, faced with heavy

shipping losses, has taken steps to curtail wheat consumption by prohibiting feeding and by requiring increased extraction of flour from a given quantity of wheat. Excellent bread, however, is still obtainable in Britain, and in unlimited quantities at a cheap (subsidized) price.

The various neutral nations of Europe have had a more limited access to overseas wheat. Under British navicerts they have been permitted to import wheat for current consumption and for the maintenance of stocks not in excess of two weeks supplies. But inadequacy of shipping facilities and lack of foreign credits have greatly restricted such imports. Portugal, Switzerland, and Sweden seem to have had ample supplies of bread grain during the past year, and Eire and Finland faced no really critical shortage. On the other hand, Spain had to adjust to a serious deficiency of bread and other food, in spite of the importation of at least 20 million bushels of wheat (mainly from Argentina).

Greece was reasonably well supplied with basic calorie foods until she was

EDITOR'S NOTE. Helen C. Farnsworth, Ph.D., is Associate Economist in the Food Research Institute, Stanford University. For the past ten years she has been partly or wholly responsible for the analytical surveys of the current wheat situation, published every four months in *Wheat Studies*.

forced to submit to German rule. Thereafter, foreign food supplies were shut off, and transport difficulties so interfered with the internal movement of food that hunger became widespread. In June the bread ration in Athens was one of the lowest on the Continent.

Broadly, the greatest scarcity of wheat, and of food in general, has been in the Nazi-dominated area of Europe. Germany herself has fared moderately well, partly as a result of large "war reserves", partly because she has had first claim to the choicer foods available in all the vanquished countries. Italy has been less fortunate, as is evident from her low meat rations, from the poor quality of her bread, and from the restrictive rations established for macaroni and rice. But the Nazi-dominated countries where people have really clamored for bread that was not available, where hunger (though not starvation) had been widespread, are Poland, Belgium, unoccupied France, Greece (since April), and perhaps Norway. Of the so-called neutral countries, only Spain has suffered similarly, and for reasons other than the Continental blockade.

Everywhere in Nazi-dominated Europe millers are now required to extract from each 100 pounds of wheat some 10 to 20 pounds of flour more than usual, and to mix with bread-grain flour maize, barley, and, or potatoes. Even the poor sorts of bread thus produced are strictly rationed, except in Italy. And in many of the countries, the rations in force are considerably below customary consumption standards.

FOUR CHIEF EXPORTERS

In sharp contrast with the serious wheat shortage faced by belligerents and neutrals alike in war-torn Europe, are the overflowing granaries in Canada, the United States, Argentina, and, less noticeably, Australia. On August 1, 1941, these four major exporting countries held heavier stocks of old-crop wheat than ever before. And the "world" carryover on that date was also unprecedentedly large, despite virtual exhaustion

of old-crop wheat supplies in a number of European countries.

The wheat-surplus condition evidenced by these heavy carryovers can not be blamed primarily on the war. If Hitler's war machine had remained inactive in Germany, the "world" wheat carryover of 1941 might have been 100 to 200 million bushels smaller. But even so reduced, it would have been greatly excessive; and Canada and the United States, in particular, would still be troubled with burdensome stocks.

Rather must the current wheat surplus be attributed to non-war factors—primarily to the group of circumstances responsible for the two successive bumper world crops of 1938 and 1939. The huge harvest in 1938 was the product of unprecedentedly heavy sowings of wheat and a record average yield of wheat per acre. Thus attributable to both Man and Nature, that bumper harvest was reflected in a near-record world carryover on August 1, 1939—just before the outbreak of war in Europe. Had the 1939 crop turned out as poorly as the small crops of 1934-36, the world carryover would have been considerably reduced in the following year. But the large harvest of 1939 added materially to the existing burdensome stocks. In the absence of war, the ensuing moderate crop would probably have been used in full to cover the world's consumption requirements. But with consumption curtailed by the European war, that crop, too, proved excessive, adding another 100 million bushels to the world carryover.

Faced with growing surplus wheat supplies for which no export outlet was immediately in prospect, the governments of the major exporting countries were forced to assume part of the financial burden associated with the heavy stocks. They also began to devise means of preventing further substantial accumulations.

AUSTRALIA

Australia, whose wheat problem is least pressing because of a fortuitous crop failure in 1940, adopted a wheat

stabilization program providing for government-financed purchase of 140 million bushels of wheat at a guaranteed minimum price, f.o.b. ports, roughly equivalent to 68 Canadian cents per bushel. The same program provides for the licensing of all wheat farmers and the assigning of "normal" wheat-acreage allotments based on plantings during recent years.

For 1941, the Australian Wheat Board did not require any reduction in wheat sowings, but announced that farmers should not plant more than they had on the average over the past three years. Since drought persisted in Australia until June, the actual sowings seem likely to be somewhat below the three-year average, though about the same as last year. One might guess that the new Australian crop will not exceed the limited figure which the government has indicated a willingness to help finance and that Australia will not be called upon in the near future to carry a heavy burden of wheat stocks.

ARGENTINA

Argentina's wheat position is worse than Australia's, but not nearly so bad as Canada's. Because she harvested a large crop last December, Argentina now has on hand heavy surplus stocks for which the current export demand is inadequate. These stocks, however, are materially smaller than the record ones Argentina held two years ago; and they shrink almost to insignificance as compared with the huge stocks of corn that government is attempting to handle.

It is still too early to guess how much the Argentine government will be obliged to pay for its current wheat program. Under this program the Argentine Grain Board is committed to purchase an unlimited quantity of wheat at a basic minimum price in Buenos Aires equivalent to about 60 Canadian cents. Part of the wheat so purchased can be resold by the Board to domestic millers at a gross profit of around 19 cents per bushel, and such of the remainder as is demanded can be sold for export at whatever price the Board deems acceptable. So far

this year, the Board's export offers have been maintained at a level only a few cents below the legal minimum buying price. On the wheat it has sold, therefore, the Board has probably more than broken even. But the large amount of wheat remaining in the hands of the Board constitutes a big financial drain in the form of accruing interest and storage charges.

In spite of the financial burden associated with Argentina's existing heavy wheat stocks, the Argentine Grain Board did not require the farmers from whom it purchased 1940 wheat to reduce their planted acreage this year. Although such a requirement could legally have been enforced under the terms of the purchase contract, the Board merely advised growers to reduce their wheat sowings ten per cent. Recent reports suggest that only a slight reduction has been effected.

U. S. A.

In the United States the planned Ever Normal Granary has threatened over the past three years to develop into an Ever Abnormal Glut. During these years, the government's wheat program has consisted of several parts, the most important of which has been a system of wheat loans—the American counterpart of a guaranteed minimum price. Under this system "cooperating growers", who plant within their government-assigned wheat-acreage allotments, are given the opportunity to "borrow" from the government, without obligation to pay back, a specified amount of money for each bushel of wheat they store under government supervision. Similar loans are not available to non-cooperating farmers (except on a limited scale when marketing quotas are enforced), and such growers normally profit only through the higher market prices brought about by the loan program.

Started in a modest way in 1938-39, the American wheat-loan program has since expanded in a threateningly un-economic manner. Each year the loan rates have been raised; each year more

wheat has been placed under loan; each year more has passed to the government against defaulted loans. In 1938-39 the basic loan rate for No. 2 Hard Winter wheat at Chicago was 77 cents (U. S. currency); in 1939-40 and 1940-41 it was 80 and 81 cents respectively; and for 1941-42 it has been raised to \$1.15 (U. S.) or \$1.27 (Canadian).

Reflecting the strong political influence of farmer's organizations in the United States, American wheat-loan rates have constantly been maintained above the level of wheat prices on free international markets. To the high level of the rates, rather than to the loan system itself, must be attributed most of the economic maladjustments that appear to be due to the loan program. A low guaranteed minimum price or loan rate may be defended as a necessary measure to prevent severe distress among wheat growers in certain periods of agricultural emergency. But this is certainly not the primary purpose of the current American loan rate of \$1.27 (Canadian currency) at Chicago, in contrast with prevailing guaranteed minimum prices of 61, 68, and 70 Canadian cents respectively, for Argentine wheat at Buenos Aires, Australian at specified ports, and Canadian at Fort William-Port Arthur.

The American wheat-loan program has been supplemented by (1) soil-conservation payments to "cooperators", recently amounting to 8 to 17 cents per bushel of the normal yield; (2) small intermittent purchases of wheat on the open market for domestic and foreign relief purposes and for certain restricted export sales; (3) export subsidies granted to wheat and flour exporters to bridge the gap between foreign and domestic wheat prices and to insure a share of the world export market to the United States; (4) low quotas on wheat and flour imports into the United States, established on May 28, 1941 to prevent sizable imports from Canada in response to artificially inflated wheat prices in United States markets; and (5) wheat marketing quotas for 1941-42, which permit cooperating growers to market their entire

crop without penalty, but require non-cooperators to pay 49 cents per bushel for all wheat marketed in excess of their allotted quantities.

At least two, if not three, of these complicated provisions were designed to counteract the maladjustments in America's wheat economy introduced by the government's high loan rates. Moreover, further counteracting measures are likely to be adopted in the coming year. First, there is the embarrassing problem of storage or disposal of the large wheat stocks now owned or likely to be owned next July by American government agencies. Either stored or offered for commercial sale, these stocks would compete with the wheat owned by American farmers. For political reasons such competition is intolerable. The answer will probably be government-sponsored disposal of surplus wheat through non-commercial channels, such as diversion to American feeding troughs or as gifts to China and other countries.

Also in the foreground now is the problem of America's "share" in the world export market. Clearly, it would be to the interest of the American government if it could arrange to send part of its surplus wheat abroad without the expense of providing export subsidies or of making gifts of wheat to needy nations. This was probably one of the ideas back of the international conference of surplus wheat-producing nations called by the State Department of the United States for July 10. The results of the conference, which later adjourned to meet again on August 18, are as yet indeterminate. However, it is generally expected that some type of an international agreement will be framed which will provide for (1) an international Ever Normal Granary, (2) an "equitable" division of the available world-export market, and (3) the introduction and strengthening of production-control systems in the four major exporting countries.

CANADA

Canada has so far avoided some of the more costly mistakes in wheat planning

made by her well-to-do neighbor. But Canada nevertheless has serious wheat-surplus troubles of her own. Indeed, among the four major exporting countries, Canada's current wheat position is the most critical. Her unprecedentedly large wheat carryover on August 1, 1941, was over three and a half times the annual consumption requirements of her population, whereas the United States carryover on July 1 was considerably below a year's domestic needs and the prospective carryovers of Australia (December 1), and Argentina (January 1, 1942) both promise to be smaller than the corresponding annual requirements.

Canada's present difficult position is the result of two successive bumper wheat crops, attributable to heavy sowings and favorable weather in 1939 and 1940. Those huge crops could scarcely have come at a worse time from the standpoint of foreign demand, because of the progressive contraction of the European import market after September 1939. The development of Canada's enormous wheat surplus was thus to a large extent fortuitous, and its origin as well as its size clearly demanded that it be dealt with as an emergency problem.

Viewed as an emergency measure, the wheat program adopted by the Canadian government last spring appears quite reasonable. It provided for purchase by the Canadian Wheat Board of a limited amount of 1941 wheat—230 million bushels—at a minimum price of 70 cents per bushel for No. 1 Northern wheat at Fort William-Port Arthur. Deliveries of wheat by individual producers in the Prairie Provinces are to be based upon 65 per cent of their wheat acreage in 1940, or, in exceptional cases, in certain earlier years.

The Canadian government requested, but did not require, contraction of wheat plantings in 1941. With the request went an offer to pay farmers bonuses of \$2.00 to \$4.00 per acre for diverting wheat land to other specified purposes in 1941. Under this program, Canadian farmers are reported to have reduced their wheat sowings about 6 million acres or 22 per

cent—a truly remarkable achievement.

Current forecasts of the growing Canadian crop, based on the reported crop condition as of August 1, suggest an outturn only about half as large as last year's. However, even a crop of this reduced size, combined with Canada's record old-crop carryover, would leave the Canadian wheat position only moderately better than in 1940-41.

The wheat supplies of the other three major exporting countries seem more likely to be increased than decreased in 1941-42. For the United States this prospect is now definite; but much may still happen to the growing crops in Australia and Argentina. In any case, there is no good reason to anticipate material lightening in 1941-42 of the general burden of wheat surplus borne by the four chief exporting countries. And although the need for wheat in Europe may prove to be greater next winter than it was last, overseas exports to Europe will presumably remain small as long as the present war continues.

FUTURE PROSPECTS

What of the more distant future? The current heavy burden of surplus wheat stocks may be greatly lightened in any one of three ways: (1) through extremely low yields of wheat per acre resulting from unfavorable weather conditions in the leading exporting countries, (2) through further contraction of wheat acreage in those countries, and (3) through establishment of a type of world peace that will promote international confidence, trade, and prosperity.

At present, neither exceptionally low nor exceptionally high yields per acre can safely be predicted for the chief exporting countries over the next few years. On the other hand, the national wheat-acreage allotment for the United States has already been reduced seven million acres for 1942, and the other three exporting countries have the legal machinery for curtailing wheat plantings whenever such a policy is deemed necessary. Government-sponsored acreage curtailment, with payments to cooperating

growers, is defensible as an emergency measure, but not as a prolonged program which serves to maintain a larger farm population than is likely soon to be demanded.

There would be no need for permanent contraction of wheat acreage in a postwar world organized effectively to promote international goodwill and general prosperity. In such a world, international trade would expand, and for some years,

at least, per capita wheat consumption would probably average higher than it has over the past decade. Ever since the late 'twenties', if not also before, government measures in various countries have restricted wheat consumption, directly or indirectly, intentionally or unintentionally. If the victors of the present war are to win the ensuing peace, they must see to it that the world is so reorganized that such restrictions will be deemed unnecessary.

The Food Stamp Plan in the United States

By HERMAN M. SOUTHWORTH

THE Food Stamp Plan has become one of the chief programs in the United States for moving foods for which farmers are underpaid into the hands of consumers who are underfed. Initiated as an experiment in Rochester, New York, in May, 1939, 2 years later the plan was in operation in 347 areas, and 39 others had been designated for inclusion in it. These areas included over half the population of the country. Operation was statewide in 5 states. During May, 1941, the plan increased the food-purchasing power of some 4 million persons by almost 10 million dollars. The expanding scale of operation of the plan, the widespread interest in it, and its potentialities as a program of social adjustment justify a description of its background and development and an analysis of its method of operation.

FARM SURPLUS DISPOSAL AS AN EMERGENCY PROGRAM

Two related phenomena of depression in many countries were underconsumption of food by families on reduced income and reduction of farmers' incomes because of low prices for foods. This situation was one symptom of the breakdown in the mechanism of income distribution; it pointed obviously to the need to

supplement this distributive process by social action.

An early response to this problem in the United States was the purchase of surplus farm products by the Federal Government for free distribution to needy persons. This program of Direct Purchase and Distribution, administered under the Department of Agriculture, began in 1933. Among its first major projects was the buying of livestock in drought-stricken areas. After the drought emergency, it turned increasingly to the relief of farm marketing crises in other commodities through purchasing supplies in sufficient quantities to bolster farm prices.

Foods thus purchased were shipped to administrators of public assistance in the several States, who distributed them to families on relief and to various institutions serving the needy. Schools serving noonday meals to underprivileged children have been an increasingly important outlet for these surplus commodities. Labor for storing, packaging, and distributing the foods has been provided chiefly through the Work Projects Administration as a part of its program of unemployment relief.

This surplus marketing program, like many other measures undertaken to relieve depression, was viewed originally as a short time, emergency measure. Again like other measures, experience demonstrated the necessity of continuing

EDITOR'S NOTE: Herman M. Southworth is Associate Agricultural Economist of the Division of Marketing and Transportation Research, U. S. Department of Agriculture.

it for a considerable period. This extension of it, and the expanding scale of its operations brought attention to certain ultimate problems of Direct Purchase and Distribution, at the same time that they brought recognition to the basic soundness of this two-fold approach to the problem of maldistribution.

As a farm relief measure, the program faced the difficulty that part of the foods removed from the market through Government purchase tended to replace normal commercial sales, in that recipients of free food were likely to cut down on purchases out of their own pockets. Where distribution was confined to relief families that obtained their food through grocery vouchers this problem did not arise, because local relief agencies were required to maintain the amount of the grocery vouchers as a prerequisite of receiving surplus foods to distribute. But where families on cash relief were included, there was inevitably the likelihood that recipients of free food would divert part of their own food expenditure to meet other needs. To the extent that this occurred, the objectives of the program to strengthen food prices to farmers and to improve the diets of the underfed were defeated.

Another administrative question arose with regard to the system of distributing surplus foods. As an emergency measure and on a small scale, it was convenient and economical to set up a temporary mechanism for handling Government purchases directly as a publicly administered service. But was it desirable to expand this emergency mechanism into a large-scale, semi-permanent public institution? Should an extensive organization for moving foods from producer to consumer be set up and maintained by Government side by side with the existing privately operated organization that already had, at most points, adequate capacity for handling this distribution? Would it not be preferable from the broad social standpoint to rely on regular commercial channels for this distributive service?

MECHANISM OF THE PLAN

The Food Stamp Plan developed out

of consideration of such problems as these, raised by the continuing and expanding operation of the surplus disposal program. Under it, subsidy to consumption replaces direct distribution of foods to needy families. (In areas where the Food Stamp Plan operates, school lunch programs continue to be served through the Direct Purchase and Distribution Program.) Thus Government is relieved of the necessity of expanding its participation in the food handling industry.

At the same time, since recipients of the subsidy are dealt with directly, it becomes possible to require them individually to pledge, as a condition of participation, to continue a minimum expenditure for foods out of their own pockets. It becomes possible also to offer them some inducement to increase their private expenditure for foods above this minimum level.

The mechanism for this involves the use of food stamps of two colors: orange and blue. Participants in the plan buy orange stamps in amounts intended to cover their normal level of expenditure for food. These stamps can be used to buy any kind of food. Having bought their orange stamps, participating families are given, free of charge, blue stamps in amounts proportioned to their purchases of orange stamps. Blue stamps will buy only a restricted number of foods—those on the "surplus list" as announced by the Secretary of Agriculture.

Initially, families were required to buy orange stamps at a flat minimum rate of \$4 per person per month, which was estimated to be approximately the national average expenditure for foods by low-income families. Those wishing to do so were permitted to buy as much as \$6 worth of orange stamps. Participants were then given \$1 in blue stamps for each \$2 worth of orange stamps they purchased.

As the plan has developed, the orange stamp requirement has been made more flexible, to adapt it to the important deviations from average food expenditure

which result from differences in income and in family size and composition. Amounts purchased per person vary somewhat from one area to another; the average in May, 1941, was \$4.66. Issuance of blue stamps in May averaged \$2.50 per person participating.

Both orange and blue stamps can be spent in any retail grocery willing to accept them—and grocers generally have shown themselves glad to get the food-stamp trade. Grocers redeem the stamps through their bankers or wholesalers or directly through the nearest stamp-plan office.

The list of foods that can be purchased with blue stamps changes from time to time, the items included varying as farm marketing problems shift. Butter and

eggs, flour, lard, and pork have been available, however, throughout most of the time since the plan was introduced. The list has usually included also various fruits and vegetables, fresh or dried. The list as of May, 1941, is given in table 1, along with the estimated quantity and value of purchases made with blue stamps.¹

1. These figures give some clue to the effects of the plan on consumption of participants, but they must not be taken as measuring net increases in sales of the separate commodities because they may include normal expenditures on them to some extent. A family formerly buying 2 pounds of butter a week may increase this quantity to 4 pounds under the plan—and buy all 4 pounds with blue stamps. The total amount of blue stamp purchases comes closer to representing the net increase in participants' expenditures for all foods taken together; but even here allowance must be made for the impossibility of adjusting the amount of orange stamps that each family is required to buy to match exactly the family's normal out-of-pocket expenditure for food.

TABLE 1
Estimated Quantity and Value of Each Commodity Purchased With
Blue Stamps, All Regions, May, 1941

Commodity	Unit	Quantity Purchased	Dollar Value of Purchases
		Thousands	Thousands
Pork.....	lb.	11,716	2,447
Pork lard.....	lb.	6,448	712
Vegetable shortening.....	lb.	154	19
Butter.....	lb.	3,660	1,427
Eggs.....	doz.	5,091	1,394
White flour.....	lb.	34,914	1,224
Graham flour.....	lb.	537	25
Corn meal.....	lb.	8,622	243
Hominy grits.....	lb.	1,383	62
Total cereals.....		.....	1,554
Potatoes.....	lb.	32,877	607
Dry beans.....	lb.	5,257	370
Fresh carrots.....	lb.	2,356	114
		.....	1,091
Fresh oranges.....	doz.	2,540	519
Fresh grapefruit.....	unit	5,061	189
Fresh apples.....	lb.	5,989	305
Dry prunes.....	lb.	1,651	140
Raisins.....	lb.	1,237	105
		.....	1,258
Grand total.....		.....	9,902

Data from Economic Analysis Section, Surplus Marketing Administration.

EFFECTS OF THE PLAN

Simple in broad outline, the Food Stamp Plan is not simple in the details of its economic operation. Its effects on food distribution ramify throughout the marketing system. In estimating its consequences either for consumption or for farm income, account must be taken of these effects. They are analyzed in some detail in a recent report prepared jointly by the Bureau of Agricultural Economics and the Surplus Marketing Administration of the Department of Agriculture.² Here a brief outline must suffice.

The Government subsidy to food consumption through the Food Stamp Plan obviously acts to strengthen the market for various foods. This may enable farmers to sell more of these foods, or it may raise the prices they receive, or these two effects may be combined.

To the extent that farmers' sales increase, the effect of the plan is quite simple. It enables low-income consumers to buy foods which farmers would not otherwise sell. Incidental benefits accrue to food processors and handlers because of the increase in their volume of business.

To the extent that food prices increase, more complicated effects come into play. Supposing no increase in the quantity of food sold by farmers, the consequences of the plan to consumption would be to enable families given blue stamps to buy foods which would otherwise have been bought by persons not participating in the plan. In other words, the available food supply would be redistributed between the various consuming groups. Nonparticipants might actually spend more money for food than previously; but because of higher prices this money would buy a smaller quantity.

As is pointed out in the report previously mentioned, the consequences to farmers in this second case would be an increase in income that might actually exceed the amount of the Government subsidy, the difference coming from the higher

prices paid by the nonparticipating consumers. No great benefits would accrue to processors and distributors in this case since they would handle no larger quantity of food, although their dollar volume would increase in proportion to the rise in prices.

Actual consequences of the plan would be expected to combine the two effects just discussed. Farmers both sell more food and enjoy higher prices. Participating consumers eat more, partly as a result of increase in the quantities of food available and partly because some of the supply is redistributed in their favor.

Which of these effects predominates in the actual operation of the plan can be determined only by statistical investigation. But measurement is difficult because, even with the present scale of operation, the effects of the Food Stamp Plan on prices and quantities sold are masked by other factors influencing market phenomena. Lacking adequate statistical measures, discussion must be limited to a few general considerations.

Within a single crop year, the predominant effect in the case of most commodities is probably to raise the prices farmers receive. Particularly with fruit and vegetable crops and those which cannot be carried over from year to year, once plantings are in, farmers have little opportunity to increase production. Extremely low prices may sometimes discourage harvesting and marketing of part of a crop. But for the most part, one would expect changes in supply to be less marked than changes in price.

Which effect will predominate over a period of years, however, depends upon other factors. If no collective control is exerted over production and sales, one would expect increases in production to be considerably more important than in the short run. But where production and marketing controls are undertaken, the effect will depend on how these policies are adjusted to the operation of the plan. Through proper coordination of policies it is clearly possible to bring about some increase in prices to farmers

2. Gold, N. L.; Hoffman, A. C.; and Waugh, F. V. *Economic Analysis of the Food Stamp Plan*. U. S. Department of Agriculture Special Report. October 1940.

combined with greater production of desired food products.

Here there must be taken into account the freedom of choice permitted participants in the Food Stamp Plan. No single item is forced upon them, as is the case where foods are distributed directly. Thus there is little likelihood that the plan will encourage production of chronic surpluses of foods which are not wanted

SUCCESS OF THE PLAN

The Food Stamp Plan has enjoyed wide popularity from the start. It appears to have captured public imagination as a novel and interesting approach to the problem of "starvation in the midst of plenty." More specifically, it has, of course, basic support from farmers as a measure to improve the market for their products. It is also favored by the food distribution industry and by people receiving public assistance, and has the approval of most persons concerned with relief administration.

Food handlers prefer it to direct distribution because it increases their volume of business. Relief recipients prefer it because it is more convenient to obtain food as needed from a neighborhood grocer than to go at stated intervals to a central commodity depot for it. The use of stamps gives them greater choice regarding the foods they receive than they enjoy under direct distribution, where they are simply handed a package of each of the foods currently being distributed. The Food Stamp Plan also reaches a wider group of needy families than direct distribution since the orange stamp feature justifies extension of it to W.P.A. workers, who are not served under the older plan.

The success of the Food Stamp Plan has led to initiation of a Cotton Stamp Program along similar lines. In May, 1941, this program was in operation in 24 areas, and 4 others had been designated for inclusion. Almost 136,000 persons received an average of \$2 each in free brown stamps good for the purchase of a wide variety of cotton goods—a total of nearly \$272,000 added to purchasing

power for cotton products during the month.

POTENTIALITIES AS A METHOD OF SOCIAL ADJUSTMENT

Under the Food Stamp Plan the relief of specific farm marketing difficulties has always been the chief basis for selecting the foods which might be purchased with blue stamps. But the plan could be used, obviously, not just to cushion current maladjustments of supply, but also to promote desired long-run shifts in agricultural production. It seems likely for example, that farmers in the United States will need in the future to grow less cotton, wheat, and other items formerly exported in large quantities. Subsidies to consumption could be used to encourage them to produce instead greater quantities of products needed to raise the domestic scale of living.

Emphasis on health and nutrition as a phase of national defense in the United States has intensified interest in the Food Stamp Plan as a method of improving the diets of low-income groups. Foods to be included in the blue-stamp list have always had to have approval by nutritionists as items that would make a desirable addition to the diets of needy families. But nutritional desirability could be made a positive basis of selection. The plan would then become an important means of promoting greater production and consumption of foods needed in larger quantities to assure a strong and healthy population.

The plan has other obvious possibilities. Some thought has been given to international application of it in the attempt to stimulate hemisphere trade. Stamps could conceivably be used to subsidize consumption of products that might be exchanged between the American nations. And the stamp-plan method could well be used to increase consumption of clothing and the many other necessities besides food that underprivileged groups are unable to buy in sufficient quantities. The possibilities in these directions cannot but stimulate the imaginations of persons concerned

with the broad problem of poverty and maldistribution.

* * * *

The Food Stamp Plan began as an experimental approach to the relief of agricultural maladjustment during depression. It has demonstrated its usefulness

as a method of attacking the joint problem of underconsumption and inadequate returns to producers in the food field. Its success here suggests that it is a potential means of promoting desirable adjustments in a wide variety of social and economic problem areas.

Changing Relationships of State and Municipal Government in New England

By THORSTEN V. KALIJARVI

THE world is aware that the United States has changed its national governmental philosophy and has evolved different institutions under the title of the "New Deal." Few people, however, are conscious of less spectacular, but equally important changes which are being contemplated or which are taking place in the relationships between the states and municipalities.

Of recent years a number of municipal leagues and associations have appeared. Their purpose is to improve local and state governments. The National Municipal League and the National Municipal Association are examples. Several of these organizations have headquarters in Chicago at 1313 East 60th Street. Research organizations, of which the Brookings Institute is one, are agencies for conducting investigations of governments and for recommending improvements wherever necessary. Private consultants and firms of "experts" such as the Griffenhagen Associates have created a profession of investigations, reporting, and recommending changes. At the same time local municipal associations, taxpayers' associations, the Council of State Governments, the Civil Service Reform League, and bureaus of government research are also flourishing. This host of experts, investigators and reporters mean only one thing, namely, that the

old relationships have been found inadequate and new ones are being worked out in state and local governments.

It is well to bear in mind that under the American system of state and local government, the state is paramount and assigns or grants to the local governments all functions, powers, and rights which they possess. In New England the original municipal units were the towns. Sometimes these began as villages; sometimes outlying parts were divided into villages; but whatever the organization may have been, the town meeting and the town officers were the government. As communities grew cities appeared, and for the most part took over the functions which the towns performed. In addition to this municipal organization the New England states were divided into counties which cared for larger less sparsely populated areas in welfare, criminal, and judicial matters. This is still the pattern of New England government to-day, and considerable difference of opinion exists over the need for its change.

The most consistent and repeated attacks are directed at county governments. The trend towards centralization in the prosecution of criminals has resulted in increased supervision by the state attorneys-general over the county solicitors. The new state police forces have made inroads upon the duties of the sheriffs who are daily becoming more fully officers of the court and less cus-

EDITOR'S NOTE: Professor Kalijarvi is head of the Department of Government of the University of New Hampshire in Durham.

todians of law and order. The social security activities, the welfare expansion, and the relief program of the Federal government have been co-ordinated with new state programs dwarfing the county work to the point of insignificance or integrating it with the new state and Federal order. In registering of deeds and other functions the same tendency is to be seen. Study groups such as the National Consumers Tax Commission and the League of Women Voters have devoted much time to this problem. Several suggestions have been made ranging from the elimination of county government entirely dividing its powers between the state and municipal agencies, to the establishment of a county manager whose duties would be similar to those of city and town managers. The chief stumbling block in the way of reform however, is the county officer himself who has built up strong political support which comes to his aid at every suggestion of change. How long this situation will be allowed to exist is impossible to state.

As for town governments with their town meetings and local officers, the increased tempo of the present industrial civilization has shown the old forms to be slow and cumbersome upon certain occasions. The small agrarian community still seems to prosper democratically as in the past, but the manufacturing town is confronted with a slowness of operation, which is sometimes exasperating. Here too several remedies have been suggested, the most interesting of which is the town manager. Every one of the New England states has passed enabling legislation permitting towns to adopt a manager form of organization. Perhaps Vermont with twenty years of experience in this field has had the most instructive experience, but there has been no rush to adopt the plan anywhere. The explanation is that New England has grown up about the loosely organized and decentralized town and refuses to abandon it. Furthermore most of New England's towns are financially sound and the urge to correct an irritating economic ill is

not present. Add to these the conservatism of New England and the reasons why town government still flourishes are apparent.

In Connecticut and Maine, Municipal Associations have been organized to provide municipalities with information, advice on municipal problems, manuals and skilled direction. In all states the tax assessors, selectmen, town clerks, and other officers have joined into voluntary associations with periodic meetings for self-improvement, information, contacts, and advice. But these must not be construed as reform organizations, for they would have existed under any form of government.

The voice of reform and reorganization is most insistently and persistently heard in the cities. The explanation is that the economic and relief crisis after 1929 taxed the city machinery to its utmost, revealing many weaknesses not excluding graft and corruption. These conditions were directly responsible for the appearance of taxpayers' associations and for movements for reform. It was in the cities that the idea of the manager type of government originated and was subsequently modified to apply to towns and counties. The underlying thought was that business had worked out to a refined degree the principles of industrial and commercial administration in private enterprise. Government in many of its aspects was said to be merely a form of business. Apply the same methods as are practised in private enterprise in these fields and government will improve. Thus, the letting of contracts, purchasing, and most non-policy forming functions were to be turned over to a manager. In this matter as in that of town managers the New England states have enacted enabling legislation. An example of a city operating on this basis is Portland, Maine. The most recent drive in New England for city reform has occurred in Massachusetts, where during the last fall elections Cambridge adopted the so-called "Plan E" manager type of government for which it agitated during a previous period of more than two years.

Other Massachusetts towns promise to pursue the same course.

These brief paragraphs can only indicate some of the major trends in a field of changing state and municipal relationships. Thus, for example, very little can be said of the highly important centralization in the states of many functions which formerly were regarded as exclusively local. For example, every state highway department is taking over an ever larger number of roads both for construction and maintenance purposes. Formerly, only a few main trunk lines were handled by the state. To-day most main roads have been subjected to state control with the result that certain clear standards and procedures are being evolved which even local communities must follow.

This is also true of taxation. The real property tax has been and still is the backbone of state tax structures. Formerly, its administration was left to the local communities with little, if any, supervision by the central government. Now, there exists in every New England state a central tax commission or commissioner of taxation whose function it is to supervise and to administer the state tax program. These officers have devised standards of assessment and collection, have been assigned auditing duties for both municipal and county taxes, and have kept abreast of improved taxation techniques to the advantage of the state as a whole. Naturally it has been impossible to expand these functions without impinging upon local autonomy. Indeed, as conflicting tax jurisdictions have arisen and new taxes have been devised, taxation administration has become a specialized function, which the local town officer does not have the time nor opportunity to master.

The recent advent of old age insurance, unemployment compensation, aid to the blind, assistance to children, and aid for dependent mothers has had the effect of transferring these local functions wholesale to centralized state welfare boards, unemployment compensation bureaus, and other officers. The Federal govern-

ment has made contributions to the state programs and this inducement has worked in two ways: (1) It has allowed federal supervision over the operation of the state agencies to which it has made contributions. For example, Merit Service standards have been set up by Washington which have required the employees of the controlled agencies to meet certain tests and qualifications in order to hold or to be appointed to positions. (2) It has acted as a spur to the states to take over duties, which hitherto it has left entirely to the local communities.

The financial structure has experienced the same reorganization. Central auditing is now common and so is central purchasing. Both of these functions are being expanded. In other ways the state control over the local finances is taking new expression. By way of illustration, in New Hampshire when a county (such as Coos) finds itself in financial difficulties, the state appoints a "fiscal agent" to administer the county until solvency is attained.

No single recent development has received more publicity than the Maine Deorganizing Act. It illustrates with such nicety the absolute power of the state over local autonomy and the present trends that its explanation may be of interest. As in Canada, so in Maine, many of the local communities (especially in the north) have built their economies about lumbering. The denuding of forests has deprived these towns of livelihood so that people have moved away, real property has depreciated in value, roads have deteriorated into a state of corroded disrepair, and general poverty has set in. These shells of a once active community seem to have gone through the formalities of town government and representation in the State government until the depression of 1929 when their impossible conditions were revealed. As a consequence the Deorganizing Act was passed.

The administration was placed in the hands of the State Tax Assessor, whose position can be compared with that of

the Commissioner of Corporation and Taxation in Massachusetts and with that of the Tax Commission in New Hampshire. The provisions of the act state the conditions under which existing towns may be "liquidated" as political entities. The area covered by the defunct town becomes state land thus placing on the state the responsibility for the care of the local population, which may be left. It then becomes the duty of the Assessor to arrange for the schooling, protection, and governmental needs of the people. Sometimes these are divided among neighboring towns; sometimes people have been moved to more favorable and populous locations.

Granted, this experiment is not startling, nevertheless it reveals clearly that New England is confronted not only with the urbanization of some areas, but with the very opposite of others. The Deorganizing Act is a clear example of the responsibility of the state to protect and preserve a community when local government breaks down. Like the establishment of fiscal agents for fin-

ancially unsound counties in New Hampshire, it shows that New England is awake to this duty. Indeed there are many who interpret the extensive assumption of powers by the state governments as indicative of a breakdown in local and municipal government. To others this interpretation has not been proved.

In conclusion it should be observed that only the more apparent aspects of the problem have been treated. They all indicate changing relationships between State and local governments. But this must not be construed as a concerted movement for either general or specific reform. It is much safer to observe that a general readjustment is being undertaken in the functions of municipal government to bring it into step with rapidly changing times, with new functions and with new social, economic, and governmental needs. The underlying governmental structure remains intact having demonstrated its inherent worth throughout the critical period since 1919.

Safe Working Conditions in War Industry

By KINGSLEY KAY

GREAT BRITAIN as well as Canada knows from the experience of the last war how important it is to keep up an efficient control of labor conditions in war time.

In Great Britain where a comprehensive system of factory inspection had been operated for many decades a temporary relaxation of the control was proclaimed at the outbreak of the war in 1914 due to the extreme need for the manufacture of implements of war. Great Britain at that time had not learned the lesson painfully demonstrated later in the war that healthful working conditions most certainly increased ef-

ficiency of production, quality and quantity of output. Health supervision was forced to the background making production, at any cost, the important goal and by 1915 there was no doubt but that the large increase in production of war materials and the accompanying factors, long working hours and poor working conditions, were leading to tremendous increase in fatigue accidents and occupational disease. Not only was an increase shown in fatigue, ill health and accidents, but it was quite evident that they were contributing to a serious lowering of the efficiency of war production. Labour turnover sky-rocketed and great difficulty was experienced in obtaining sufficient workers to enter the unhealthy trades such as shell filling in view of the

EDITOR'S NOTE: Kingsley Kay, M.A., Ph.D. is Acting Chief, Division of Industrial Hygiene, Dept. of Pensions and National Health.

unsavoury reputation that such types of work had developed. Poisoning and dermatitis among explosives workers were widespread. Another factor of importance was the withdrawal of manpower to the armed forces which occasioned an acute shortage of labour and made the toll of accidents and sickness even more disorganizing.

The situation reached such an acute phase in September 1915 that the Right Honourable David Lloyd George, then Minister of Munitions, appointed with the concurrence of the Home Secretary the Health of Muniton Workers Committee to consider and advise on matters affecting the health and welfare of workers in British muniton factories. It was not long after this committee had been active that a decided improvement in the health situation of the war industries took place. The two direct results of the committee's work were, firstly, an improved organization of industrial effort as a result of the elimination of inefficiency of fatigue due to excessively long hours of work and poor working conditions and, secondly, legislation based on scientific findings to control hazards inherent in the manufacture of munitions of war. Results of the formation of the Health of Muniton Workers Committee were far-reaching and found a wide application in industry after the war was brought to an end. Although the committee was dissolved at the end of the war, its place was taken by the Industrial Fatigue Research Board. This latter board continues to function as the Industrial Health Research Board and is rendering important service in Great Britain to-day.

BRITAIN TO-DAY

Great Britain has learned the lesson well from experience of the last war that safe working conditions are a concomitant to efficient production and during the present war control of working conditions has been increased over peace-time practice. New control was placed over health in British industry under an order made last summer by the Minister of Labour and National Service. By

this order employers are required to engage a whole-time or part-time doctor or nurse, or both, wherever the Factory Department considers such appointments necessary, the necessity to be determined by the number of workers employed in a given factory or by special conditions appertaining to work, such as dangerous processes or isolated position. This new order extends the authority granted under the Factories Act 1937, which empowered the Secretary of State to require reasonable arrangements for medical supervision in factories where there is reason to believe that injury to health may be caused by conditions of work or where juveniles are subjected to risk. This order has been discussed in a leading article in the *British Medical Journal* of August 31st, 1940, in which it is pointed out that, while conditions created by the present war output have led to the decision to require the appointment of doctors in certain factories, the importance of the order lies in the fact that it signifies State recognition of preventive medicine as a function of factory management.

Not only have measures been taken to increase factory health and safety service in British industry to-day but measures have been put into effect to ensure that working hours will be controlled within limits compatible with efficiency of production. During the last war the Health of Muniton Workers Committee conclusively showed that excessive hours of work were resulting in a disorganization of production and in an actual and serious lowering of the quantity of war materials being produced. Many of the processes used in manufacturing materials of war were studied by the Committee's investigators and ample proof was obtained, repeatedly confirmed by investigation during the post-war period, that reduction of hours in those factories where excessive hours were being continually worked actually resulted in a maintenance of production level. The Committee even found on numerous occasions that excessive hours of work could be reduced to reasonable levels with a resulting increase in production.

British experts to-day suggest the hours of the Factory Act, 1937, as being the most suitable for maximum output and maintenance of health. At the outset of the War some control of hours of work was lacking in Great Britain and indeed in May 1940 most of the regulation was cast aside owing to the urgency of the situation at the time. It was soon realized that such unlimited hours of work to which approval had been given would result in a repetition of the situation of 1915 and regulation of such matters was taken over by the Minister of Labour and National Service who set up a Factory and Welfare Department and a Factory and Welfare Supervisory Board to assist in developing and establishing safety, health and welfare in factories. During the summer of 1940 hours of work were again regulated.

CANADA

Few records exist of the extent of sickness and accidents in Canadian industry during the last war. There is however little doubt that production at that time suffered from the effects of fatigue, accidents and occupational disease in much the same way that British and American production suffered. It cannot be concluded because Canadian records for the period are meagre that these factors were not a serious problem of the time. A consideration of the many important advances that have been made in establishing safe working conditions during the past twenty-five years shows that fatigue, accidents and occupational disease must previously have been problems. In August 1939 at the commencement of war it was realized that health and labour authorities in Canada would be called upon to make their substantial contribution toward maintaining the efficiency of a rapidly expanding industry. The Department of Pensions and National Health had in many respects a special responsibility in view of the fact that most war production would be carried out under contract to the Federal Government. Already provided in peace-time with

a Division of Industrial Hygiene it but remained for the Department to formulate a plan which would co-ordinate the efforts of the Division with those of Provincial health and labour officials.

In order to consider this problem from a national point of view it was discussed at meetings of the Dominion Council of Health and of the Technical Advisory Committee on Industrial Hygiene in October 1939, these two bodies being part of the organization of the Department of Pensions and National Health. As an outcome of the meetings and in co-operation with the Federal Department of Labour and the War Supply Board, now the Department of Munitions and Supply, it was arranged that there should be inserted in all Government contracts a clause requiring that health and sanitary conditions be maintained at levels satisfactory to the Minister of Pensions and National Health. The contract health clause provides the Department with the power to require that working conditions be healthful, that sanitary facilities and safe water supply be adequate, that suitable medical services be available and that health records be kept wherever it be deemed advisable by the Minister. The clause represents an agreement between the Federal Government and the contractor and supplements legislative requirements under provincial Health and Factory Acts. By means of the clause and provincial legislation, the Federal Divisions of Industrial Hygiene and Public Health Engineering co-operate with provincial health and labour officials toward the maintenance of safe working conditions in Canadian war industry. It is interesting to observe that the contract clause provides powers, in effect, to require medical supervision in factories. It is to be noted that the contract clause specifically sets forth that medical services shall be provided to the satisfaction of the Minister of Pensions and National Health, whereas the Walsh-Healey Public Contracts Act of the United States does not specifically give such powers.

Following upon the insertion of the contract clause in Federal war contracts,

it was arranged that the Division of Industrial Hygiene would be supplied with details of contracts let by the Federal Government. The purpose of this arrangement was to assist in a comprehensive supervision of war contract premises. Every attempt is made to avoid duplication of supervision by Federal and Provincial authorities and to this end contract information is routinely disseminated to the Provincial Departments concerned. By virtue of the contract clause every manufacturer engaged in the production of materials of war has at his disposal the facilities of the Division of Industrial Hygiene. Experts are on hand to give every possible assistance to manufacturers having problems relating to the provision of safe working conditions.

War-time production brings with it many new hazards to health. New processes and new materials which are not encountered in peace-time create safety problems which frequently cannot be solved on the basis of information collected during and since the last war. The Department of Pensions and National Health has attempted to provide the necessary information in Canada by conducting rapid surveys in the aircraft, shipbuilding and munitions industries. By means of these surveys it is possible to determine the types of hazard common to each type of manufacturing. Such surveys also make it possible to prepare standards of safe operation applicable to old plants and new ones going into production. A survey of the aircraft industry has been completed and the results of this survey have been issued in the form of a memorandum to aircraft manufacturers. Surveys of the shipbuilding industry and the munitions industry have also been worked upon and important information has been made available to the manufacturers concerned. Such surveys provide information which can frequently be distributed in the form of pamphlets for employers and employees and the careful reading of such pamphlets by employees assists the manufacturer in developing

a program of control. The technical nature of modern war industry requires that the employee be acquainted with the process in which he is engaged in order that he will fully comprehend the need for precautionary measures which have been instituted. Pamphlets have been prepared on the subject of benzol poisoning, nitrous fumes poisoning, T.N.T. (trinitrotoluene) poisoning and prevention of tetra-erythematitis and many thousands of such pamphlets have been distributed. To supplement the pamphlet program a series of posters has been prepared to introduce these pamphlets to Canadian employers and workers.

Shortly after the declaration of war studies were commenced at the Department's Industrial Hygiene laboratory for the purpose of setting safe practices to be instituted in the manufacture of various war materials. The problem of T.N.T. (trinitrotoluene) poisoning and its control has been dealt with and a method of analysis for its concentration in air has been developed. It assists in evaluating the efficiency of ventilating systems in use in munition factories. Department is following closely the incidence of any ill effects from T.N.T. and attempting to correlate such information with the air concentrations to which affected employees may have been exposed. By this means it will be possible to set a safe level of T.N.T. in workroom air.

Shortly after the commencement of war studies were commenced at the Department's Industrial Hygiene laboratory for the purpose of setting safe practices to be instituted in the manufacture of various war materials. The problem of T.N.T. (trinitrotoluene) poisoning and its control has been dealt with and a method of analysis for T.N.T. in air has been developed. Such a method is necessary in order to follow the concentration of T.N.T. in the air to which workers may be exposed during the course of their duties. It assists in evaluating the efficiency of ventilating systems in use in munition factories. The Department is following closely the incidence

of any ill effects from T.N.T. and attempting to correlate such information with the air concentrations to which affected employees may have been exposed. By this means it will be possible to set a safe level of T.N.T. in workroom air.

It is a peace-time function of the Department of Pensions and National Health to extend service to provincial health authorities. One of the most effective forms of contribution during war-time has been related to instructing officials of the provinces in the latest methods for safeguarding employees of industry. New industries are spreading to many of the Canadian provinces which before war-time were engaged mainly in non-industrial pursuits, and, in the case of these provinces especially, the Department of Pensions and National Health has arranged to give instruction to provincial officers so that they may be in the best position to cope with unusual problems which may arise in new industries. It is unfortunate that Canadian universities have not devoted greater attention to training medical and engineering students in the methods to be used for protecting industrial employees. Practical courses for the training of factory inspectors, safety engineers, industrial physicians and hygiene engineers have long been available in the United States and there is little doubt that courses of similar training will become necessary if the war-time expansion of Canadian industry is maintained during the post-war period.

Industry in Canada, in common with industry in other countries, has lent assistance to many health and safety organizations which are contributing to safety control in Canada. The accident prevention associations are doing an important work at the present time in dealing with their specific problem and there is little doubt that the endeavours of these associations are amply repaying the efforts expended in their maintenance during peace-time. An interesting development, supported by industry, is the Industrial Relations Institute of

Queens University which is doing important work in training personnel managers and other industrial officials in the latest aspects of industrial relations. This Institute includes as part of its tuition consideration of the problems concerned in providing safe and healthful working conditions, and this aspect of its work is unique in Canada.

In the present war, the successful prosecution of which depends to such a great extent upon a constant supply of essential war products, it is more important than ever before to eliminate the disorganization in which unsafe working conditions can result. There is little doubt to-day that industry, facing a shortage of trained labour, appreciates that by safeguarding employees and by providing good working conditions the ultimate success of the industrial effort can be assured to an appreciable extent. Nevertheless at the present time there is a tendency to ignore many well recognized principles relating to hours of work, rest pauses, lighting, ventilation and other working conditions. Now, as during the last war justification for ignoring these important principles is founded upon a need for rapid production in light of the present critical situation. It is, however, abundantly clear that lack of attention to these factors can only lead to a condition of fatigue among employees resulting in excessive labour turnover, accidents, ill health and impaired efficiency of production. Even in Germany where health and factory legislation was dismissed with careless abandon upon the advent of rearmament, the last year has witnessed a revision and a return to practise of many of the principles laid aside. This return has been necessary owing to the tremendous increase of sickness and accidents, a return not based upon humanitarian motives but upon a hard headed consideration of the production needs of the time.

While it has not yet been found necessary in Canada to rigidly restrict freedom of practice relating to hours of work and other working conditions, such a course might be necessary if evidence is found

that war-time production is being seriously hampered as a result of a lack of attention to these factors. Experience thus far in the war would indicate that a repetition of the sickness and accident situation in British industry in the last war will not occur in Canada. Industry is attempting to apply much common knowledge which has evolved out of the gradual improvement in working conditions during the post-war period. In addition, Canadian manufacturers appear

to take seriously their responsibility to continually canvass dangers to health inherent in the processes in which their employees are engaged. Governmental agencies are to-day well equipped to provide industry freely with all possible assistance in eradicating bad working conditions and there is little excuse for giving the enemy the advantage of production days lost through fatigue, accidents or ill health.

Canadian Health and Mortality — Its Progress and Its Problems

By R. D. BALDWIN

HEALTH and mortality statistics of the population of any country always tell an interesting story and our own country is no exception. Accurate records of the changes in population, births, deaths and migration have been maintained by the Dominion Bureau of Statistics since the year 1926. Prior to that time some of the provinces did not follow the uniform practice in the recording of births and deaths. But it is possible now to see complete records of the population of Canada for the last fifteen years, and the story which is told there reveals without doubt that we have passed through a period which has brought our people to a level of health and vitality never before attained in our history. Only a study of our population—its geographical and age distribution, its industrial and economic activity and the causes of death amongst its members—can tell us why this trend has occurred and how it can be continued.

In 1926 the population of Canada numbered 9,439,000 persons; by 1939 this had increased to 11,301,000, and a preliminary figure for 1940 is 11,422,000. In 1936 there were only 3 persons per square mile resident in the Dominion as compared with 43 persons per square

mile for the United States and 703 for England and Wales. While most of the population is concentrated along or close to our southern boundary, it is clear from these figures that our people are comparatively widely scattered over a huge area.

The efforts of medical science, public health services, and our own increasing ability to maintain good health by improved habits in both work and play have tended to spare more and more of our people to reach a ripe old age. These factors are largely responsible for a gradual increase in the age of our population. Ten years ago 17% of our domiciled residents were aged 50 and over; preliminary figures from the National Registration conducted in 1940 indicate that now about 20% fall in this age group. This increase in the proportion of older ages is reflected in higher death rates from diseases prevalent at these ages.

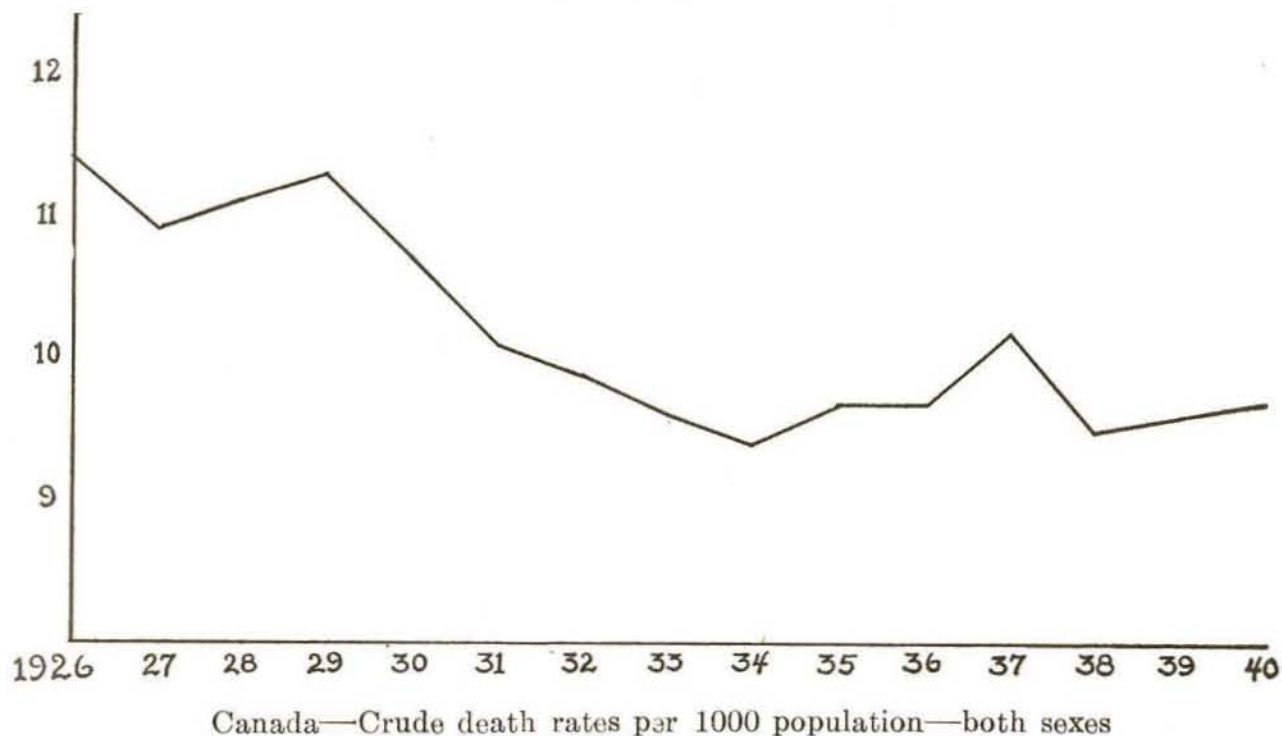
What has been the trend of mortality during these fifteen years of statistical records? Chart I below shows the death rates per thousand (number of deaths divided by population) for these years, and as will be seen a substantial reduction has taken place. Both sexes have contributed to this improvement, the male death rate having dropped from 11.7 to 10.2 per thousand and the female rate

EDITOR'S NOTE: R. D. Baldwin is Chief of the Mortality Department of the Sun Life Assurance Company in Montreal.

from 11.1 to 9.0 per thousand. While the average age of the population has increased only slightly (less than two years) the improved death rate is reflected in the rapid increase in the average age at death. This latter has risen from 41 to 52 years over the fifteen year period.

and in the maternal death rates from childbirth. The following two charts (II and III) speak for themselves in demonstrating the drop in death rates per 1000 live births and in showing that this progress has been the most rapid in the past four years. There has been

CHART I



Further evidence of improved health conditions may be seen in the mortality records of Canadian insurance companies. For example, from the ten year period 1922-1932 until the year 1940 the death rate amongst the Canadian policyholders of the Sun Life Assurance Company of Canada, standardized for age, has dropped from 7.1 to 6.1 per thousand. The average age at death has increased from 47 to 54 years, while the average age of living policyholders has increased by only three years. Other companies have experienced similar trends. It is fortunate that this improvement has occurred to offset the effect of reduced interest rates upon earnings, which would otherwise have resulted in a substantial increase in the cost of life insurance to Canadian applicants.

Striking evidence of the rapid progress made in hospitalization and health work may be seen most clearly in the rates of death of children under one year of age

a 45% improvement in these infant mortality rates and a 30% improvement in maternal mortality rates over the fifteen year period.

Chart IV traces graphically the trend of the more important causes of death from 1926 to 1940. A glance will show where our best health efforts have been made and where there is still room for improvement.

Substantiating the improvement in infant mortality rates is that in the communicable diseases of childhood—measles, scarlet fever, whooping cough and diphtheria. Great strides have been made in the prevention and treatment of these diseases as evidenced by a 73% decline in the death rates from 1926 to 1940. This is the largest percentage decline of any of the main causes of death.

Next in the order of improved mortality come the respiratory diseases—influenza, tuberculosis and pneumonia. The percentage decline in the death rates are

CHART II

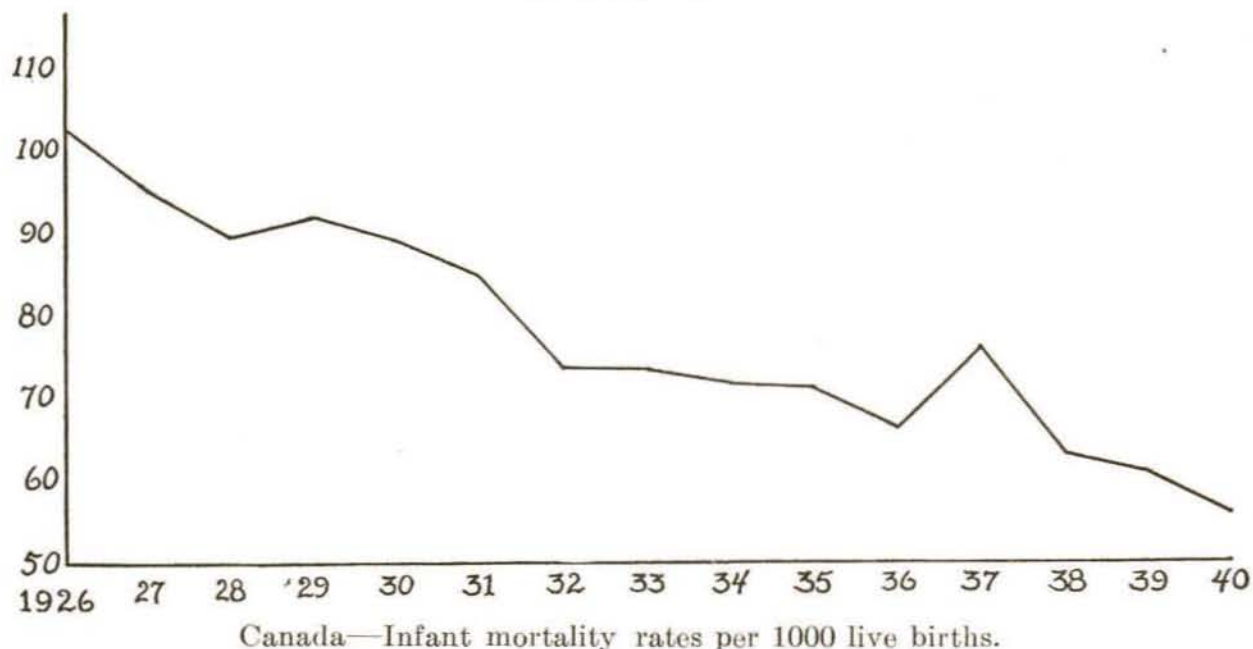
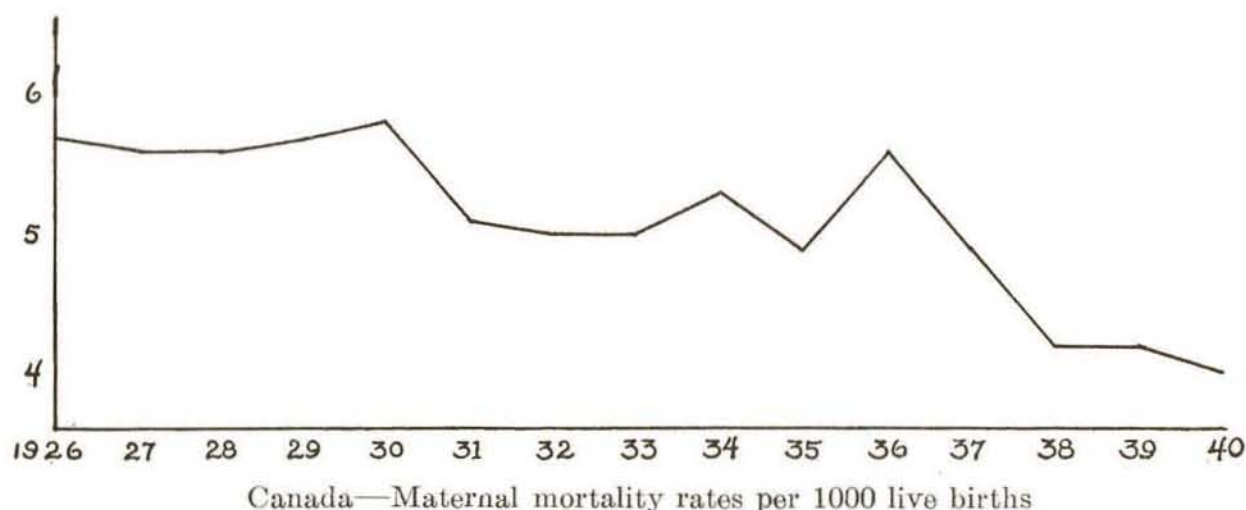


CHART III
TREND OF THE MAIN CAUSES OF DEATH



54%, 41% and 40% respectively. Amongst the Sun Life Assurance Company's Canadian policyholders these three diseases have shown the most significant reductions in claims year by year. The influenza rate fluctuates widely as epidemics of varying severity are experienced in different communities but the general trend is downwards and health authorities entertain every hope that this can be continued. Much progress has been made in the treatment of tubercular patients, and the time, care and money spent on this disease may, we hope, eventually relegate it to a minor cause of death. However, these results should

not give us any sense of false security since it has been shown that continued strenuous efforts must be made even to maintain the present level. The new serum and drugs for the treatment of pneumonia which have been introduced since 1937 are rapidly reducing the proportion of fatal cases from this disease; it will be observed that a sharp drop in the death rate has taken place since that year.

There has been little fluctuation in deaths from violent and accidental causes. In spite of the increasing casualties from automobile accidents the total accidental deaths have not increased over the past

fifteen years. This is partly due to a decrease in other transportation accidents and drownings; also, for about eight years after 1926 industrial accidents were on the decline—a trend reversed in more recent years.

Considering now those diseases which have taken an increasingly heavy toll of life, cancer is a problem which our best efforts have as yet failed to overcome. Over the last fifteen years there has been a 44% increase in the death rate. The percentage increase amongst life insurance policyholders has been even higher. Investigation of death claims lends support to the theory that improved diagnosis at the time of death is in part responsible for the rapid rise in the number of deaths from this disease.

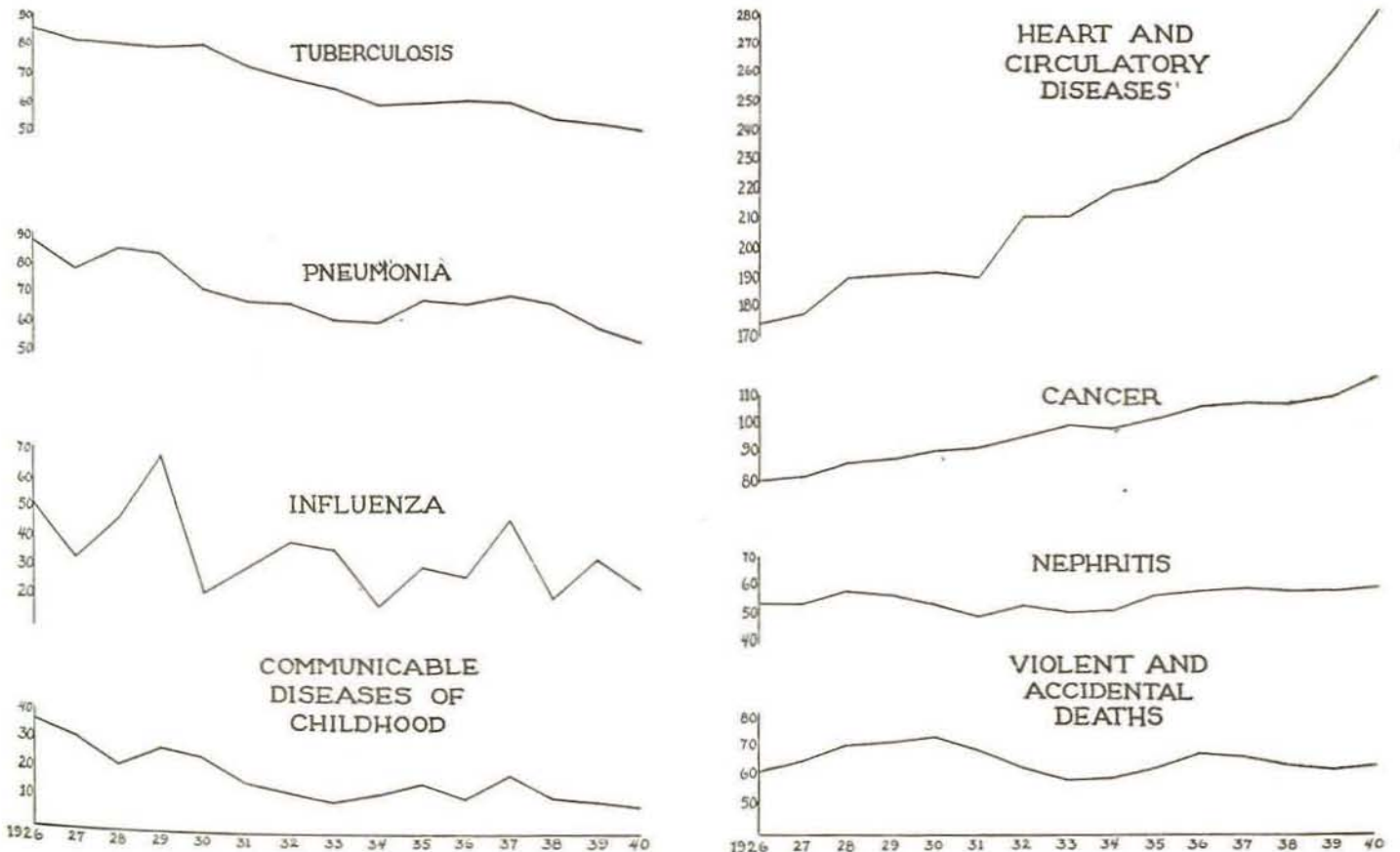
We come lastly to the diseases of the heart and circulatory system, comprising chronic as well as acute heart conditions and sudden deaths from diseases of the coronary arteries and angina pectoris. These causes of death have shown a 60% increase since 1926 with an even greater increase amongst insurance policy-

holders. Often associated with heart diseases are impairments of the kidney and the 10% increase in the death rate from nephritis indicates that there is still much work to be done amongst the so-called cardio-vascular-renal diseases. Together with cancer they are diseases of the older ages and the slight increase in the average age of our population together with more accurate diagnoses at time of death has tended to accentuate the increase in crude death rates from these causes. Even so, there is no doubt of their rapidly increasing importance as causes of death.

What are some of the problems which face us in our constant efforts to increase the average span of life?

The charts and figures given indicate that tremendous strides have been made in the fifteen years of health records. But we have already entered upon a period which is so uncertain as to cause grave doubts concerning our ability to maintain the good record. Up to the present time our country has been fortunately free from the ravages of war

CHART IV



Canada—Crude death rates per 100,000 population for the main causes of death

so far as it means danger to life and limb, but no one can foresee the future and it would be foolish to attempt to make prophecies when our history is being written in such a remarkable and rapid fashion.

Let us look, however, at the long term trend where we have ample evidence of success from the efforts towards the prolongation of life. While our country is in the midst of a great world-wide war and is still subject to epidemics and other visitations which may have a strong temporary effect on our death rates, we may conclude from the studies made by government statistical bureaus and insurance companies that normal population mortality in the future is unlikely to rise above the present levels at the younger ages. At the higher ages, however, much progress is needed in the future control of cancer and heart and kidney diseases if we are to expect death rates to remain at the present levels or to reduce. From the statistics available there seems to be no immediate solution to this problem.

Considering lastly a temporary problem which is directly affected by the war, a word of warning may be added regarding

increasing accidents in industry. The rapid transition of our industries to a war production basis and the development of many more factories has involved a tremendous expansion in the number of persons exposed to occupational accidents. New industries with greater hazards have taken the place of old ones where the hazards have been overcome, and the employment of more and more inexperienced workers tends to make the danger even more acute. Since 1933 the death rates from industrial accidents have shown an upward trend as industry has revived under improving economic conditions. The rates of non-fatal accidents have also been rising and preliminary figures of the Workmen's Compensation Boards for 1940 have attained a new high. In time of war a new psychology of recklessness and bravado is apt to arise amongst our workers. We should make every effort to guard against this attitude, for experience has shown that it causes wastage of human lives and limbs and hence impedes our efforts to build our vital war materials with the utmost speed and efficiency.

Industrial Relations and Social Security

Labor Policy in War-Time

By TOM MOORE

SINCE the outbreak of war Organized Labour, as represented by The Trades and Labor Congress of Canada, has kept before it two definite responsibilities. First, to assist to the utmost in the maintenance of production on a level that would meet all requirements of the armed forces, military, naval or air; and secondly, to secure observance of established labour conditions so far as this can be done without interfering with the effective carrying out of the war effort.

In numerous instances modifications of existing conditions have been accepted where such has been shown to be really necessary. Labour has not objected to making any essential sacrifice but has resented and will continue to resist being exploited under the guise of patriotism. The imposition of unfair conditions merely on the say-so of some employer or Government official has been a constant source of friction and at times resulted in stoppages of work that could have easily been avoided, had the principles for the regulation of labour conditions during the war enunciated in Order-in-Council P.C. 2685 of June 20, 1940, been observed.

As early as October 5, 1939, a delegation from The Trades and Labor Congress of Canada met with the Prime Minister and a number of his colleagues to give assurance of unwavering support in Canada's war effort and to offer their co-operation in maintaining the greatest degree of industrial harmony and the prevention of dislocation of production during the war period. At that time it was emphasised that the extent to which this desire could be made effective, would depend upon the degree to which Labour was recognized as an equal partner in production activities and also as to the

adequacy of means taken by the Government and employers for preventing disputes arising, and settling those which did occur.

To this end it was agreed that the most effective way of reaching industrial accord if disputes arose that could not be settled by mutual agreement would be by the extension of the Industrial Disputes Investigation Act to all industries engaged in war production and that coincident with this, a declaration of principles for the regulation of labour conditions during the war should be issued by the Government. In willingly accepting the extension of this Act, which was made effective almost immediately following the interview above referred to, Labour voluntarily surrendered its right to strike until the dispute had been investigated by a board and then only if an unacceptable award was rendered and subsequent efforts at conciliation failed. Having made this concession, it was a keen disappointment that no action was taken by the Government to make a declaration of principles for the avoidance of disputes and it was not until six months later, when discontent had become widespread, that the Government ultimately carried out its promise and issued Order-in-Council P.C. 2685.

According to the Minister of Labour, non-observance of the policies set out in that Order has been responsible for most of the disputes that have subsequently arisen.

Particularly have the sections been ignored which definitely restate the legal right of workers to freely organize into trade unions and to negotiate collective agreements through representatives of their own choosing, and because of the numerous applications for boards to deal with disputes arising from that cause, the Government has considered it necessary to recently establish a special commission with power to promptly deal with such cases. Again, obstacles placed in the way of prompt action under

EDITOR'S NOTE: Tom Moore is President of the Trade and Labour Congress of Canada.

the Industrial Disputes Investigation Act, have led the Government to appoint still another board, known as the Industrial Inquiries Commission, whose function it is to examine the facts immediately an application for a board is received and where possible, to remove the necessity for setting up of a board by securing a settlement of the dispute through direct negotiation.

A further factor which has frustrated the effective working of the extended Industrial Disputes Investigation Act has been the passing of the much discussed Order-in-Council P.C. 7440. By this measure boards established under the Act are definitely restricted in their usefulness and to comply with its formula have been compelled in some instances to issue awards which it was known at the time would not achieve the object of settling the dispute in question. The recent amendments to Order-in-Council P.C. 7440 have somewhat modified its iron-clad provisions and restored to a slight extent the opportunity for a board to issue an award more in accord with the merits of the case.

The theory on which this Order was based, that a freezing of basic wages would prevent rising costs of living, has not, so far, proven correct, as the cost of living during the period between the outbreak of war and the end of June this year is shown to have risen practically as much as it did during the similar period following the declaration of war in August, 1914, when workers and employers were left free to negotiate their own agreements. This is readily understandable by those who recognize that there are factors which are far more important than wages in governing the cost of living.

In many instances industrial peace has only been maintained by overriding the provisions of Order-in-Council P.C. 7440 and allowing basic wage rates to be raised to a fair and equitable level. Though it has been in effect since December last year, the different interpretations given to the Order have been so numerous as to make it difficult as yet to judge what the ultimate effect

will be of this endeavour to prevent what the Minister of Labour defines as "the vicious spiral of wages and prices which is detrimental during the war and disastrous afterwards." An examination of the wage changes that have occurred during that period is sufficient, however, to cause doubt as to whether the aggregate increases in the nation's wage bill are any less than would have been the case had a real effort been made to apply the provisions of Order-in-Council P.C. 2685, and follow the British practice of trusting to employers and employees to recognize their responsibilities to keep wages at a level which would not jeopardize national interests.

One thing Order-in-Council P.C. 7440 does do, however, is to make certain that wage earners will rarely, if ever, be reimbursed for the full increases in cost of living.

The Order provides that only when that rises by not less than five points are bonuses to be paid and not even then unless a period of at least three months has elapsed since the last increase of wages or bonus was granted.

In practice it would be only on rare occasions that the additional bonus would meet the full increase in cost of living and for most of the time wages would lag behind in amounts varying according to whatever increases occurred in living costs between the time when a bonus adjustment was made to the time when the next one could be claimed. This, as stated above, cannot be until another full 5% or more increase is recorded, and therefore could be for an indefinite period, though not less than three months.

It should not be overlooked that while workers are willing to meet whatever conditions are necessary to achieve victory, it is unreasonable to expect that they will leave their regular occupations to take jobs away from home at less than their current wages, which, in most instances, have been barely sufficient to maintain a decent standard of living. The attempt to have them do so, as in the case of skilled mechanics required for shipbuilding, aircraft, muni-

tions plants, etc., has naturally created dissatisfaction and intensified the problem of securing an adequate supply of competent skilled mechanics. The whole question of labour supply for these war industries has been further complicated by the refusal of employers to accept Labour's offers to negotiate blanket agreements for zones or areas. Following their individualistic policy, employers sought to solve their difficulties by offering inducements to workers to leave one job to go to another. Men naturally gravitated to the place where best conditions prevailed, but instead of striking at the core of this problem, the Government sought to remedy the situation by the passing of another Order-in-Council prohibiting employers from engaging those already employed in a war industry, and now there is further suggestions that this is to be implemented by still greater restrictions on the liberty of workers to change their place of employment. As a result men are often anchored to jobs where their full skill is not being made use of.

Looking back over the experiences of the past two years, serious doubts are raised as to whether the mere passing of a law or Order-in-Council is the proper way to seek solution of a difficulty. Labour would like to see a more frank recognition of its importance as a partner in industry, and will, given the opportunity, cooperate with employers and Government. To this end it has constantly sought, though with few exceptions, unsuccessfully, to secure representation on the numerous commissions and boards established to formulate industrial policies, or manage Government enterprises.

It objects strongly, however, to being classified as either unpatriotic or obstructionist when it presses its claims and firmly convinced that only by proper consideration of these can civilian morale be maintained and strengthened.

In recounting some of the opportunities which lay open to improve industrial relations, it is not the intention to give the impression that nothing worthwhile

has been accomplished. The magnificent record of completion of construction projects required in connection with the air training plan, the army camp huts, and the many huge munition plants, and the development of our aircraft and shipbuilding industries, all well ahead of schedule, are unmistakable evidences that in spite of all difficulties, Canada's war production is forging rapidly ahead. What should be remembered, however, is that in many instances this splendid record could have been considerably improved upon, and further that the smoldering discontent which exists because of failure in so many instances to observe proper policies is a canker that is undoubtedly seriously undermining civilian morale.

When it became apparent that additional skilled workers would be required, Organized Labour did not hesitate to give every assistance to the numerous training plans inaugurated, both for youth and older age workers. Labour has, where necessity was shown, readily agreed to temporarily set aside apprenticeship restrictions and lend its aid to up-grading of semi-skilled workers and the breakdown of skilled occupations into divisions so that these can be carried out by less skilled operatives. Female workers have been accepted into industry, though Labour has endeavoured to secure for them equality of treatment with male workers and used its full influence to secure for them equal pay for equal work. As a result of the conference held for a few months ago between employers in the building industry and representatives of the trade unions concerned, machinery has been set up to avoid conflict and, as a result of this, many difficulties that otherwise would undoubtedly have resulted in strikes have been satisfactorily adjusted.

Given equal representation with employers on the National Labour Supply Council, trade union representatives have co-operated to the full in endeavouring to reach mutually satisfactory decisions on the matters referred to that Council. Much more could have been done, how-

ever, through that means had the Council been made better use of than it has.

That Labour is anxious and willing to do its part is again demonstrated by the generous response to the numerous appeals that have been made for the Red Cross, auxiliary war services, and other worthwhile community efforts. Workers have accepted, without protest, the heavy impositions of the National Defence Tax and the inclusion of many previously exempt among the income tax groups. In fact, they have supplemented these financial demands of the Government by voluntarily agreeing to wage roll deductions for the purchasing of War Savings Stamps, Certificates and Bonds. Added to these is the contributions now being made to the unemployment insurance funds. In view of acceptance of all these added financial burdens, it is foolish to denounce wage earners as profiteers. Labour's loyalty is unquestioned. It seeks not to retard the war effort, but to intensify it. While recognizing that it is better to temporarily accept any essential modification of its established conditions than to lose all, Labour does insist that these shall be effected by consultation and accepted only when the need for same is shown. In doing this it looks ahead and sees no reason why even in the midst of war, foundations should not be strengthened on which a more just and equitable democracy can be built in the post-war reconstruction period.

Canada's Health

The survey of Canada's health services, published by the National Committee for Mental Hygiene, has revealed a shortage of both curative and preventive facilities and the inability of a large percentage of the population to pay for adequate health care. Not only is there a deficiency of doctors, nurses, dentists, hospitals, and public health units, but they are badly distributed—the wealthier urban areas getting far more than a proportionate share of all facilities. As a result, infant and maternal mortality

rates are high almost everywhere in Canada and tuberculosis, mental illness, typhoid, venereal diseases, and many other curable and preventable diseases take an unduly high toll.

R. S. Lambert, in a pamphlet entitled "*How Healthy is Canada*" published by the Canadian Association for Adult Education, analyses the findings in this report and makes some remedial suggestions. The first is a system of socialized medicine for Canada under federal control which would include increasing the number of health workers, distributing them systematically throughout the country and paying them on a salary basis.

The second suggestion would mean less drastic changes and recommends that the general shortage of doctors be offset by admitting refugees. To correct the uneven distribution of health services between central urban areas and outlying districts it is recommended that the government subsidize a sufficient number of young doctors, nurses and dentists to provide medical care in these isolated and sparsely settled places. The subsidy should be sufficiently generous to permit the health workers and their families to live in reasonable comfort and a fund should also be set aside to allow them to return periodically to the larger centres for post-graduate courses to keep their knowledge and practice up to date. A similar system might be applied to provide health care in low-income sections of large cities.

Both suggestions look toward the curative side of health services and would have to be coupled with more extensive preventive measures through public health departments. In any case, the facts are at hand and clearly indicate the need for Canadians to begin thinking in terms of positive steps to be taken toward a complete program of reform.

Overtime Pay in Relation to Costs and Profits

Increased production and the increased demand for workers in defence industries in the United States has caused a con-

siderable rise in the amount of overtime. Forty hours is the maximum work week at straight-time rates of pay and overtime must be paid one and one half times the regular rates. This increased labor cost has led some contractors to ask for higher prices or indemnities for the overtime wages paid. The Bureau of Labor Statistics, to determine the validity of this claim, has made a study of the effects of overtime wage payments on profits and costs for 260 corporations in 26 defence industries. The findings indicated that, in general, the increase in income from sales without an increase in prices is more than adequate to absorb overtime charges and all other costs incurred as a result of the expansion. There may be exceptions, especially in a marginal firm or industry, but in the main the payment of overtime rates is more than counter-balanced by the increased utilization of plant facilities and the absorption of fixed overhead expenses in a larger volume of production.

Canada's New Industrial Disputes Inquiry Commission

Since the Industrial Disputes Investigation Act has been extended to cover all defence industries the work of conciliation Boards established under the Act has been multiplied and delays in dealing with disputes have been inevitable. A considerable amount of time must elapse between the first occurrence of the dispute and the report on the findings of the board, during which the circumstances surrounding the dispute may change and a work stoppage may not be averted. In the interests of speed and efficiency Orders in Council of June 6 and July 2 have established an Industrial Disputes Inquiry Commission consisting of three members of whom one or more may deal with any dispute.

When a dispute occurs in any industry to which the Industrial Disputes Investigation Act applies this new com-

mission is empowered to enquire into it at the request of the Minister of Labour and need not wait until either of the parties has requested an investigation. Their function is to investigate promptly and then if a satisfactory settlement is not reached the dispute may be submitted to a regular Board of Conciliation and Investigation. The Commission, at the request of the Minister, may also investigate cases of alleged discrimination on account of trade union membership or alleged intimidation to induce workers to join trade unions. In these cases they report directly to the Minister and he makes the rulings deemed necessary.

Reinstatement of Enlisted Men in Civil Employment

In order to meet the problem of rehabilitating service men after the war and to relieve men wanting to enlist of worry about their post-war status the dominion government has passed an Order in Council requiring employers to reinstate such men. Some employers have voluntarily undertaken to do so but this Order will protect all employees who are honourably discharged or demobilized from the services. It is necessary, of course, that they be permanent employees and present themselves for reinstatement within a certain period after their discharge or demobilization. It is the duty of the employer to reinstate such men under conditions not less favourable than those which would have been applicable if they had not enlisted. Having been reinstated, the former employee may not be discharged for a period of six months unless the employer can prove that he has reasonable cause for such action. The Regulations have been made to apply retroactively to persons who have already been discharged from the forces and apply within three months after the date of the Order for their former positions.

What Municipalities Are Doing

Contributions from Municipalities to this Column will be most welcome

Annual Convention of the Union of Nova Scotia Municipalities

While this issue of PUBLIC AFFAIRS is going to press, municipal officers from all over Nova Scotia will meet in Yarmouth for the Thirty-sixth Annual Convention of the Union of Nova Scotia Municipalities. The meetings will be addressed by a number of prominent speakers from the Maritimes and other parts of Canada as well as from the United States. Geo. S. Mooney of Montreal will speak on "The Role of Urban Communities in the National Economy". As Executive Director of the Canadian Federation of Mayors and Municipalities, Mr. Mooney knows municipal life throughout the whole Dominion and will give to the Convention the benefit of his wide experience. The provincial government of Nova Scotia which is always represented at the conventions, this time will send to the Union its most recently appointed Minister, Hon. Harold Connolly, Minister of Industry and Publicity. "What Nova Scotia Has Done and Can Do" is the subject of his address. As in the previous year a distinguished guest from the United States will be among the speakers. He is Hon. Horace T. Cahill, Lieutenant Governor of Massachusetts and a native of New Brunswick. He will speak on "The Sixth Column".

The program contains two additional papers on strictly municipal problems, namely a review of municipal legislation in 1941, presented as always by Hon. G. M. Romkey, M.L.A. and a discussion of the relations between the municipality and the provincial health officer. Dr. J. S. Robertson, who represents the Department of Public Health in the Yarmouth district, will speak on the second subject.

Municipal Finance

There can be no doubt that on account of the war the financial position of many municipalities, especially those which have become the centre of war industries, has considerably improved. E. A. Horton, formerly Deputy Minister of Municipal Affairs for Ontario and now Chief of Surveys for the Citizens Research Institute of Canada is even so optimistic as to think that by 1949 the outstanding debts of cities, towns and villages generally throughout the Dominion will have decreased something like 30 per cent. This improvement is to no small extent due to the fact that the practice of issuing municipal debentures for auxiliary war services and for patriotic grants which was so frequent during the last war has been nearly everywhere abandoned. The municipalities follow, as Mr. Horton states, a "pay as you go" policy and issue debentures and bonds only when absolutely necessary. In an address from which the above quoted passages are taken, Mr. Horton dealt also with the financial situation of provinces and Dominion, and summing up his review of war finance in Canada arrived at the following conclusions:

1. Municipal taxation is decreasing and has not followed so far the sustained increases of the last war.

2. Provincial expenditures are not expanding compared with the increase experienced previous to 1939 and there is every reason to believe that substantial reductions in provincial expenditures will come about.

3. The increase in the national income is, so far, more than sufficient to offset any worry with respect to the total Canadian ability to pay.

Course on Municipal Administration

As in previous years there will be offered in September a course in Municipal Administration sponsored by the Institute of Public Affairs of Dalhousie University in cooperation with the Union of Nova Scotia Municipalities. The course will be held in Yarmouth on September 4th and 5th immediately following the annual Convention of the Union. It is open to municipal officers and officials and will deal with practical problems which are in the foreground of municipal interest.

The first topic in the course is called "How Good is Your Municipality?". G. S. Mooney, Executive Director of the Canadian Federation of Mayors and Municipalities in Montreal, will discuss techniques and standards for measuring the effectiveness of municipal administration. The second speaker in the same session is A. M. Butler, C.A., Commissioner of Finance and Accounts in Halifax. His subject is "Municipal Administration As a Career" and he will examine the problem to what extent civil service principles should be adopted for the recruiting and promotion of municipal officers.

The second session is mainly devoted to the medical care of indigents. Dr. J. A. Webster of Yarmouth will speak about the medical aspects, while W. E. Moseley, Town Solicitor of Dartmouth will discuss the intricate legal problems involved. Finally some actual municipal questions will be discussed, such as the new Unemployment Insurance Act and its effects on the municipal personnel, the removal of snow and problems of assessment and taxation. The discussion will be led by C. L. Beazley, Municipal Commissioner and L. Richter of the Institute of Public Affairs at Dalhousie.

Human Interest in Local Government

Many alert municipal officers are beginning to realize the importance of keeping taxpayers informed of the services they are receiving every day for their tax dollars. Every citizen is well aware of his tax bill and it is only from

the annual financial report that he learns how the money has been spent in most cases. Small leaflets, circulated frequently, have been found an excellent public-relations device by several American cities. The New York City Tax Department indicates what the average homeowner receives in the way of services for his money; Palo Alto, Calif., shows comparisons of the cost of its utilities with those of ten other California cities; Royal Oak, Mich., issues a leaflet to prove that the citizen's best buy is municipal services. Publicity of this sort can be made interesting and attractive and can go a long way toward giving voters a more intelligent understanding of their local government problems.

Municipal Radio Stations in the United States

According to a recent survey by the International City Managers' Association five American cities operate their own radio-casting stations. Four sell part of their time to commercial sponsors and turn back the revenue to the city and one is a strictly non-commercial enterprise. The five cities are New York City; Dallas, Texas; Jacksonville, Fla.; Camden, N. J.; and St. Petersburg, Fla.

The Dallas station radiocasts non-political talks by city officials and programmes sponsored by civic and educational groups, but the charter prohibits use of the station in municipal political campaigns. The only non-commercial station, New York City, concentrates on programmes of "quality" music and on service to citizens, including a consumer information service. City officials and programmes by civic and educational groups occupy the rest of the time and the station showed a deficit of \$110,000 in 1940. The other stations sell part of their time and use part for civic and educational purposes and political campaigns, and usually show a tidy profit. According to the survey the operations of all five of the city-owned stations are tied in closely with the municipal organizations.

The Bookshelf

COME ON CANADA, by S. A. Saunders and Eleanor Back. "Live and Learn Books." The Ryerson Press. 35 cents.

This is a most valuable pamphlet dealing with Canada's war effort and written with vigour and eloquence. The authors protest against the inadequacy of Canada's present war effort and appeal for a fuller realisation on the part of Canadians of their responsibilities in the struggle against tyranny.

A REPORT ON THE ECONOMIC SITUATION AND OUTLOOK AT THE CLOSE OF 1940. By P. C. Armstrong. The Review Company, Fort Erie North, Ontario. \$1.00.

This is a trenchantly written and provocative little book, provocative, perhaps, of as much heat as light, but such is the author's avowed intention. Mr. Armstrong's discussion of methods of economic analysis, while suffering from his usual delight in the striking generalisation rather than the accurate phrase, is nevertheless a valuable piece of debunking and his contention that most economic conclusions are conjectural should make the reader as cautious in accepting his conclusions as in accepting those of the more academic economists whose pretensions Mr. Armstrong disputes. The discussion of the economic situation at the end of 1940 is inevitably bound up with purely political speculation and political opinion, and in the world of politics Mr. Armstrong throws overboard his own admirable warnings and repeatedly bases his conclusions on what cannot be regarded as established facts. Nevertheless his advocacy of a return to a qualified *laissez-faire* has the great merit of indicating the dangers and difficulties which must beset the path of state-planning authorities.

B. S. KEIRSTEAD

NATIONAL GOVERNMENT AND EDUCATION IN FEDERATED DEMOCRACIES—DOMINION OF CANADA, by James C. Miller, Professor of Educational Administration, School of Education, University of Pennsylvania. Published by the author and distributed by the Science Press Printing Co., Lancaster, Pa. 1940.

This book is likely to become the standard work on a problem which is already important and is likely in the future to become increasingly

insistent, namely, the relationship of the Dominion Government to educational matters.

In Canada public education is a matter specifically assigned to the provinces. None the less the Dominion Government has from time to time had to interfere in educational matters (chiefly by virtue of the British North America Act), it has from time to time given grants of land and money to the provinces for specific educational purposes, and through the specific educational purposes, and through the Department of National Defence and other Departments it carries on a good deal of educational work itself. The main part of the book is a detailed and exhaustive account of all such activities, together with accounts of the numerous voluntary educational organisations with a nation-wide scope.

The most interesting chapters, at least to the present writer, are the first and the last, which discuss the principles underlying education in a democracy and suggest future desirable developments. Professor Miller's main argument is that there should be equity in opportunity in education throughout Canada and an equitable sharing of the costs of education. To achieve this he advocates not only that the provinces should reorganise their educational systems on the basis of a larger unit of administration, but also that the Dominion Government should take steps to equalise differences between provinces.

A. S. MOWAT

PUBLIC RELIEF 1929-1939 by Josephine Chapin Brown. Henry Holt & Company 1940. Price \$3.50.

While the dispute as to who should in future be responsible for unemployment relief in Canada—Dominion, provinces or municipalities—is still undecided, it is of interest to learn how the United States have tackled the same problem. Miss Brown's comprehensive record of U. S. A. relief policies in the last ten years will be very helpful to us in that respect. However, American experience is not too encouraging. We can learn a good deal about the mistakes we should avoid but we remain still bewildered as to the course we should follow. That, of course, is not Miss Brown's fault: she has given us a very readable and well documented description and analysis of the many attempts to cope with the relief problem.

Current Public Affairs

Institute of Public Affairs

During the summer months Professor J. E. Lattimer, Economist of Macdonald College, Ste. Anne de Bellevue, has undertaken for the Institute an interesting agricultural study. He has examined the effects which the war and the war policies adopted by the Federal Government have had on farming in the Maritime Provinces. A summary of his report will be published in this journal later in the year.

The paper on "Recent Trends in Municipal Government in the United States" which Dr. A. D. H. Kaplan of the University of Denver, Colorado, gave last year in Halifax has been published in the series of Bulletins of the Institute and may be obtained from the office of the Institute for 25 cents.

In Memoriam

RT. HON. ARTHUR B. PURVIS

The death of Arthur B. Purvis which is so deeply mourned means also a very serious loss to the Institute of Public Affairs. It was especially the Institute's work in the field of Industrial Relations and Social Security in which he was interested and which he has often furthered. When in 1937 the first Maritime Conference on Industrial Relations was held, Mr. Purvis though hard pressed with engagements at that time agreed to come down to Halifax and gave the opening address which later was published in this journal. Since then he has taken an active interest in the Institute's research work, especially research in unemployment insurance and his advice has been often sought and always readily given. His memory will live on as that of a great Canadian and an ardent promoter of social progress in Canada.

Prices in Canada and the United States

The war has brought a consistently rising trend in price levels in Canada and the United States. At the present time wholesale prices in Canada are up 22 per cent over their August, 1939, level and in the United States only 13 per cent. This may be explained by the fact that the U. S. A. have more recently switched to a war economy and the sharp rise in prices in the last few months indicate that they are passing through the stage which pushed Canadian prices up several months earlier. The cost of living index is also higher for Canada, 109, as compared with 104 for the United States. The prices of farm products in Canada have shown a more moderate increase (19 per cent) than in the United States (25 per cent).

Cooperative Poultry Marketing in Nova Scotia

To what extent the economic conditions of the farmer may be bettered by the adoption of sound methods of grading and by cooperative marketing of the products, can be seen from the latest Report of the Nova Scotia Department of Agriculture on the development of poultry marketing in Nova Scotia. Between 1934 and 1940 the total volume of poultry marketed cooperatively rose from 9,000 to 204,000 pounds. The greatest increase shown was in chickens which rose from 5,000 pounds in 1934 to 111,000 pounds in 1940. But more remarkable still is the improvement in quality. While in 1934 only 25.5% of the chickens had been milk fed, 33% were of Grade A and B and as much as 41.5% of Grade C, in 1940 the overwhelming majority, namely 80% belonged to the milk fed grade, 88% were Grade A and B and only 12% Grade C. It is easy to conclude from these figures how much greater the monetary returns have been to the farmer.

Canada's Tourist Traffic

In order to coordinate the tourist efforts of the various provincial governments and the railway companies, representatives of the nine provinces and of the railways recently met with the Advisory Council for the tourist industry in Ottawa. According to the *Municipal Review of Canada*, the following five-point program was adopted:

The abolition of tourist nuisance taxes.

To make at least ten new travelogue pictures to replace the obsolete ones now used for tourist-promotion purposes.

The Canadian Broadcasting Corporation has been asked to report on the possibility of organizing programmes in Canada by Canadian talent for use on American networks.

A common system of highway markings to be adopted by all provinces.

An all-year-round advertising campaign in newspapers and magazines in the United States and a larger distribution of tourist literature.

The income from tourist traffic last year is estimated at approximately \$250,000,000, compared with about \$275,000,000 received from this source in 1939. There was a decrease of some 2,000,000 tourists in the first eight months of 1940.

Tobacco in Canada

Canada's tobacco industry has become a large item in the national income, the total value of manufactured tobacco products reaching \$90,600,000 in 1939. In that year the crop of raw leaf tobacco hit a record high of about 108 million pounds which brought the growers a revenue of \$19,400,000. Loss of export markets because of the war, a sharp cut in acreages, and extensive damage by frost to the flue-cured crop in Ontario reduced the total output in 1940 to about 60 per cent of the 1939 figure.

Consumption of tobacco products in Canada in 1939, as indicated by tax-paid withdrawals, amounted to 7,571,800,000 cigarettes, 165,700,000 cigars and 34,400,-

000 pounds of other manufactured tobacco. The annual domestic consumption of leaf tobacco averages approximately 42 million pounds. The proportion of home-grown tobacco used in Canadian manufacture rose steadily from 54 per cent in 1930 to 90.4 per cent in 1939.

Joint Economic Defence

According to a recent editorial of the *New York Journal of Commerce* a program of cooperation between Canada and the U. S. A. amounting to virtual economic union for the duration has been drawn up by the Joint Economic Committee of representatives of the two countries at a recent meeting in Washington. The editorial states that "legislation is favored to eliminate tariff barriers in both countries on strategic materials. For such commodities a customs union would thus be effected."

Far reaching arrangements are planned to avoid waste of transportation facilities. If commodities can be shipped relatively short distances across the border, they will be taken in preference to supplies requiring a long haul in either country. Another proposal mentioned in the editorial is "to make the consumption restrictions imposed on strategic materials similar in both countries, regardless of the immediate supply situation." Thus civilian consumption of strategic materials in both countries would be so controlled that it would not interfere with the defence needs of either.

Similar ideas are expressed in a publication of a very different character the *Defence Papers of the American Association for Adult Education*. In its third number it contains an illuminating article comparing the defense program in Canada and in the United States and about the work of the Joint Defense Board. To what extent people in the United States have become conscious of the uniformity of interests existing between the two countries may be seen from the following

"Suggestions for Discussion" for study groups and similar organisations which are to be found at the end of the article:

"Should we coordinate our entire defense effort with Canada's?"

"Should the Joint Board for Defense be empowered to study production as well as defense strategy?"

"How would American manufacturing be affected if we planned production jointly with Canada?"

"Would joint planning for defense production with Canada help to adjust our trade balance with her more satisfactorily?"

"Would joint planning for defense by the United States and Canada increase the production of the two nations?"

"Would joint planning with Canada for defense production bring us closer to war?"

Canada Supplies Britain

Exports from Canada to the United Kingdom have always been of primary importance to Canada's industries. Since the war, though the nature of the commodities being shipped may have changed, the quantities have not diminished. Canada has sold 120 million bushels of wheat to be delivered to the United Kingdom sometime during the crop year beginning August 1. The entire Cheddar cheese production of Ontario and Quebec has been earmarked for Britain and the output of these two provinces represents most of the Canadian cheese produced for export. Pit props, formerly obtained from the Scandinavian countries in large quantities, now come almost wholly from Canada. This demand has created a new industry for the Maritime Provinces. From the Pacific coast will go 1,200,000 cans of salmon during 1941, a quantity which will represent about two-thirds of the year's output.

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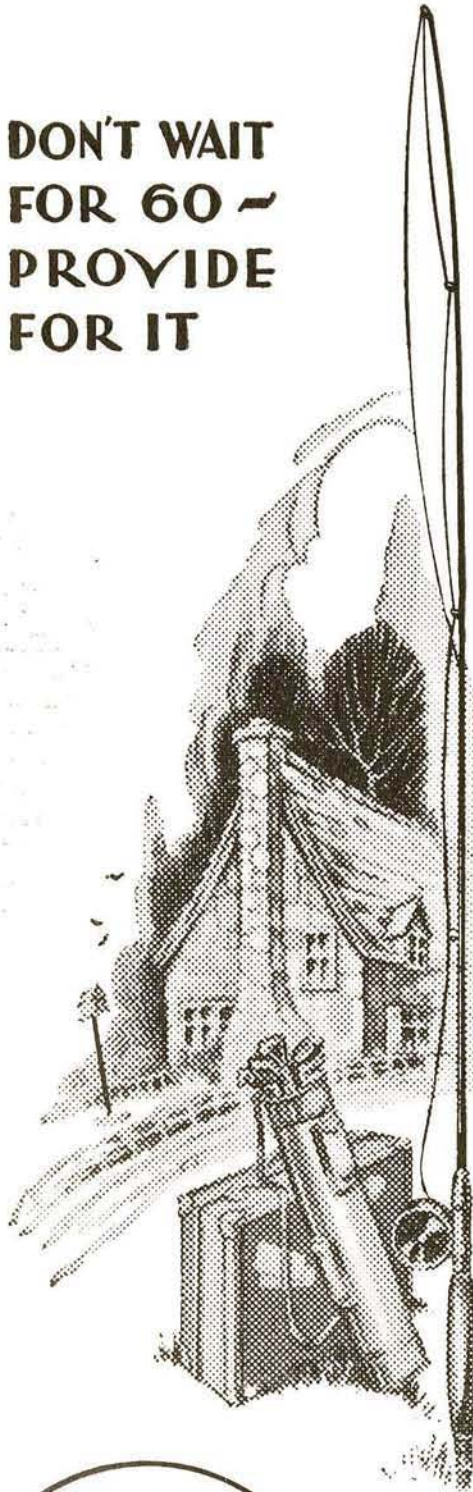
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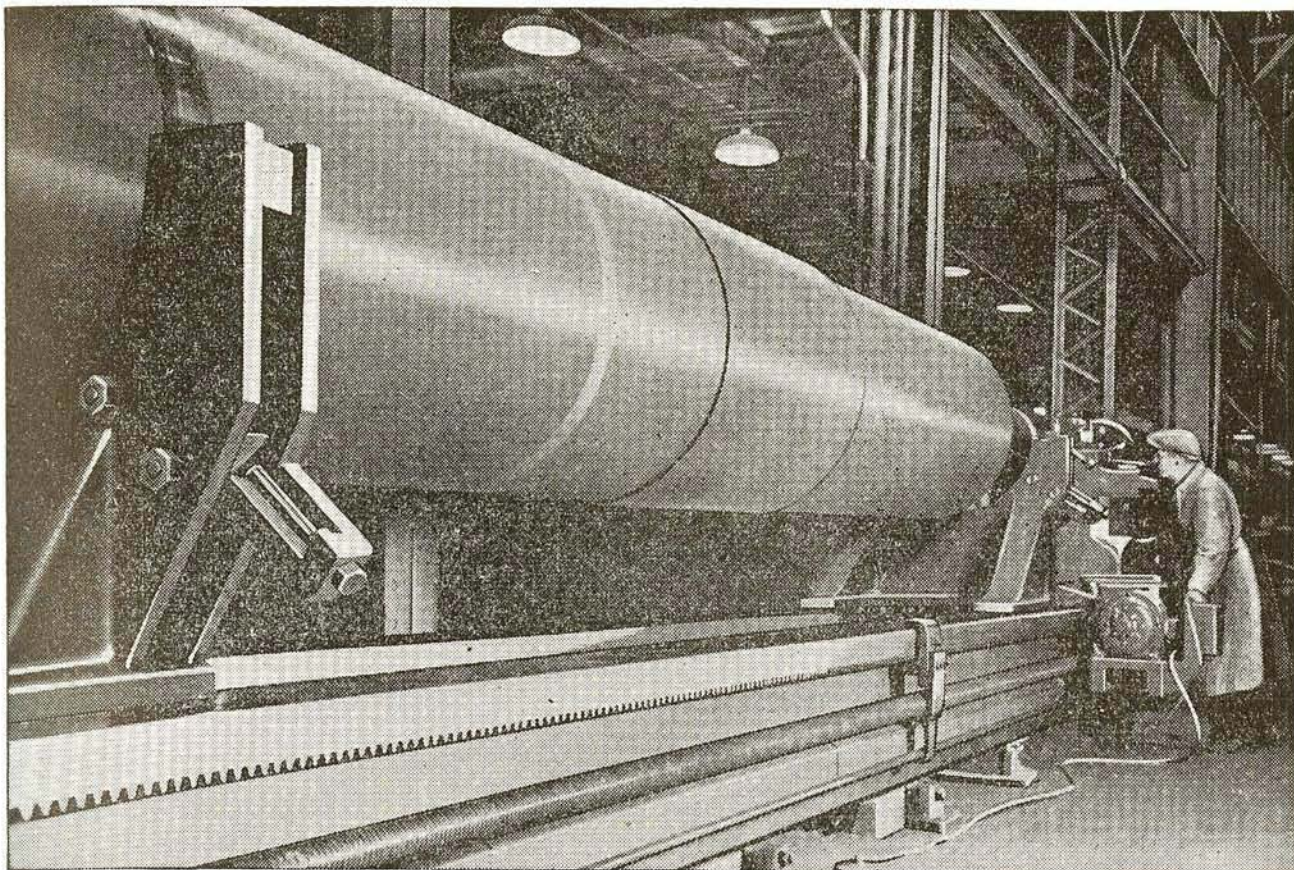
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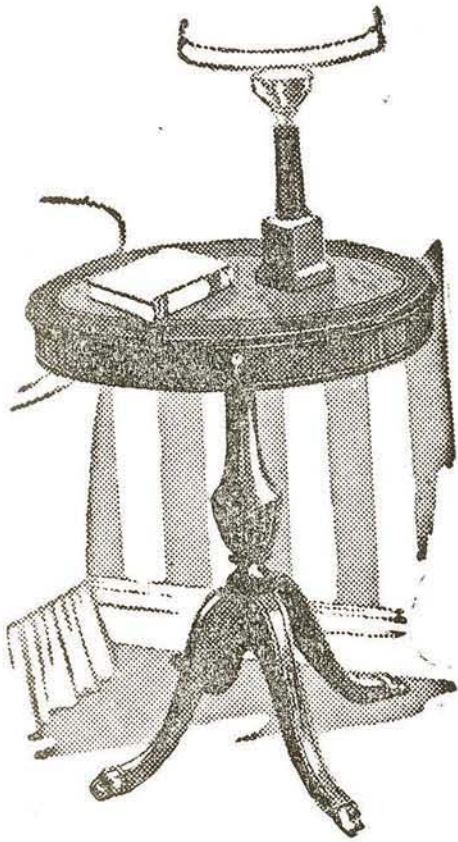
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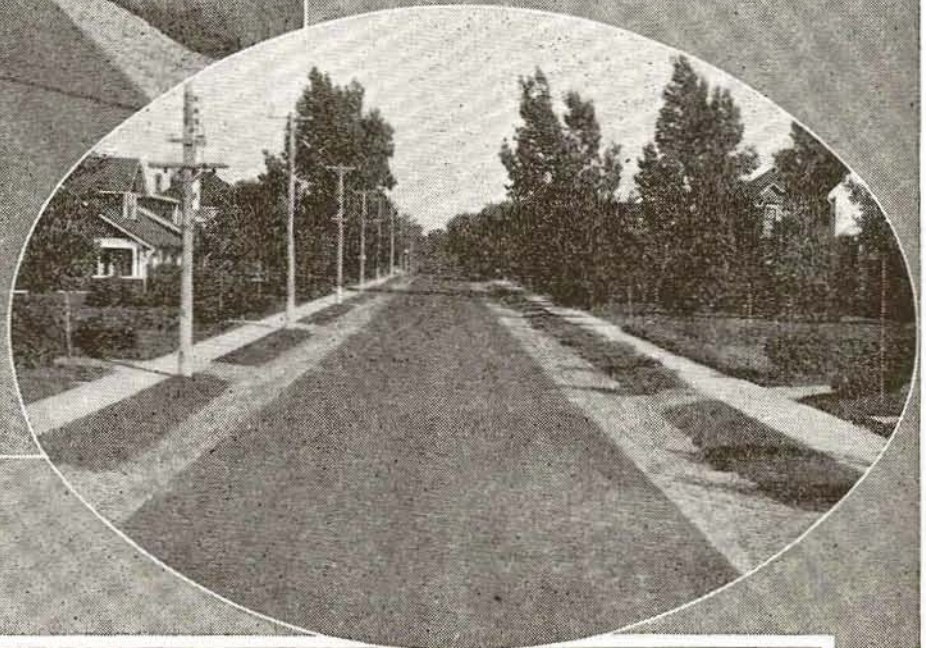




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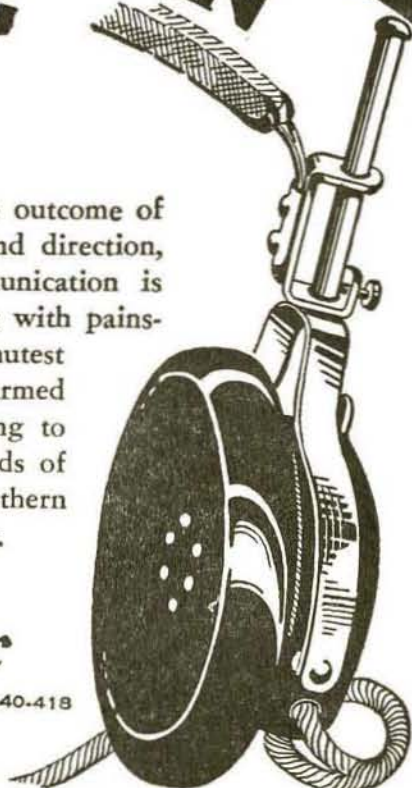
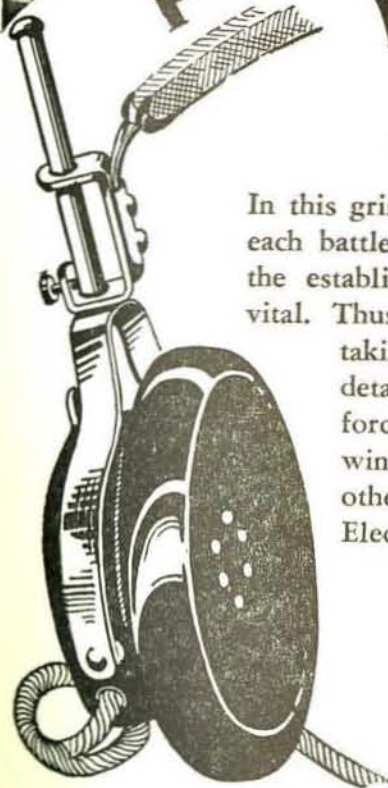
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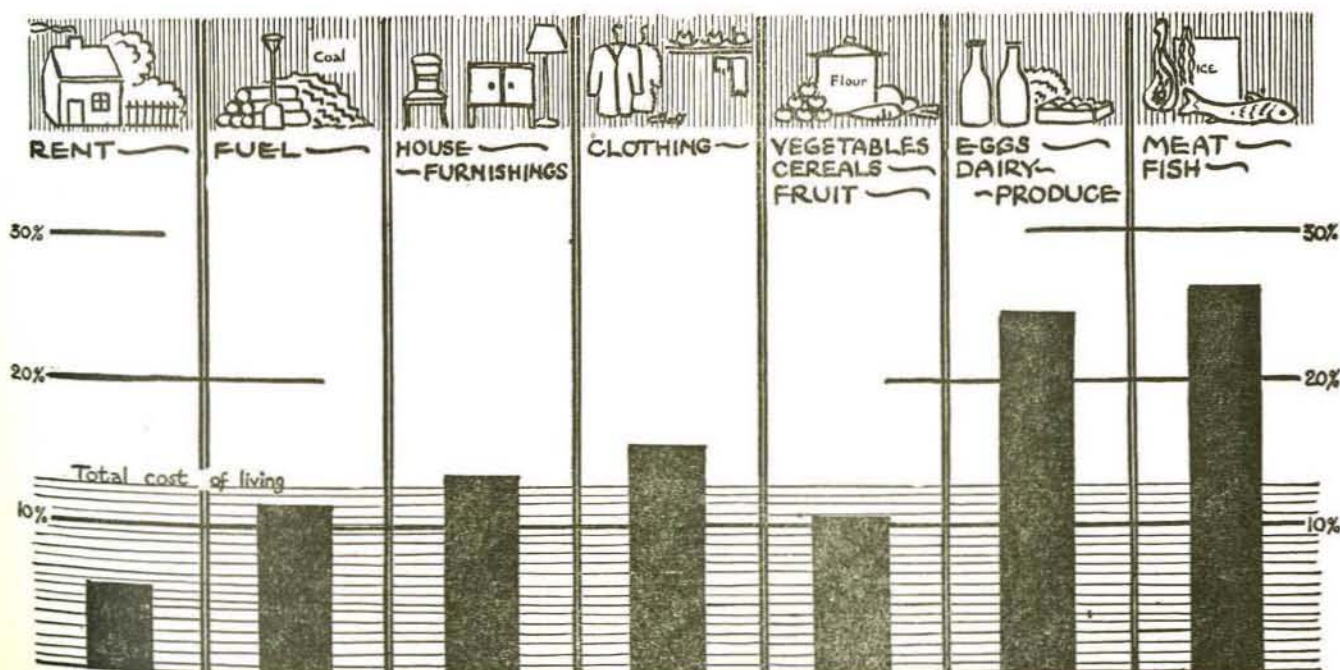
Canada Erects A Price Ceiling

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Percentage increase in the cost of living between August 1939 and August 1941



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Canada Erects a Price Ceiling

By STEWART BATES

ON October 18 the Prime Minister broadcast a statement that may yet prove to be second in importance only to the declaration of war itself. His speech foretold a new policy, hitherto tried only in Germany, a policy designed to control and stop the recent rise in many prices and in some wages.

In essence the new regulation, which was made public on 2nd November by Mr. Ilesley, is simple enough. At the moment of writing, the order declares that on and after the 1st December it will be an offence to sell, or to buy any goods or service above the ceiling price. This maximum price is defined as the highest price at which goods were supplied during a basal period (September 15 to October 11). If any price has risen between October and December, it will presumably have to fall again to get under its ceiling. In short, the intention of the administration is to cement the price and wage structure that existed at the basal date. The government will not object, however, if any goods are bought or sold below the basal price; prices may fall to the floor but they must not go through the roof.

The administration of this measure is to be left to the War-time Prices and Trade Board which as we shall see is given wide powers. The government order gives some guidance about exemptions from the above decree; goods sold for export are free from any maximum height, since naturally Canada will be pleased to accept higher prices when selling to foreigners: sales of securities, bills of exchange and title deeds are also exempt from the order, mainly because their prices are not always ascertainable for the base period: also certain odd and irregular sales are omitted: and most important of all the Department of

Munitions and Supply is free in its purchases to offer higher prices for goods and services. Outside these cases all goods are included in the order, and even some services are given maximum prices, e.g., light, heat, water, telephone, transporting, warehousing, undertaking, laundering, beauty parlours, plumbing and repairing, restaurants and cinemas.

Such is the scope of the new order and it is obviously vast in comparison with the few price controls that have existed up to this time. In one night so to speak, Canada moves from a position in which her controls have tended to lag behind those of England and Australia, to one in which she is so far ahead of other democracies as to find only Germany as an example to which she can turn for experience in handling the difficulties and problems of administration that will emerge from the decree. Some of these difficulties are revealed in the order-in-council that followed on the heels of the price fixing order. This second order gave to the Prices Board new powers consonant with its new functions, powers that allow it to investigate costs, prices, profits, stocks in any business, powers to enter a business and examine records, powers to fix prices and markups, to regulate the conditions under which goods can be sold, to forbid advertising, to prescribe the models, sizes and qualities of goods that can be made, powers to suspend firms' licenses to sell, powers to prescribe what they can sell and powers to compel firms to produce, process or transport supplies as the Board sees fit. All this, and more, it can do and stiff penalties under the Criminal Code await sellers or buyers who try to seek personal gain by evasion of the new rulings (see Order-in-Council P.C. 8527 and P.C. 8528). What supplements or subtractions from these powers will be necessary as time passes are not yet known, but they may be as far-reaching in scope as was

EDITOR'S NOTE: Professor Stewart Bates is head of the Department of Commerce at Dalhousie University and a member of the Editorial Board of PUBLIC AFFAIRS.

the original order. We must not be surprised if this twin order proves to be only the first of a whole family of controls that later contain their own Dionne-like surprises.

The full reasons for this momentous step are not quite clear to casual observers. To the outsider it has been obvious enough that some prices have been rising appreciably since the spring of this year. It was equally clear that if prices continued to rise, wages would have to rise also under the cost of living bonus scheme, and anyway there were sufficient strikes and slow-downs among labour to indicate that wages in some important occupations might be raised beyond the bonus levels. And such rises in wages would raise costs and prices still higher. All this was clear, as was also the fact that the Canadian budget was not being adequately supported by the savings of the Canadian people. The transference of the War-time Prices and Trade Board to the control of the Minister of Finance in August last suggested that the financial policy might in future be bolstered by other measures designed to cut down consumers' expenditures. Whether this ultimate aim is now envisaged the outsider can merely guess. But as to the true causes for the significant change in price policy, the observer may feel that some subjects are better not inquired into too closely at the time—what women whisper to each other, what goes into the best soups and why the above method of complete price control was adopted.

To foresee the ways in which the new control is likely to affect households and firms in Canada, and to try to gauge the administrative problem that it raises, we have to remember the functions that the freely operating price system has hitherto performed.

The price system has operated as one of the main features of our individualist organisation, the organisation in which households and firms have been free to sell their services as they please, to determine what these services will be, and to buy what services they could afford as consumers or producers. In

this system there was no planner; no single person or group had the task of allocating resources of men and materials to the production of different types of goods and services; no one said so much coal will be produced and so much wheat. The only planning that took place was within the individual firms: there rules were laid down, but outside that there were no planners. It was the price system that did the job of allocating resources. It was price and the amount they could sell at that price, that told business men what sort of goods consumers wished: the price system showed where profits and losses were to be made, it showed firms what consumers preferred and reminded them continuously how consumers changed these preferences. Similarly it was the price system that told the firm about its costs of operation: it showed how much had to be paid for this type of labour as against that type, how much for labour as against machines, how much for this site or location as against that, how much for this sort or quality of raw material as against another. In short the price system showed the probabilities of profit and loss in the different lines of human activity. And since goods and services would tend to flow to the highest bidders, the price system really acted as the allocator of the community's resources to different firms and households. In the capitalist order, the price mechanism did the job that is done by the Ministry of Planning in a socialist system.

It is the free operation of this mechanism that the new government order intends to overthrow. Instead of having a price system that constantly changes relative prices in response to changing conditions, it is to be fixed after December. The moving picture, with its rapid sequence of shots that ultimately showed the continuous motion of the whole economy, is to be replaced by a fixed photograph. The static picture of prices as they existed in the basal period is all that the price system is to be allowed to show (with the small number of exceptions mentioned in our third paragraph).

The immediate question that must arise in men's minds is this: if the price system is no longer to be allowed to play its supremely important function as the indicator of the alternatives facing the producer and consumer, if it is not to act as the allocator and distributor of resources, what is to take its place? No Order-in-Council has, at this moment, suggested the answer to this, the most important of all matters arising out of the fixation of all prices. Lawyers however may be able to show that the War-time Prices and Trade Board has been given enough power to act *directly* in place of the price system, and to allocate resources as would the Ministry of Planning in a socialist state. Whatever the legal power given to the Board in Order 8528, the common man knows that an Order-in-Council and its proper realisation are two different things: he is aware of gaps, great or small, that so often get between a promise and its achievement. He is perhaps aware that the same measure, when applied in Germany in 1936 raised great administrative difficulties, despite the large and efficient civil service available for administering it, and despite the great propensity of German firms to step into line at the smallest state demand. On this continent the experience of the United States National Recovery Administration in its price codes is too recent and too instructive to create easy confidence in the administrative feasibility of any project that envisages a swift transition from a system that was automatic, elastic and responsive, to one that is controlled and inflexible. The previous system, because it was automatic, threw up no supermen who could now be used to reorganise it in its infinite detail; such men do not exist. So the common man is still left asking the question: what is to take the place of the price system, who is to perform the job already done by it?

It is conceivable that the answer to this question might not be difficult. If it happened that after December, the demands of firms and households for material and services, and the available supplies of

resources all remained much as they were at the basal date, then the frozen price system would still be the appropriate one. If conditions remained static, if incomes, consumers' desires, methods of production, sources of material and labour supplies, were all to remain unchanged, there would be no particular problem arising for business or government. For the fixed price system would still be the one suited to these conditions. Even if conditions did not remain quite so static, but if there were only small changes in any of these factors, the price ceiling would not create any major difficulties. There would then be only certain minor problems confronting firms and the government. These might be summarized as follows:

1. The methods to be followed when prices of imported goods changed from the basal level. These prices are of course outside Canada's control. If the cotton importer has to pay more for cotton in December than he did in September, is he to be allowed to raise his selling price to the manufacturer of cotton goods? This question can be met in many ways. The government or the Board will likely decide in such instances to meet the rise in import prices out of treasury funds, that is the government might pay for the price increase and so permit the importer to maintain his previous selling prices to manufacturers. The administration of this may require the establishment of some sort of commodity import corporation by the Board.

2. The base date itself is not likely to be just and reasonable for every individual firm. During September and October some firms may have been selling at unusually low prices. To be required to adhere to that for the remainder of time would be unjust. The Board will have many such cases of special problems arising out of basal date conditions, and will require probably special tribunals to make a speedy review and settlement of the individual cases. Other firms may have been charging unusually high prices on that date, and justice to consumers requires that some government agency

be available to enquire into this sort of case, since consumers who are treated unjustly are likely to be less well organised and less vocal than firms which happen to be unjustly handled by the selection of the base date. In the same way, the administration will require a tribunal to decide what some prices really were during this period, as well as to consider divergencies of price in the same locality: for example what was the price for plumbing contracting in Halifax at the basal date? These prices differ considerably as between firms; and what about such prices as between localities? Worst of all perhaps is the case of a business which finds its costs of materials unchanged, but through diminishing volume of business as consumption decreases, finds its overhead increasing. Is it to be allowed to increase its selling price on this account, or is it just to take the loss? Or consider questions of quality and service; although price may remain unchanged, a firm (say a grocer) may stop his delivery service and continue to sell at the fixed price; has he really raised the price? Or if he curtails his previous credit terms, does this amount to a rise in price? Or if manufacturers selling to retailers cease to send free window displays, or other aids to dealers, are they in effect raising prices? Or if a firm was price-cutting at the basal date and ceases to do so now, has it broken the law? For all these questions answers have to be quickly provided by the Board and rules have to be made to ensure rapid removal of inequities. The confidence of business is important for the war effort and obvious injustices will quickly ruin that confidence.

3. The law has determined the new price structure, but it has exempted the Department of Munitions and Supply. This Department, to get necessary men and materials, can bid to any price it deems fitting. Since the activities of this Department are widespread, there may result two sets of prices for many things—the legal price for households and firms and the Departmental price. The illogic of having two sets of prices, and the sort of difficulties likely to emerge have already

been studied by theorists interested in the socialist state, and no doubt these findings have been taken into account by the government, although there has not yet been any indication of the steps to be taken to meet the awkward economic and social consequences of such a condition.

4. The fixing of all prices will mean that some scarcities arise, even if the economic conditions remain essentially as they were at the basal date. Some scarcities of materials and finished goods are likely, as was true of gasoline this autumn. Some firms or households who strongly desire certain things will be tempted to offer higher than legal prices. Such action will be unpatriotic, but still very natural to some people who have always been accustomed to that way of getting materials. In short, black markets will emerge, and to limit this in the beginning positive action by the Board, including ready prosecution, will be necessary. This requires much inspection and investigation by the Board or its agents, and occasionally it will be difficult to distinguish a justifiable from an unjustifiable price increase. For example if the Department of Munitions begins to withdraw additional labour from certain firms, through offers of higher wages, some firms may attempt to hold their workers by offering raises of pay, which are disguised as promotions. Who decides whether the firm has justifiably promoted men, or has simply raised the wage rates of better workmen, the former being legal, the latter not? Again we have to look to the Board for quick rules and guidance.

While all these matters of detail are important, the major question arises if the economic conditions alter fundamentally. Then the fixed price ceiling may cease to be the appropriate one. Then some new principle or rule has to be added to perform the job of allocation formerly done by the price mechanism. The price plan then will have to be supported by another plan designed to allocate resources. And by allocation we mean here not merely the distribution of consumers goods to households, but

also the distribution to firms of raw materials, freight service, labour, banking and other productive services. These too have always been distributed via prices, going to the highest bidders. If bargaining is legally forbidden, and if there is not enough to go round—and there won't be enough if the war effort is to be increased—then the available supplies have to be allocated in some way to the buying firms. It is here perhaps that the black markets will be most evident: few firms like to envisage their own bankruptcy, and that may be the future that faces many when supplies of certain raw materials and labour are withdrawn for war. In these conditions it will be natural for many to try to fight this by offering higher prices for the necessary materials for their firm. Such scarcities are the natural result of price fixing and efforts for war. New rules of distribution have to do the job formerly done by the changing price system, and these rules of rationing will probably have to apply to certain materials of production as well as to certain finished goods that use up scarce resources.

But government action will have to extend further if the war economy is to be significantly expanded, because the achievement of a full war economy requires a solution of many *physical* problems. A successful war administration is more than a matter of raising taxes and loans and fixing prices. It is essentially a matter of shifting resources (men, materials and machines) from industries making household goods to those making war goods. There have to be real shifts in industrial production, standardization and simplification of consumers

goods, attention to fullest utilization of plants, and mobilization and training of industrial armies that were shopkeepers, barbers, messengers, etc. This transformation involves bankruptcy for many of the old peace-time occupations, and for many peace-time firms. This truth has to be frankly faced by governments and business. It will probably not be merely enough to ration the materials going to certain "unnecessary" firms, and so to press them gently towards bankruptcy. If the war effort requires the closure of certain firms making unnecessary goods, this had better be done directly and openly as a war measure, as one involving compensation to the displaced firms, also one which is understood and appreciated by businesses and households alike.

In conclusion, the price ceiling is likely to be only a beginning: it will probably have to be supplemented in more and more instances by rationing of certain producing firms as well as households whenever it is apparent that the lack of the price adjustor is creating troubles greater than can be reasonably borne. But rationing alone will not ensure a proper war economy. That end requires still further rules to transfer men, resources and factories into industrial armies, rules designed to ease the transfer, rules aimed at being equitable to the peace-time industries and occupations that have to give up their previous business connections and be turned over to war, or close down for the duration. Equity demands frank recognition of this problem; a full war economy is impossible without its solution.

Internment Operations in Canada : A Functional Analysis

By C. F. FRASER

INTERNMENT might be discussed from the purely political point of view. It could also be dealt with on a conceptual basis, giving consideration to the manner in which internment operations should be conducted and pointing out the sins of error and omission, sociological, psychological and bureaucratic, into which those responsible for internment had fallen. Either approach would of necessity contain much that would be mere opinion. Opinion on the matter of internment in Canada, at this stage of the war, could scarcely be as objective as one might wish. In any event, before opinions are formed the facts must first be known. It is the purpose of this survey to set forth those facts in language unembellished or unmarred by opinion. The following paragraphs contain nothing more nor less than a brief functional survey of internment procedure, in an attempt to show what "makes the wheels go round" and to enable the reader to get some idea of the legal framework within which internment operations are conducted.

Ministerial Responsibility

Responsibility for the conduct of internment operations in Canada does not rest with any one Minister of the Crown. In the early months of the war responsibility was divided between the Minister of Justice and the Secretary of State of Canada. The former, through the legislative machinery administered by his Department, was charged with making decisions as to who should be interned and for what reasons. The Secretary of State, on the other hand, was in no

way concerned with questions of how and why particular individuals were placed in internment camps. Rather, through the Internment Operations Branch set up under Order-in-Council P.C. 2521 of September 4, 1939, the Secretary of State was responsible for the custody of those persons placed under detention at the discretion of the Minister of Justice. Later, that responsibility was extended to include prisoners of war and other persons sent from the United Kingdom for detention in Canada.

In the early summer of 1941, faced with a large influx of internees from the United Kingdom, and with many hundreds of persons detained by the Minister of Justice requiring to be cared for, the Government decided to reorganize the whole administrative procedure in internment matters. Accordingly, an Order-in-Council, P.C. 4568, was passed on June 25th last, revoking the previous Order providing for the establishment of an Internment Operations Branch, and substituting therefor certain other administrative provisions and regulations.

As things stand at present, the Minister of Justice still shoulders responsibility for ordering the internment or release from internment of any individual in Canada. The Secretary of State, under authority of the latest Order-in-Council, has appointed a Commissioner of Internment Operations and a Commissioner of Refugee Camps. Both appointments first must have received the approval of the Minister of National Defence. The Department of National Defence is responsible for the establishment, maintenance and administration of both internment and refugee camps. Courts of Inquiry and Courts Martial in connection with escapes and attempted escapes of prisoners of war and internees are also

EDITOR'S NOTE: C. F. Fraser, a graduate of Dalhousie Law School, is editor of *The Halifax Chronicle*. He had previously been teaching at the North Eastern Law School at Boston and was on the staff of the Canadian Department for External Affairs in Ottawa.

the responsibility of the Department of National Defence.

Supervision includes all matters dealing with visits by representatives of the Protective Powers and with complaints submitted in that connection, arrangements for welfare and educational works including religious services, censorship, postal arrangements and intelligence works, regulations relating to punishment and all questions relating to work performed by prisoners of war and internees and problems of a similar character.

Prisoners of War

The popular conception is to think of interned persons as prisoners of war in the true sense of the term. Because of the fact that Canadian troops have not yet been engaged in any large scale military operations, there are few if any prisoners of war in Canada who owe their capture to Canadian military, naval or air operations. There are, however, a very considerable number of real prisoners of war at present detained in this country. This group is composed almost entirely of Germans captured by British forces in various campaigns in France, Belgium, and Norway, as well as in air operations over England. Canada is not directly interested in these German prisoners, and is acting simply in the capacity of jailor for the British Government, who in turn is answerable to the German Government under international law for the manner in which the prisoners are treated.

What rights, legal and political, do these prisoners of war now detained in Canadian internment camps, enjoy? The whole question of the treatment of prisoners of war is comprehensively dealt with by the International Convention relative to the Treatment of Prisoners of War, otherwise known as the Geneva Convention, signed at Geneva on the 27th of July, 1929. This Convention, to which some forty-seven countries were signatories, treats in considerable detail all the problems that would ordinarily arise in connection with prisoners of war. The Convention is binding upon Canada,

as well as upon Great Britain and Germany.

It is interesting to note that under the Convention prisoners of war who are required to work for the detaining power are entitled to all the benefits of workmen's compensation or similar legislation applicable to nationals of the detaining power. Thus, if a German private, taken as a prisoner of war, is placed upon some work project in Ontario, it would seem that he must be entitled to all the operative provisions of the Ontario Workmen's Compensation Act. Some doubt has existed as to just what workmen's compensation laws, the British, or the Ontario legislation, would be applicable in this case, where the United Kingdom is the detaining power and the Canadian Government is acting merely as agent or jailor. So far as the writer is aware, no case has actually arisen as yet requiring a final decision on this point.

Section V of the Convention is important as it deals with the relations between Prisoners of War and the authorities. The Convention confers upon Prisoners the right to transmit complaints to the representatives of the protecting power. In the case of German Prisoners now detained in Canada, this representative is the Swiss Consul-General. It should be noted that the only type of communications which the internment authorities are required to transmit to the Swiss Consul-General are those which deal with "conditions of captivity." Other types of complaints may, and indeed often are, transmitted to the representative of the protecting power, who in turn may forward it to his government for transmission to Berlin. But the limitation of complaints which are required to be forwarded, to those which deal with "conditions of captivity" opens the door to possible abuse.

Prisoners of war, like anybody else, can be subjected to ordinary judicial proceedings, and can be subjected to penal measures for violations of the laws of the country in which they find themselves. It will be recalled that in connection with an escape to the United States

from an internment camp in Canada last winter, two prisoners of war took a row-boat from the shores of the St. Lawrence, and in it crossed over into United States territory. Canadian authorities sought to have them returned to this country not as escaped prisoners of war, but as two criminals who had stolen a boat to which they had no right. Once back within Canadian territory it would be a simple matter for the police to withdraw the criminal charges and turn the Germans over to the internment authorities once more. But while the courts might have subjected these prisoners of war to penal measures for stealing the rowboat, the worst that they could expect to suffer at the hands of the internment officials would be thirty days' confinement. In the event of judicial proceedings against any prisoner of war, the representative of the protecting power, in this instance the Swiss Consul-General, must be informed, and an opportunity must be given to secure defense counsel.

The remaining provisions of the Convention deal with liberation and repatriation at the end of hostilities, the collection and dissemination of information regarding prisoners of war by humanitarian agencies, the sending of relief parcels of food and clothing, and so forth. The principal agency in this connection is the International Committee of the Red Cross at Geneva.

Prisoners of War Regulations

In the foregoing discussion, it should be remembered that the Convention itself must be implemented by appropriate national legislation before its operative provisions may be enjoyed by the persons falling within its scope.

In Canada, the War Measures Act, Chapter 206 of the Revised Statutes of Canada, 1927, provides, *inter alia*, that the Governor in Council "May do and authorize such acts and things, and make from time to time such orders and regulations, as he may by reason of real or apprehended war, invasion, or insurrection deem necessary or advisable for the security, defence, peace, order and

welfare of Canada." Acting under the authority of this sweeping legislative authority, on December 13, 1939, the Governor in Council approved an order-in-council, P.C. 4121, putting into operation as from December 1st of that year certain Regulations governing the maintenance of discipline among and treatment of Prisoners of War. These Regulations, which are based directly upon the International Convention discussed above, are designed to govern the treatment not only of prisoners of war in the true sense of the term, but also those civilians who, for one reason or another, have been detained in internment camps in Canada.

For purpose of convenience, captured members of the armed forces of the enemy, true prisoners of war under the terms of the Convention, are referred to in the Regulations as "Prisoners of War Class I." Civilian enemy aliens, as well as Canadians or persons of other nationalities who have been interned under the Defence of Canada Regulations are described in the Regulations under P.C. 4121 as "Prisoners of War Class II." Certain articles of the Convention have been declared as non applicable to these civilian internees (Schedule A of Section 1 of Article 1 of the Prisoners of War Regulations).

To sum up, the rights and duties of true prisoners of war are set forth in two main documents, (1) the International Convention Relative to the Treatment of Prisoners of War, and (2) Regulations Governing the maintenance of Discipline among and Treatment of Prisoners of War. That German and Italian prisoners of war interned in Canada have certain definite and well-defined rights in international law cannot be denied. That the Canadian Government, in accordance with the duties imposed upon it by reason of the Convention, has conferred upon these prisoners of war certain definite and well-defined rights in Canadian law is equally apparent.

Civilian Internees

Let us turn now to a consideration of the civilian internees. Civilian in-

ternees fall into several distinct categories. First, there are those persons detained by the Canadian Government under authority of the Defence of Canada Regulations. These Regulations, passed under the authority of the War Measures Act, bestow sweeping powers upon the Minister of Justice, and certain high ranking officers of the Royal Canadian Mounted Police, to restrict the movements of individuals and to place them under actual detention if it is deemed prejudicial to the safety of the state to allow them to remain at large.

Article 21 of the Defence of Canada Regulations has received more unfavorable publicity than any other single provision. This Article provides that

(1) The Minister of Justice, if satisfied, that with a view to preventing any particular person, from acting in any manner prejudicial to the public safety or the safety of the State it is necessary to do so, may, notwithstanding anything in these Regulations, make an order:— . . . (c) directing that he be detained in such place, and under such conditions, as the Minister of Justice may from time to time determine.

Until June 25th last, the only recourse open to a person detained or interned under the provisions of Article 21 was to protest to an Advisory Committee consisting of persons appointed by the Minister of Justice. The only requirement made of the Minister in appointing such a committee was that its chairman should be a person who held, or had held, high judicial office. The functions of the Committee were, as the title implies, purely advisory, and the Minister was under no obligation whatsoever to act upon the Committee's advice.

Article 22, providing for the appointment of these Advisory Committees, was revoked and new Regulations substituted by Order in Council, P.C. 4651, of the 25th of June, 1941. Under the new Regulations the scope of investigatory authority bestowed upon Advisory Committees has been considerably widened. Provision is made for the prompt hearing by an Advisory Committee of the com-

plaint of any detained person. Detained persons are required to be informed of the grounds for their detention, and, where it is not deemed contrary to the public interest, the families of detained persons shall be informed of the fact of such detention and the reasons therefor. But despite the wider publicity which the new Regulations confer upon detention proceedings under Article 21, the discretion of the Minister of Justice remains final and absolute.

While in theory the Minister is responsible to Parliament for his actions, in the natural course of departmental procedure, decision to intern or to release a detained person must be made by the Deputy Minister and his assistants. Thus, in actual practice, individuals may be deprived of their liberty and interned in Canada, irrespective of whether they are Canadian by birth or naturalization, and have no recourse open to them except to lay a complaint before an Advisory Committee. The discretion of the Minister of Justice is as arbitrary and absolute as it was before Article 22 in its original form was repealed. The new Regulations under Article 22 do little more than to give a certain added publicity to the proceedings.

Articles 24, 25 and 26 of the Defence of Canada Regulations deal with the control over movements of enemy aliens. An enemy alien may, of course, be detained and interned under Article 21, in just the same manner as any British subject or friendly alien. The procedure with regard to appeals against internment of enemy aliens is, however, slightly different from that followed by other detained persons. Article 26 provides that any enemy alien may appeal against his internment to a person designated by the Minister of Justice as a "Tribunal." Such an appeal must be taken within 30 days of the date of internment. But the only authority granted to the Tribunal is to recommend the release of the interned enemy alien. It is left in the absolute discretion of the Minister of Justice to decide whether or not he wishes to act upon the recommendation of the

Tribunal. In actual practice, the decision as to whether or not any particular enemy alien shall remain in custody or be set at liberty, rests upon some official or officials of the Department of Justice. The chief merit of holding appeal proceedings before a tribunal would seem to rest in the natural reluctance which the Minister and offices of his Department would have to detain an individual in the face of recommendation by a Tribunal that that individual be released. The Tribunal's function, in the final analysis, is to act as a deterrent against arbitrariness rather than as an actual barrier against possible injustice.

The foregoing is an outline in most summary form, of the procedure whereby individuals may be removed from the community and placed in internment camps operated by the Canadian Government. The whole proceeding, from the moment of arrest until the detained person has been placed in an internment camp, is carried out at the discretion of the Minister of Justice. The conditions of an individual's detention, however, as distinct from the detention itself, fall under the jurisdiction of the Secretary of State of Canada and the Minister of National Defence.

Alien civilian internees have no rights whatsoever in international law. While a convention was at one time drawn up to cover the position of enemy alien civilians who might be interned, it never progressed beyond the draft stage. It would not be expected that Canadian nationals interned by their own Government could claim any rights under international law. Aliens of a neutral or allied power may also be interned, and have no recourse open to them under international law. But upon all three classes of civilian internees, whether they be enemy aliens, friendly aliens, or our own nationals, the Government has conferred certain definite legal rights, corresponding pretty generally to the rights and privileges enjoyed under the Geneva Convention by combatant prisoners of war. Germany and Italy have conferred similar rights upon Canadian civilians detained

in those countries. The treatment, then, of persons detained under the Defence of Canada Regulations, will be in accordance with the provisions of the Regulations Governing Maintenance of Discipline Among and Treatment of Prisoners of War, excepting only as these latter Regulations are modified by the Regulations. The modifications are designed chiefly to cover those circumstances where the civilian status of the internee would make it impossible to apply directly and without change the terms of the Geneva Convention itself. So slight is the general effect of these modifications that it would be fruitless to discuss them in detail here.

Segregation of Internees

Actual prisoners of war are detained in camps entirely separate from those used for the detention of civilians. It should also be pointed out that civilians sent from the United Kingdom for internment in Canada are also detained in camps entirely separate from those containing persons detained under the Defence of Canada Regulations. Finally, certain persons classed as Refugees are kept in still other places of detention, entirely separate and apart from the groups above mentioned. In short, there are five classes of internment camps at present operated in Canada:—

- (1) Camps for detention of actual prisoners of war.
- (2) Camps for detention of persons apprehended under the Defence of Canada Regulations.
- (3) Camps for detention of civilian internees from the United Kingdom.
- (4) Camps for the detention of persons of "B" and "C" category sent from the United Kingdom and classed as "refugees."
- (5) Camps for the detention of persons apprehended under the Defence of Canada Regulations, who have subsequently been classed as "Refugees" in accordance with the provisions of Order-in-Council, P.C. 5246, of the 15th of July, 1941.

A mass evacuation to Canada of civilian internees of "A", "B", and "C" categories from the United Kingdom was carried out at the instigation of the British Government during the summer of 1940. The great majority of these internees were sent to Canada for continued detention. A representative of the Home Office was in Canada from November, 1940, until July, 1941, and made a thorough investigation of these civilian internees. As a result of his study of the question, some 800 or 900 of the civilian internees have been returned to the United Kingdom, where many of them are now engaged in war work. There still remain in this country many hundreds of others who have been classified, after investigation, as coming within the category of refugees.

On July 1st last the Canadian Government set up separate refugee camps for those persons who, while not regarded as dangerous, were not returned to the United Kingdom. While these camps are operated entirely separate from those under control of the Internment Operations Branch of the Department of the Secretary of State of Canada, the regulations affecting the conditions of detention of these "refugees" are the same as those which apply to persons detained under the Defence of Canada Regulations who have been given "refugee" classification by the Canadian authorities.

Refugee Camps

Authority to classify internment camps in Canada as "Refugee Camps" was first given under Order-in-Council, P.C. 4568 of the 25th of June, 1941. Persons receiving "refugee" classification are governed not by the Prisoners of War Regulations, but by a special body of rules put into operation on the 15th of July, 1941, under Order-in-Council, P.C. 5246. These rules, described as "Orders

for Refugees," deal in an extremely sketchy manner with the treatment of and discipline among "refugee" internees. These rules or orders provide the interned refugee with considerably more freedom of action than is accorded to other classes of internees. Refugees employed upon work other than that connected with the maintenance and administration of the camp, are paid for their labor at the rate of 20 cents per day. Refugees are permitted considerable freedom in the matter of visitors, as well as in receiving parcels and sending and receiving letters. The Commandant of a Refugee Camp is permitted wide discretion in disposing of cases of insubordination and other forms of misconduct on the part of refugees. But in all cases the summary punishment which he may impose is limited to a brief period of detention in barracks. In more serious offences the Camp Commandant may request the Commissioner of Refugees to bring the case to the attention of the civil authorities for trial in ordinary criminal proceedings.

Conclusion

Such is the procedural history of internment operations in Canada since the outbreak of war in September, 1939. Most of the Orders-in-Council, rules and regulations affecting the treatment of interned persons are of an "ex post facto" nature. The Defence of Canada Regulations, from which authority is derived to detain and intern, were prepared far in advance of their operative date. Between the two, gaps still remain to be filled in. The administrative machinery has been and will continue to be altered to meet changing needs and circumstances. The patience, forbearance and goodwill not only of the departmental officials but of the general public is essential if the internment question is to be handled in an humane, intelligent and efficient manner.

The St. Lawrence Waterways

By JOHN McDougall

SO large a proportion of the population of Canada lives within the St. Lawrence Basin that there is good ground for giving the Agreement which was signed by the governments of the United States and Canada in March 1941 and which is, at the time of writing, before the Congress, the fullest possible consideration. It is a document which will, if adopted, have far-reaching consequences. It will be a major factor in the control of the great river out of whose trade Canada began.

The project is to create a waterway with a depth of 27 feet from Lake Superior to the sea. While the initial depth is limited to 27 feet, provision will be made in all structures for a depth of 30 feet so that it will be possible to adopt that depth at a later date by dredging only should it appear desirable.

The attractions of such a project are very great. With the completion of the Welland Canal the whole of the Lakes constitute a great inland navigation from Prescott to Chicago, Duluth and Fort William with an available depth of 20-23 feet. There remains only the provision of canals around the three main rapid sections between Prescott and Montreal in order to give it an outlet to the sea.

In the international section of the river between Prescott and Cornwall the intelligent solution is to provide a combined navigation and power work with an ultimate installed capacity of 2,200,000 horse power. The whole picture, then, is one which provides a real challenge to the imagination. This may be a misguided plan, but it is not a little one.

Over against these advantages there is a rather impressive total of costs. About 151 millions of dollars have already been spent upon the construction of a ship

channel¹ and a total of some 393 millions is still to be found. In these amounts there are certain omissions of the first importance. There are presently no harbours capable of accommodating vessels using the full depth of the proposed canals, and no dependable estimates of the sum which would be required for their creation. No allowance has been made for interest during the construction period, and there seems to be some question in the minds of engineers concerning the adequacy of the amounts provided for contingencies. In sum, the total cost, assuming present estimates of unit costs to be adequate, may well come to a total of the order of 8-900 millions. The whole of this sum must in the first instance be provided by the two central governments. Against it they may offset payments from the province of Ontario having a present worth (as at the middle of a four year construction period) of about 51 millions and from New York State of about 90 millions. It will be seen therefore, that so long as there remains any lingering respect for the canons of finance this is not a venture which will be entered upon lightly. Especially is this so under war conditions when the possibility of holding to a moderately stable price is still so terribly uncertain.

If the decision is to be a rational one, some kind of balance must be found between the costs involved and the benefits to be gained. In navigation, the formation of a correct judgment must rest upon some estimate of future traffic possibilities. Upon a review of the course of traffic since the last war it has seemed reasonably certain that the great bulk of the traffic upon the Lakes would continue to be an internal traffic, Lake Erie and west. Iron ore moves east to Chicago, Detroit, and the Lake Erie ports but there

EDITOR'S NOTE: Dr. John L. McDougall is on the staff in Commerce at Queens University, Kingston, and has for a long time specialized in problems of transportation. He has recently made a study on the St. Lawrence Waterways for the Canadian Electrical Association. The above article is an out-growth of the work done for that purpose.

¹ This does not include any part of the expenditures upon the old 14 foot navigation to be displaced, but the expenditures on the new ship-way only.

is no real hope of any substantial movement to the sea. Coal moves from Lake Erie to the Northwest Central United States, but there is no reason why it should move from Lake Erie to foreign destinations. The rail movement of coal to Norfolk and Newport News is as cheap as to Lake Erie and it is then in a much better position for the export trade. These two great trades which provide the great proportion of the traffic of the lakes are essentially internal trades. No conceivable change in the level of out-of-pocket transport costs to seaboard is likely to change their directions. Indeed, there is a very clear justification for the expenditure of money now under war conditions for the deepening of the channels in the upper lakes. The iron ore movement comes as near to being the lifeblood of the American economy as any one economic activity can be. The costs of such an improvement are only a small part of the total costs of the whole navigation scheme and its accomplishment would not only increase the average tonnage per voyage and reduce the unit costs still further, but it would also reduce sharply the number of boats which must otherwise be built to permit the presently planned increase in steel production to be carried out.

East of Lake Erie the tonnage moving is of much more modest proportions. Wheat, downward bound, is the most important single commodity, but the great growth has been in the movement of manufactures and semi-manufactures, such as oil and gasoline, wood-pulp and paper, and "all other freight". These are items in which the present absolute size and the possibilities of growth are much less than in the great basic trades of the upper lakes. In other words the great bulk of navigation expenditures are to be made between Lake Ontario and the sea, a section in which the growing trades are already very well served by the existing canals. Too much of the argument in the past has been in terms of the grain export trade which is not of a size to justify any substantial increase in the present investment in the existing canals, still less to justify their total supersession

and which, in any case, seems to be declining in size.

Of special interest to the Maritimes are the probable repercussions of the improvement of the St. Lawrence Canals upon the coal market in Montreal and in the lower river ports. Nova Scotian coal producers find that area their most important single outlet, and also the most vulnerable to American competition. At present it seems to require a considerable amount of governmental assistance of various kinds to hold them in that market. It is a situation which is peculiarly vulnerable and if the opening of the Welland Canal provides a proper parallel it is one which will be sharply affected by the deepening of the St. Lawrence canals. Over the 7 years 1923-29 inclusive there was an average movement of soft coal downward bound through the Welland Canal of 667,000 tons. There was irregularity within the period but no clearly rising trend. 1925 was the high year at 1,052,000 tons followed by 1929 with 745,000 tons. Excluding 1925, the six year average was 603,000 tons. As the new canal came into use, the tonnage rose to 1,325,000 in 1930, 1,998,000 in 1931, and so continuing to a peak of 3,766,000 tons in 1937. The average for the 7 years 1933-39 was 3,013,000 tons. In the same period the average movement through the St. Lawrence canals downward bound was 604,000 tons. The balance stayed in Lake Ontario and at way points along the river. Were the St. Lawrence canals deepened one would expect that similar reductions in the freight rates on coal would tend to produce the same results. It is a pressure which would probably compel mechanisation and other similar cost reductions in the Maritime coal industry which, one understands, have been very strongly resisted up to the present time.

It is quite impossible to consider the power phases of the project apart from the war. Clearly the treaty would not have been brought up again at the present time had not the rising consumption of electric power in Ontario forecast a rapidly approaching need for additional power from some source. Indeed, at the present

time, this is clearly the controlling aspect of the matter. There are no grounds for any expenditure upon the navigation project in time of war and, as the considerations outlined above suggested, very slight grounds for doing anything more between Lake Ontario and Montreal under any conditions, whether of peace or of war. Indeed the suggestion is now being made in Washington that, even if the agreement is adopted, expenditures will be limited to those works necessary to the development of power until after the ending of the war.

That there is a great block of power available in the International section of the river is certain; but for war purposes it has very grave disadvantages. The minimum time required for its develop-

ment is four years. It is a less manageable development because of its very size than the nearest alternatives to it. It is difficult to get estimates of cost per horsepower for such other powers, but it seems certain that, on a cost basis, the St. Lawrence is certainly at no advantage over them and is, more probably, at a disadvantage. In any case, the deciding factor in a war economy is not cost but time, and there clearly the smaller streams have a very marked advantage.

Upon both counts, then, of navigation and of power, it has seemed impossible to find adequate reasons for proceeding with this project at the present time. Whether rational arguments are the only or even the chief ones to enter into the final decision is another matter.

Educating the Consumer in War-Time

By BERYL PLUMPTRE

EVER since war broke out in September 1939 the plea of Canadian housewives has been, "What can we do to help? Surely we can do something in our spare time to help crush Hitler!" Some housewives who are fortunate enough to have reliable domestic help so that they can leave their homes for several hours at a stretch have found war jobs with one or another of the many volunteer organizations. But those of us who must be on duty at home cannot always find satisfying and useful war jobs. Not every woman is content with knitting socks or sewing garments. We have been brought up in the days of mass production and we feel this method of manufacture somewhat irritating, and perhaps not the most economical. And so we have continued to ask "What can we do?"

A few months ago Canadian papers carried the news that the government had published through its Department of Agriculture a booklet for housewives

called *Foods for Home Defence*. This booklet aimed to teach the housewife how to buy food in war-time. But it was more than mere helpful hints for housewives. It was the government's first attempt to show to the housewife her real job in this war. Let us hope that before long more such publications will appear—publications which will not only try to guide our food purchases, but will help us with all our purchases, telling us what we should buy and what we should do without during the war.

It is perhaps somewhat disappointing that the government took so long to venture on its first step, and even more disappointing that its first step should be so hesitating and so limited and should not have been followed by another. *Foods for Home Defence* begins by listing War-time Foods, and briefly comments on the supply available to Canadians. For example it states briefly that Britain needs cheese, ham and bacon—Canadians can do without these things. No housewife will quarrel with that. Newspaper announcements have told us of these

EDITOR'S NOTE: Mrs. Beryl Plumptre, of Toronto, is a graduate of the London School of Economics.

British needs and we have tried to co-operate. But no attempt is made in this booklet to state the whole problem, as to how much of these goods is produced in Canada, how much is needed for Great Britain, and whether or not Britain wants all kinds of cheeses and all parts of the pig. Then, again, there is the statement: "Fruit juices—tomato, rhubarb, cranberry, apple and grape juices, Canadian grown—can replace citrus fruits." I quarrel with this statement on two points. First, can these fruit juices replace citrus fruits? Will my family get the same vitamins from a glass of apple juice as from a glass of fresh orange juice? And secondly, and perhaps even more important, will no one tell the housewife why she should not buy citrus fruits? Does the government think that the housewife is afraid to know that if she spends American dollars to buy citrus fruits, there may not be enough dollars left to buy equipment for our fighting forces, or machines for our factories to make armaments?

This negative approach reminds me of an incident which occurred several months ago. I asked the editor of an excellent woman's page in one of our daily papers what she was trying to do to help the housewife with her war job of spending her money so that her purchases will not hinder our war effort. "I do what I can," she replied. "For a while I left out all recipes calling for lemon juice, but the advertisers of citrus fruits threatened to withdraw their advertisements, so my publishers made me put such recipes in my page again."

So there we are, housewives, guinea pigs for advertisers, even to the extent of hindering our war effort. Of course, one might have hoped for more courage from our newspaper publishers. But perhaps they have been waiting for some signs from the government of an active policy of trying to teach the consumer what to buy. The lack of explanation to the housewife in this new booklet is indicative of the government's attitude to all consumers. And yet the public is willing and ready to co-operate—even

to the point of accepting regimentation—if it knows what is needed. But how many Canadians realise the full implications of this war, and how it must affect their private lives, even as to whether or not they should drink orange juice?

Some people may doubt this claim that Canadians will co-operate fully. They will point to the fact that Canadians have not yet reduced their inessential gasoline consumption by fifty per cent as requested by the government. Perhaps the response may have been a little disappointing. But is the citizen entirely to blame? I do not think so. I do not feel the case was put to him fairly and squarely. Every day from government advertisements in the press, from government posters, from appeals over the radio he learned that the fighting forces needed the gasoline he was using. Was that strictly true? Was not the problem more like this: Great Britain had access to supplies of oil, more than adequate for all her needs. But this oil had to be taken from the fields to points where it was needed. The enemy had sunk so many tankers, that the tankers which used to bring oil to Canada from U. S. A. had to take oil to Great Britain or to wherever her forces needed it. As the Canadian government had not any other equipment to bring oil to Canada, there was much less oil in Canada than usual. Then why did not the Canadian government say: We are going to ration the supply available in Canada so that each Canadian may share according to his or her needs? But instead the government resorted to the subterfuge of appeals to save gasoline for the fighting forces. It may be, of course, that the government had reasons unknown to the public for the adoption of this policy, and on this ground clear-thinking citizens might forgive the subterfuge and curtail their consumption of gasoline as requested. But co-operation is difficult when there are evidences that the government itself is not co-operating. For example, just a few days after the oil controller launched his appeal to save gasoline, all householders on my street received from the

Postmaster General pamphlets urging them to use the air-mail services for all their correspondence, both business and social. Increased air-mail would surely call for more planes and more gasoline.

These two instances, foodstuffs and gasoline, are, however, a very small part of the problem of Canadian consumers in war-time. Let me now turn to the problem as a whole. What should the war effort mean to the Canadian consumer?

When war broke out Canadian industries were, for the most part, working below capacity. Many men and resources which had become idle during the years of depression were still idle. Now, after more than two years of war, practically all these men are employed, and our factories are working to capacity. But Hitler is still undefeated. What must we do to win? We must give up our luxuries and non-essentials: instead of making these goods we must make more, many more munitions and much more war equipment. Canadians can no longer have their cake and eat it. This is no new fact, but many Canadians still do not realize it. But the government realizes it, and for many months has been taking direct action to bring about this transfer of production from non-essentials to war requirements.

As far back as June 1940, the government imposed excise duties on Canadian manufactured automobiles. It hoped that, as a result of the higher prices, sales of automobiles would decline. But sales continued to rise, and in November 1940, the government took further action and prohibited for the duration of the war, the manufacture of new models of such articles as motor cars, radios, washing machines and typewriters.¹ The chief motive for this restriction was to conserve machine tools and to make available for war industries skilled and highly trained men. But at the same time

it effectively removed one of the most alluring baits of the salesman—the appeal of a new model. In the following month, the government increased still further the excise duties on automobiles. It also imposed similar duties on other durable consumer goods whose production competes, in labour and materials, with war industries. This group includes such articles as cameras, radios, electrical appliances, phonographs, slot machines, etc.

In other cases, the government has taken more direct action to reduce the purchases of this type of durable consumer goods. Instead of relying on higher prices to lessen the demand, the government has restricted the manufacture of these goods, so that fewer are available to the consumer. It has recently limited the number of automobiles, radios, washing machines, refrigerators, etc., which may be manufactured for sale to the public, and the supplies of metals for producing washing machines and other products. All essential commodities are by now under the jurisdiction of one or another of the government controllers or administrators, who, in conjunction with the government priorities officer, ensure that supplies of materials needed for war industries will only be available to producers of non-essential goods after war industries have received their full requirements.

It is unfortunate that much of the excellent work of transferring materials and labour from peace-time to war-time industries has been done without publicity by which the consumer could grasp the significance of the government's actions. The consumer has a vague knowledge that industrial changes are taking place. He or she knows that Canada is turning out large quantities of war equipment, but the stores still seem to have supplies of most Canadian things which they need, especially such things as radios, washing machines, electrical goods, etc. These goods are still widely advertised. The housewife especially sees these things, and she reasons something like this. She has more money in

(1) Recently the government has allowed some relaxation with regard to the manufacture of new models. Canadian manufacturers have claimed that it is more economical to produce new models similar to those produced in U. S. A., than to renew the production of old models.

her purse these days than, in many cases, she has had for years. She has wanted a washing machine for years. She realizes that prices have risen. That is a pity, but future prospects seem good, so why not buy while the money is there. Prices may not go higher, because of the new "ceiling," but they certainly will not go lower.

She does not realize the full significance of her decision. She does not understand that the manufacturer of war goods needs the metals which have gone into her machine: that he needs the services of the men who made it. She knows nothing of the fact that her purchase and the purchases of hundreds of other housewives are strengthening the pressure which manufacturers and the agents who sell these machines are putting on the government to be allowed to continue the manufacture of these goods. Nor does she appreciate or even realize the difficulties in which the government is involved in trying to shift production to war goods. Most consumers know that some manufacturers have switched easily from their peace-time products to war-time products. For example, some textile manufacturers who made civilian clothing are now making uniforms. But does the average consumer know of the difficulties involved in the transfer of labour and supplies from one industry to another? And what of the business connections which have often taken a lifetime to build up, and which are often completely broken by the war-time restrictions of the government.

But there is still another problem for the consumer. Do consumers realize when they buy a new washing machine or radio that their purchase is increasing the upward pressure on prices? Do they understand that their action complicates still further the government's problem of trying to keep prices from rising? The disorders in Europe during the period of inflation are perhaps the most vividly remembered of the economic consequences of the last war. For this reason fear of inflation looms large in the minds of many Canadians at the present time.

And the government has not ignored this fear. Even before Canada had declared war, the government established the Wartime Prices and Trade Board to provide safeguards against undue rises in the prices of the necessities of life. This Board has functioned actively, and in August 1941 its powers were extended to give it control over prices of all commodities. In October 1941 it was made responsible for giving effect to the general ceiling on prices announced by the government.

The government has also directed its financial policy towards lessening the pressure on the price level. Through the imposition of high taxes, and borrowing from the public, the government has tried to drain away from the public surplus funds which might be spent thoughtlessly on non-essentials. But in its publicity, the government has laid more emphasis on the fact that it needs money to pay for the war. Citizens have not been told often enough or strongly enough that it is even more important for them not to spend their money. Lending it to the government removes temptation to buy those extra things we can do without.

So far this article has dealt chiefly with problems concerning Canadian made goods. But the government has to teach its citizens that they should no longer buy imported goods indiscriminately. In December 1940, the government prohibited the importation of specific non-essential goods from non-sterling countries. These are, for the most part, goods which consumers could be legitimately expected to do without in war-time. Administrative and political difficulties make it inexpedient to extend this list of prohibited goods. But consumers, if they fully understood the nation's need for American dollars, would readily forgo non-essentials which are still coming in from the States.

More could probably be done, also, to persuade consumers to shift their purchases of imports to Empire goods wherever possible. Canadians are ready to share their food supplies with Great

Britain. It is not unreasonable to expect that, if they were aware of the situation, they would buy British goods rather than goods from other countries. Britain and the other Dominions are buying so heavily from Canada at present that their debts are mounting up. These countries are glad to be able to discharge these debts by selling their products to us.

Canadian consumers, however, cannot be expected to know of, let alone understand, all these problems unless more effort is made to inform them. From its financial and production policy, it is obvious that the government is aware of the importance of guiding consumption in war-time. But so far it has not given the consumers a chance to play their full part. Now that Canadian industry has entered the phase of so-called "full employment," these problems will grow more and more acute, and

the imposition of the price "ceiling" has increased the need for educating consumers. No longer will shortages be indicated by price movements.

Ignorance among consumers should surely be a matter of grave concern to the government. There is little doubt that Canadian industries can only continue to fill their ever-increasing war orders, if the government takes still further action to restrict the production of non-essentials. But Canadians will not demur at further government interference with the supply of their luxuries and non-essentials if they know such restriction is necessary for an all-out war effort. And surely the government will find willing co-operation from citizens more helpful than the uninformed criticism and dissatisfaction which so often surrounds the government's war policy.

Some Aspects of Agriculture in the Maritimes

By J. E. LATTIMER

DEVELOPMENT OF AGRICULTURE

THE Maritime Provinces have an area just a trifle larger than England without Wales, with a population in 1931 of 1,009,103 that has increased to 1,120,486 in 1941. The total area of the region has slight relationship to the development of agriculture as only a small portion is improved farm land. In 1931 only about 30 per cent of the total 32 million acres was in occupied farms and only about 9 per cent of the total was improved farm land. Thus, in the Maritime Provinces there were only 2,901,698 acres or 2.9 acres per person of improved land, while in the Dominion as a whole there were about 86 million acres or 8.5 acres per person. Improved land comprises that which was plowed

or mown or might be mown with a machine, but does not include natural pasture. The 91 per cent which was unimproved land contained considerable natural pasture and some waste land but the bulk was in forest in some stage of development. These facts point to the importance of lumbering in the area but might lead to some surprise that it is a deficit area for many farm products.

Again it must be remembered that this picture applies only to the area as a whole. Within the area great variations exist. Prince Edward Island, as is well known, is the leading province of the Dominion in proportion of improved land to total. In that province in 1931, 85 per cent of the total area was in farms and of the area in farms, 61 per cent was improved. In Nova Scotia 32 per cent of the total area was in farms with 20 per cent improved. In New Brunswick 23 per cent of the total was in farms with 32 per cent improved.

EDITOR'S NOTE: Dr. Lattimer is Professor of Economics at Macdonald College, Ste. Anne de Bellevue. He has during the last summer, undertaken for the Dalhousie Institute of Public Affairs, an investigation of the effects which the war has so far had on agriculture in the Maritimes. The above article is an outgrowth of the work done for that purpose.

It was not always thus. In the area as a whole in 1891, the percentage of all land in farms was 36, and the improved portion was 13 per cent. In the forty year period, between 1891 and 1931, census reports record a decrease of 2 million acres in land in farms and a decrease of over 2 million acres in improved land. This shows that during the period there has been a substantial reversion of farm land to bush.

This reversion of farm land to timber is by no means a movement peculiar to this area. It has been taking place in the New England states generally and in the state of New York. It is a movement that has been encouraged in some areas of some of the other provinces of Canada. Clearing forests and trying to farm land that later reverts to timber is a very costly experiment. It might be less costly to perpetuate forestry by developing silviculture and thus make

province. This means that the clovers and particularly alfalfa are hard to grow unless lime is applied. And yet, the region is generally a dairy section. Clovers and particularly alfalfa are good cow hays. This is one problem. Throughout the area the shortness of the growing season precludes the possibility of growing corn either for husking or silage. This is another limitation. The length of the growing season and the small proportion of improved land to people, promote the production of crops that require only a short growing season and the expansion of dairy farming. Hence the bulk of the area is devoted to hay and pasture.

Even such generalizations require modification within the area. Not all of the area has a market that stimulates dairying. And the length of the growing season varies. The averages for the period from 1914 to date are given for the four Experimental Stations in the area.

	Charlottetown P. E. I.	Nappan N. S.	Kentville N. S.	Fredericton N. B.
	days	days	days	days
Average frost-free period	153	117	132	135

the products of the forest an annual and permanent harvest. The area has an opportunity to carry out such a policy since the bulk of the total land is still in forest in some stage of development.

UTILIZATION OF IMPROVED FARM LAND

The 9 per cent of improved land is worthy of attention in detail. Soil, climate and precipitation, combine both to limit choice of crops to some extent and at the same time to make the area particularly suitable to certain special crops. Variation in soil, topography, and climate within the area combine to promote specialization in different districts. There are a few characteristics that apply generally. For instance, the soil is generally acid as is the condition in the New England states and in the Province of Quebec, particularly in the eastern portion of that

The variation in the frost-free period which is a good indication of the growing season—though not quite the same thing—is quite marked at the four stations. Yet the variation in the frost-free period may be great within a few miles of where these records were available. The writer saw corn frozen white in the Wentworth Valley on August 26 in 1940, in the same county as the Nappan Experimental Station. The variation in the length of the season between Kentville and Nappan amounts to 15 days. These two stations are in the same province. This variation helps to account for the prevailing specialization in crop production.

The marine climate with more abundant rainfall than some other parts of Canada contributes also to making it a hay and pasture rather than a grain country. The forage is used chiefly for cattle, but

sheep are reported on a greater proportion of the farms than for the country as a whole and poultry is also slightly more widely distributed. The greatest difference for the Dominion is in the presence of orchard and potato crops for which the climate and soil are specially suitable. The degree and direction of specialization in comparison with the Dominion may be noted from the following figures.

to criticise such a system of farming. The purpose is to reveal the facts. The conclusion must be that farms are neither as self-sufficing now as they once were nor are they now as self-sufficing as some might think. Whether they are as self-sufficing as they should be is another matter, a matter of very great moment and one which, if it is to be discussed intelligently, requires a knowledge of conditions prevailing.

	Maritimes	Canada
Total number of farms.....	86,334	728,623
Percentage reporting hay.....	91	61
“ “ potatoes.....	84	69
“ “ oats.....	63	66
“ “ wheat.....	12	44
“ “ barley.....	11	30
“ “ orchards.....	50	17
“ “ poultry.....	81	80
“ “ cows.....	80	76
“ “ horses.....	70	80
“ “ hogs.....	60	60
“ “ sheep.....	28	18

This record of the year 1931 reveals the degree of specialization that was at that time prevalent, even in an area that is generally considered devoted to mixed farming. From the comparison given it might be expected that the area would be on an export basis for apples, potatoes and hay. Such is the case. It might also be expected that the area would be an importer of grains. This is also true. These are generally well known facts. What these figures do reveal, is the possibility of domestic trade between farms in the area. Though this is a hay area 9 per cent of the farms must buy hay if they use it. The percentage of farms depending on buying potatoes, if they use them, is 16 in a potato country. The most widely distributed grain crop, oats, is absent on 37 per cent of the farms, wheat on 88 and barley on 89 per cent. Only half of the farms report orchards.

There was no poultry reported on 19 per cent of the farms in 1931, no cows on 20 per cent, no horses on 30 per cent, no hogs on 40 per cent and no sheep on 72 per cent. There is no intention here

The reporting of the presence or absence of certain crops or lines of livestock is only part of the story. It is a necessary factor in revealing what can be done, but the proportion of land that is devoted to certain crops is a necessary supplementary record.

RELATION OF AGRICULTURE TO POPULATION

The Maritime Provinces in 1931 had roughly one-tenth of the population of the Dominion and one-thirtieth of the improved farm land. In 1940, a good year generally, the area had less than one-thirtieth of the field crop acreage but the estimated value of the field crops amounted to one-sixteenth of the total. This reveals the higher prices prevalent in the area than for the Dominion as a whole as well as the fact that the area is a deficit area in field crops.

The proportion varies in certain crops. In 1940 the area had one-twenty-eighth of the total acreage in oats of the Dominion but the farm value of this crop was one-fifteenth of the total. The proportion

of hay was one-eighth and of both potatoes and other roots one-fifth. The proportion of apples was one-quarter.

In livestock the area carried in 1940 one-twelfth of the sheep, one-sixteenth of the cattle, one-seventeenth of the hens and chickens and one-twenty-ninth of the hogs on the farms of the country.

For some other important comparisons values must be resorted to. In 1940 the area was credited with one-sixteenth of the dairy products of the Dominion by value, one-twelfth of the fruits and vegetables and one-quarter of the value of fur farming products. This brief resumé does not pretend to be all inclusive, but it covers some of the products important in the area. It indicates that the area has developed a considerable amount of specialization in farming, that it produces more than it uses of some goods and less than it uses of others. Interprovincial trade has become important in many farm products.

The picture of the three provinces taken together is too general perhaps to apply to any one of them. Yet within the provinces themselves the variation is so great that county divisions must be considered. The specialization that has recently developed has really taken place in comparatively few spots within the area. Interprovincial trade is important as previously pointed out, but more important than this perhaps is the trade within the provinces. This may be examined by the use of county census figures for the area.

There are many ways in which county comparisons may be made. The general method is to consider returns per farm. That may be fine for some purposes. It has, however, one objection which is that using the farm as the unit generally results in considering all farms as one family farm. Many farms are supporting more than one family or at least are supposed to. Again returns per farm

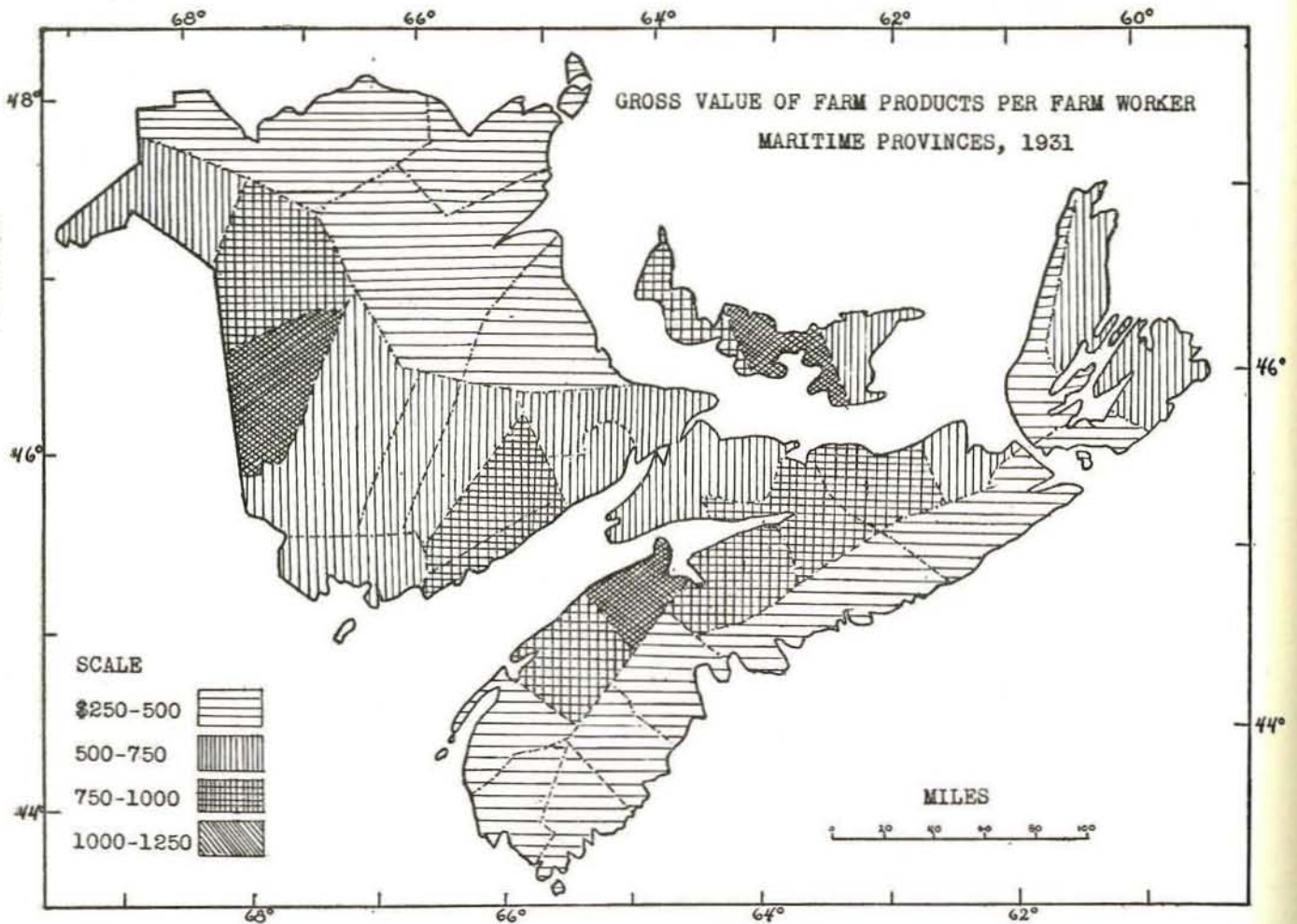
do not consider the number of workers per family. In this case the number of permanent male workers in farming has been compared with the gross value of farm products in 1930, the last year for which figures are available. This shows the estimated value of the output per man by counties. It should be a fair indicator of the efficiency with which farming is carried on in the different areas.

COMPARISON BY COUNTIES

The map, on the next page, showing the county sub-division of the Maritime Provinces, reveals by the shading the gross value of farm products in 1930 per worker in agriculture. The heavier shaded portions are the counties with the most valuable output per worker. Four classes are shown, the highest coming between \$1,000 and \$1,250 and the lowest from \$250 to \$500.

The county comparison is a remarkable revelation. The first impression probable to those acquainted with the area might be that the counties showing the most value produced per man are those counties which are noted for specialization. This is apparent in considering King's County, Nova Scotia and Carleton, New Brunswick. In Queens, Prince Edward Island, which also comes in this class this explanation is not so easy from the point of view of specialization. We may defer a county comparison for the Island for a moment.

The map indicates that the high output per worker occurs where farming is more specialized. This would not have surprised Adam Smith or any other economist since his time. The difficulty already referred to shows plainly that specialization is only one of possibly many factors. Differences in the area of improved land per worker is another important factor, shown in the following table.



OUTPUT PER MAN

The map and the table taken together make it clear that those counties which cultivate the most intensively also work

potatoes might amount to reasonable employment and income. Yet the counties where this was true, are precisely those where the valuable crops per acre were

OUTPUT PER MAN

Value of Products Per Worker	No. of Counties	No. of Workers	Acres Improved Land	Acres of Improved Land Per Worker
From \$1,000 - \$1,250	3	14,474	632,061	44
750 - 1,000	7	24,033	830,548	35
500 - 750	12	35,531	958,824	27
250 - 500	13	42,610	506,199	12

the most acres per man. This has also been found in more specific studies of smaller areas.¹ There are no doubt many reasons why this occurs which we need not discuss here. The result was that in 1930 well over one-third of the workers in the farming business produced a gross product valued at less than \$500 and averaged the cultivation of 12 acres of improved land. That area of orchard or

not produced. On the other hand, in the three counties where the output per man was more valuable, the acres cultivated per worker were 44, almost four times as much.

It must be stated that the transient labour employed is not shown in this table. Neither has the extra cost of fertilizer, feed and seeds been taken into account. Even when this has been allowed for, the variation is still wide.

If more uniformity in income is re-

(1) Cumberland County Survey. Nova Scotia Department of Agriculture. October, 1941.

quired, then, the small areas must carry on more intensively or enlarge their operations. Extensive methods on small areas cannot avoid inequality of income as compared with larger areas practising

more intensive methods. Any general rise of prices will increase the variations in output and income as it has been expressed in these terms, "Them as has gets."

Nova Scotia Apple Marketing Situation

By A. E. RICHARDS

WHEN war broke out an abundant crop of apples was hanging on the trees in the Annapolis Valley. Under ordinary circumstances 85 per cent of the packed crop would be exported overseas, most of it going to the United Kingdom. Early in September 1939, it was learned that as a result of priority cargoes very little if any space would be available for Nova Scotia apples. Approximately one and one-half million barrels of apples which had cost the orchardist an equal amount in dollars to grow seemed destined to rot on the ground. The prospect was even darker than that for the 2,500 growers and their families had counted on the sale of the crop to help pay their debts and buy their groceries. The Nova Scotia apple industry was the first Canadian major war casualty.

By virtue of the powers conferred under the War Measures Act, the Minister of Agriculture was authorized to take action to meet the emergency. The Minister could not deal with individuals or with separate shipping houses. That would be an impossible administrative task. Following the principle of local control and by the elective ballot of all the apple growers, the Nova Scotia Apple Marketing Board was set up to enter into an agreement with the Dominion Government and act as a central selling agency for the entire crop.

Under government guarantee the grow-

ers received approximately 75 per cent of their pre-war returns for the 1939 crop. The processing plants in pre-war years had handled an average of 400,000 barrels of apples per season. Through plant expansion, double shift and top-speed operation by March 31, 1940, 1,500,000 barrels of fresh apples were evaporated, canned or turned into apple juice and other apple products and their food value conserved.

THE 1940 CROP

In order that growers might use the document as a basis for financing the production of their crop the government concluded an agreement for the marketing of the 1940 crop in April of that year. Under the plan growers were guaranteed 80 per cent of the 3-year (1936-37-38) average net return for the higher grades and sizes of selected varieties which were considered desirable for export. Marketing limitations were applied in order to discourage the production of odd varieties, low grades and small sizes.

Financial position of the grower. In an attempt to determine the relative financial position of growers in the Annapolis Valley during recent years, the Economics Division, Dominion Department of Agriculture, examined and analysed the individual orchard accounts of 55 representative growers for the period 1937-40. The average standing as at December 31 after credit had been allowed for the sale of the entire crop was a debit balance of \$179 in 1936, a credit balance of \$2 in

EDITOR'S NOTE: Dr. A. E. Richards is Economist with the Department of Agriculture in Ottawa. He has given special attention to the problems of the Canadian apple industry and has previously contributed an article on the subject in PUBLIC AFFAIRS of August, 1940, Vol. IV, No. 1.

1937 and \$654 in 1938, a debit balance of \$298 in 1939 and of \$783 in 1940. In making this comparison, it should be pointed out that the average purchases of supplies and cash advances were only \$2,190 in 1940 as compared with \$3,628 in 1939 and \$3,700 in 1938. That is in 1940, growers reduced their expenditures very substantially and dealers were much stricter in their credit policies.

The financial position of the growers in the Annapolis Valley is also reflected in their ability to support community service. School teachers in the apple districts reported difficulty in collecting their current salaries due to unpaid taxes. Arrears of municipal taxes in Kings County were \$139,244 at December 31, 1940, as compared with \$124,174 at the same date in 1939 and were nearly 19 per cent greater than the current levy.

Credit requirements. Loans for agricultural purposes make up about 40 per cent of the total loans made by the chartered banks operating in the Annapolis Valley. During the three years 1937-39 the estimated bank loans for agricultural purposes in the Annapolis Valley averaged about \$1,603,500 per month. Of this amount 82 per cent was made through apple shippers.

Relative expenses of production. The prices of materials entering into the cost of producing apples in the Annapolis Valley had increased by almost 10 per cent in 1940 over those of the previous year. Sharp reductions in the amount of fertilizer and spray materials purchased were reported as general. The patrons of one company from which information was obtained reduced their purchases of fertilizer by 25 per cent and of spray material by over 40 per cent in 1940 as compared with 1939.

THE 1941 CROP

The experience gained in two years of operations enabled a more simplified plan to be worked out for the 1941 crop. Under the terms of the 1941-42 agreement the Dominion Government has agreed to assist the Nova Scotia growers in the marketing of a

maximum quantity of 1,500,000 barrels of apples. This in effect underwrote the total fresh fruit pack of varieties, grades and sizes considered desirable for export and domestic sale. Under the terms of the agreement an average price of \$2.35 per barrel is guaranteed f.o.b. the warehouse for apples sold for fresh consumption from a scheduled list of varieties. That is, if the average price realized for fresh apple sales was \$2.10 per barrel the government would make up the difference, or 25 cents per barrel. The grower does not receive this full amount as packing charges and cost of the barrel, amounting to approximately 75 cents has to be deducted. For schedule apples delivered to the processing plants the Dominion guarantees an average price of \$2.00 per barrel f.o.b. the warehouse. In order to safeguard the grower against the recurrence of a calamity from wind or weather such as he experienced in the 1940 season the government guarantees a return of \$1.30 per barrel for any quantity by which the total of schedule apples sold for fresh consumption or processing may be less than 1,250,000 barrels. This clause was inserted in order to guarantee the minimum maintenance considered necessary to protect the orchard industry. Deficiency payments by the Dominion Government under this clause are expected to approach \$500,000.

According to the records of the Marketing Board, there are 214 varieties of apples grown in the Annapolis Valley. From these a total of 1,701,388 barrels were sold through the Board in the 1939-40 crop season. Of this quantity 1,671,927 barrels or 98.3 per cent were the production of 39 varieties, 19,884 barrels or 1.2 per cent were the production of 19 varieties and 9,579 barrels or approximately one-half of one per cent of the total were produced from 156 varieties. The latter are classed as odd varieties. The record showed that for 156 varieties production for any single variety was under 400 barrels and the average for all was 61 barrels per variety. From 84 of these odd varieties total deliveries amounted to 683 barrels or an average

production of less than 8 barrels per variety. As far as could be judged these odd varieties were well dispersed throughout the Valley. While some have brought quite high prices on the markets in pre-war days, they have always been a nuisance and have added disproportionately to the cost of marketing the entire crop.

A tree census by the Nova Scotia Department of Agriculture shows that out of a total of $1\frac{1}{2}$ million apple trees in the Annapolis Valley, 142,000 or 9 per cent are over 50 years of age and are showing a decline in production. Most trees of this age are liabilities.

It was the view of the growers and the Department in 1939, 1940 and when the agreement for the 1941 crop was prepared in the spring of 1941 that this was the time, when apples were practically worthless without government assistance, to "clean house." The granting of aid from the war appropriations fund to the industry was made contingent on some definite steps being taken to reorganize the industry on a more economic basis by the elimination of aged unproductive trees and certain odd varieties.

Definite steps were taken. In 1939 and 1940 with assistance from the Nova Scotia Government over 50,000 trees of the aged and unwanted variety class were eliminated. The variety committee of the Nova Scotia Fruit Growers' Association and the Marketing Board proposed a schedule of varieties which would receive protection under the government guarantee. The schedule included 41 varieties, 16 of which were acceptable up to 60 per cent of their 1939 production. The Dominion Government accepted the schedule as submitted.

These arrangements were made in April 1941 in order that the growers might be guided in their seasonal cultural practices. At that time an abundant crop was in prospect and a large surplus was expected. The outlook was obscure until early in September when the situation presented an entirely different picture.

Carry-over stocks of evaporated apples

from the 1939 and 1940 crop which appeared high in the spring had almost disappeared by September and the stocks of canned apples were dwindling. Unfavourable weather conditions reduced the estimated crop of 1,623,000 barrels to approximately 1,000,000 barrels. The British Ministry of Food placed an order through the Agricultural Supplies Board for the equivalent of 1,000,000 barrels of evaporated apples, and 160,000 barrels of fresh Nova Scotia apples. It was evident then that if these orders were filled, instead of a surplus there would be an actual shortage of fresh apples for disposal in Canada. Due to unfavourable weather the estimated total Canadian crop has been reduced from 15 million bushels to 10 million bushels. This unpredicted short supply and a strong demand due to increased business activity enhanced prices. Under such conditions the odd varieties have commanded a price far beyond any expected war-time surplus value.

The war is not yet over. Another year the situation may be reversed with a large crop and exports to the United Kingdom reduced. The industry must decide whether it will hold to its course and make a real job of "cleaning house" or be swerved from that course by what is probably a temporary and unusual situation.

Due to loss of export markets, Australia, New Zealand and the United States apple producers are confronted with problems similar to those of the Nova Scotia growers. In the State of Washington a grower-owned and controlled fruit clearing house has been organized. The purpose of the clearing house is to give the growers a larger measure of centralized control in the sale and orderly marketing of their product.

The administrative task of the Marketing Boards in Australia and New Zealand which were set up to acquire and market the entire crop has not been easy due to the opposition of minority groups. The opponents of the scheme believe that the control exercised by the Marketing Boards is an infringement of their personal

liberties and, therefore, should not be tolerated.

In defence of the scheme for controlled marketing, the Assistant Minister of Commerce for Australia stated, "The choice of the Government was between taking control or permitting chaos. We have chosen the more difficult path of control. In such an undertaking it is not possible to please all. Nevertheless, in the circumstances which war has created, it is our view that, whatever advantages and disadvantages accrue from the present situation, they shall be equitably spread over the entire industry and shared by all." . . . "It could not be expected, however, that growers could obtain the pre-war standards."

In each country the depressed condition of the industry has prompted action towards reorganization on a sounder, long range basis. Unwanted varieties are being eliminated and uneconomic orchard land taken out of production. In the North Central Section of the State of Washington under a reconstruction programme 25 per cent of the apple trees have been "pushed over" and eliminated. Much of the land which was planted in the over-optimistic days and has since proven unsuited to apple growing, is being shifted into more adaptable crops and to other uses. Combined with this rehabilitation plan is a debt adjustment and crop financing programme for orchard land with productive possibilities.

The Marketing Board in Nova Scotia is charged with the responsibility of pooling returns from the whole crop and making an equitable distribution to growers. The returns made to growers are based on the pre-war differentials

among varieties. In order to discourage the perpetuation of the unwanted, odd varieties which make up one-half of one per cent of total production the industry decided to discount settlement below pre-war returns. To insure a higher quality of apples being packed for fresh consumption, grading and size differentials were stiffened and colour requirements were raised. In carrying out its authority based on these guiding principles the Nova Scotia Fruit Growers' Association, through the Apple Marketing Board, which represents the industry, is taking a long time view of the problem. In correcting the faults of the industry it is desired that no individual should be seriously injured. The production of any one of the 156 odd varieties is approximately 1/50 of one per cent of total production and to the best of the Variety Committee's knowledge is a small proportion of the production of any individual grower.

Some growers do not view the situation in this way. Under what may be temporarily cleared skies they would like complete freedom of individual action.

The accomplishments of this period doubtless will develop an opinion within the industry as to the continuance or discontinuance of the regulatory features accompanying government assistance. That decision is for the future and will rest with the growers. But while the country is at war, reverses must be expected until the battle is won. If reverses come, further help may be needed. The industry has made an excellent start in "cleaning house." Will it now stop half-way or will it finish the job?

Towards a Rural Culture

By GEORGE BOYLE

IT has become almost a habit in late years to recite the record of our failures in land settlement, look wise, and then consider the matter closed. This is all very pleasant. Unfortunately, the malice of our social problem does not guarantee that such a comatose abdication can be prolonged to any really restful degree of serenity.

The problem is not mainly one of land settlement. The problem is mainly one of rural rehabilitation, of revitalizing existing rural communities whereupon settlement, at least of farmers' sons, would come easier. It seems to me that this implies above all the creation of a spirit for rural life, like an army creates a morale prior to being able to do anything. Hind-sight gives an advantage in discerning the reasons of failure in the spurts of homesteading we took in the past. This lack of morale is one of them.

Jack Canuck gave soldiers 25-year loans at 5 per cent in 1919 to homestead and then turned on all the sirens of urbanization. It was a financial gesture without the morale and psychological support that it should have had. It cost \$108,000,000 in capital advances. With interest and running costs the bill came to \$193,000,000. (O. C. White, Soldiers' Settlement Board, in a paper to the C. S. T. A., Feb. 1941.) Of this \$62,000,000 has been paid back and another \$30,000,000 is deemed recoverable. Of the 25,000 settlers, a little over one-third have stuck to it.

Viewed at short range this looks unfavorable for land settlement, and it has been so interpreted. But it is not always clear that the interpreters examine the other horn of the dilemma. Let us look at this horn—industrial unemployment—and see what it cost us. From 1929 to '37 Canada spent \$700,000,000 on direct

relief for which nothing at all was produced. To that extent we paid people for the idleness and unproductiveness into which our mass production system had seduced them. For this amount there was not one homestead created, not one furrow turned, not one turnip grown, not one child who learned the magic of tending a new born lamb. Nor is that all the bill. Canada spent, in the same period, \$1,300,000,000 on relief work, on what may be termed made work, a great deal of which was *non-essential* and almost all of which has little or no livelihood value.

A home is an *essential*. It is the foundation cell of a nation. The best place for a home is on the land in the experience of history, in the desire of a goodly number of people. We owe it to our folk, as a patriotic duty, to deliver as many of them as possible from becoming merely "bed-occupiers in a sea of tenement houses."

A letter from a soldier in the English army recently appeared in a New York labor paper. It said the English working class this summer were better fed than they had been in all their lives, in spite of blockade. The government had required each family, when at all feasible, to work a small allotment of land. (It rather suggests that at least the malnutrition problem might be easily solved if there was the vigor to deal with it.)

Still on financial grounds—it may be asked could some of the more than two billion spent on relief have been more providently spent on evoking an agrarian spirit and its practical issue—homesteads—in this Dominion? Canada and her leaders can not be specially singled out for reproach in this matter. The procedure has been common to the democracies. The agrarian problem in England is of 150 years standing and we come honestly by many of our own mistakes. Lord Northbourne, the English farmer, has again exposed in his book, *Look to*

EDITOR'S NOTE: George Boyle is editor of the *Maritime Cooperator* in Antigonish, N. S. His recent book *Democracy's Second Chance* is reviewed in the Bookshelf of this issue.

the Land, the folly of preferring financial wealth to biological wealth, the real wealth—family, race, healthy humans, and the great organic resources, chiefly soil fertility and its issue. Ruskin had done the same long before him and was unheeded.

Throughout North America vast sums for relief were spent on public works, buildings, parks, monuments, etc. Most of this is property that does not give employment or livelihood after being built and is also under the law of depreciation. It begins to depreciate in value from the date of its origin. Land, on the other hand, when rightly used is under the law of increase and produces wealth year by year. This is what makes the farm superior to all forms of property. The soil is the medium of the organic powers, provides life employment to those chosen to bear the burden and the glory of perpetuating the race. Here are the roots of the nation—if we are to be concerned with building a nation in English-Speaking Canada, which is not discernible in a tradition that relies on trading soil fertility in world markets and fosters commercial agriculture which becomes ultimately depletive of both organic and human resources. The stuff, of which nations are built is not necessarily what makes good percentages for brokerage houses. Is it not a rural philosophy that we lack?

As between spending money to build buildings which fall down, and homesteads that should build soil and race the latter should seem to be the better of the bargain. Some of the relief in the past has had to go to rural areas, it is true. That only shows the advanced stage of our decline. I am not arguing for the rural status quo. Through commercialism our people have been trained to the non-use of materials of living all around them. The poor, it is said in effect and so enacted, should not engage in the making of things on their own farmsteads. They should be made ashamed of these things, in the designs of the mass-producers, and confine themselves to the narrow formats of what the style and the vogue dictates.

Apparently, government, religion, and education have been as if powerless against this tide.

One of the pre-conditions for the re-establishment of rural life is the revival of the homestead arts and crafts, including handicraft. Homestead arts and crafts is a vast field. There are some crafts obsolete. But there is a large field of crafts not nearly so obsolete as the people occupying the trade field with rival products would have you believe. Borsodi's School of Living is demonstrating, it would seem, that there is a considerable field of production that should never have been removed from the rural family household, *upon the cold calculations of economics alone* and disregarding the still more important cultural elan that springs from the making of things with sensitive regard for beauty, good form and taste as well as utility. Was it not in this that rural culture fell down? Take creative work away from a people and you take the heart out of them. The *habitant* stays on the land better because his mother culture has given him a sense of art, of local art, an interpretation of the local environment. The statue you see on his mantelpiece is a wood-carving of local men tapping a maple, or at work in the woods with the cross-cut saw, etc. The rug on the floor reproduces the field below the barn. Art has come to the cottage, self-respect and pride of place is not far behind. The environment has plenty of the vigor and splendour that belongs to art, many facets of originality to which is added the artist's vision—for artists are supplying models for use of the people in Quebec, the more so since the inauguration of the government sponsored craft and art revival in 1933.

Such a regional art revival is an important base of rural living and cannot be divorced from successful land settlement. It tends to create pride of place and soon permits people to provision themselves from their own acres with spirit and self-respect. Otherwise the commercial type of agriculture takes hold and the farmer is caught up in an effort to graft a town standard of living

onto a rural base. The experience of the past does not indicate that this is a type of rural life worth fostering.

An authority on rural crafts in Canada has expressed the opinion that Nova Scotia should spend a minimum of \$25,000 a year to initiate a home craft revival on a scale sufficiently impressive to make it a success. There is some good work now being done. More power to it! We should beware of the error of trying to do it on a small scale for it may then tend to lag and become discredited. The commercial angle should not be emphasized. It should be carried on as a preliminary to having farm families provision themselves as much as possible from their own surroundings.

There are some other features of Quebec's land settlement system which are radical departures from the methods followed in the past in the rest of Canada. If you ask settlers who failed under our long-term loan plans why they gave up, the majority will reply that it was the loan with its five per cent interest and the remoteness of acquiring full ownership. By the time twenty-five years has passed the settler has lost his enthusiasm and a powerful psychological force is operating against him. It's too long a time to wait for ownership.

Quebec has introduced the quick-ownership psychology through a system of bonuses and land premiums. If a settler—even those taken from relief rolls—qualifies he can become full owner of a going homestead in five years. He then has a life time of self-employment before him on a farm fully his own, as a settler in the Abitibi region told the writer this summer. This is perhaps the most important evolution in land settlements in recent years. Long-term loans can be had in Quebec but they are not advised and one gathers that they are re-

served for special circumstances, or for those who rush in where angels fear to tread. Farming has all the risks proper to the biological world and to hitch onto it a financial certainty which is what the mortgage company wants is to put a noose around the operator's neck.

More important still, perhaps, is the reward in relation to effort which the premium-for-improvement idea utilizes. Under the long term loan plan a settler could get a large loan and spend it foolishly and do little work; he could and often did load himself down with uneconomic machinery, no humane protection being given him against the liquidating devices of commercialism. Quebec of course, has much good crown land and we cannot make strict comparisons with, for example, Nova Scotia. Under the premium system the man who will not make a farmer is soon weeded out at small cost. It seems to be a good combination of psychology and the modest financial means.

There are three other plans in operation in Quebec. Two are of particular interest the the Nova Scotian: the father-to-son plan pays \$100 a year for three years to settle a son on a farm of his own; the abandoned farm plan pays \$100 a year for three years to the owner of an abandoned farm on the account of a settler who can meet the qualifications of the settlement authority. These are not loans.

But the finance of an agrarian establishment can hardly be called the more important part. In Quebec one feels the swell of a philosophy of life vitalized by moral and intellectual leaders and at some enmity with the merely material and mechanistic civilization. With this rural revival comes a little easier; without this any plan no matter how well carried out technically would likely fail.

Public Welfare Reorganization in Canada I.

By HARRY M. CASSIDY

CANADA does not have a modern, efficient system of public welfare. In spite of considerable progress during the depression decade of the 1930's the Canadian services are weak and backward by contrast with those of Great Britain and the United States. In general, but with honourable exceptions, they are poorly organized, their administrative performance is mediocre, their personnel is weak, and they lack life and vitality.

The scope of the public welfare services is so broad as to make their inefficiency a matter of very serious public concern. In the latter years of the depression period they cost the taxpayers of the country about \$250,000,000 annually. This represented one-quarter of the total cost of government in Canada, or about five per cent of the total national income in such a year as 1937. There has been, of course, a great decline in public welfare costs since the beginning of the war, mainly on account of the curtailment of unemployment relief, but public welfare remains the most costly non-defense branch of government service.

The welfare services include all forms of relief or assistance to the needy (unemployment and poor relief, old age, blind, and mothers' pensions, war veterans' aid, medical care and hospitalization, etc.), child welfare services, mental hospitals and other mental hygiene services, and jails, penitentiaries and other delinquency services. Public dependents, supported wholly or in part by these services out of tax funds, numbered about 1,500,000 on the average during 1937, 1938, and 1939. In the first part of 1941, although relief for employable persons had virtually disappeared, there remained about half the depression load of dependency, consisting mainly of old age

pensioners, widows with dependent children, delinquents, institutional inmates, and other unemployable groups. It is apparent that even in a war-time period of full employment and withdrawal of men for military service the country has heavy welfare obligations.

In the midst of a terrific war problems of social welfare may not seem to be of great importance—although their relation to morale and to the total mobilization of a nation's war effort is far greater than is commonly recognized. But there can be no question about their paramount significance in the period of post-war reconstruction. For then there may be expected mass unemployment and agricultural depression, with their attendant problems of human need. Canada will be in no position to meet these problems which may well place a strain upon the Canadian social structure no less severe than that of war, unless it has a well-developed system of welfare services. Already, in the early 1930's, the country has had the experience of facing unprepared a serious unemployment relief crisis. Emergency measures to deal with this situation, while they prevented outright starvation, were so unsatisfactory that the relief problem played a major part in the constitutional crisis that led in 1937 to the appointment of the Rowell-Sirois Commission. With so much at stake, even to the continued existence of the Canadian federation, it is surely the part of wisdom for Canadians to give some thought to the prevention of post-war chaos on the social front.

I believe that an important contribution towards post-war social stability can be made in the field of the welfare services and that this is not at all incompatible with an all-out war effort. This contribution consists of the thoroughgoing overhaul and reorganization of the provincial and local welfare services. The provincial governments can undertake

EDITOR'S NOTE: H. M. Cassidy, Ph.D., a native of British Columbia, is Professor of Social Welfare and Chairman, Department of Social Welfare of the University of California. From 1934 to 1939 he was Director of Social Welfare for the Province of British Columbia.

this task during the war without increasing appropriations and with or without the assistance of the Dominion. They are, indeed, in an unusually free position to turn to problems of administrative reform, for their activities are considerably curtailed at present on account of the centralization of political action incidental to the war. In the absence of reorganization, from top to bottom, the provincial and local welfare services cannot possibly assume with success the post-war obligations that are virtually certain to be thrust upon them. Therefore reorganization is the foremost problem of public welfare in Canada at the present time.

Principles of reorganization will be set forth in this and in a succeeding article. These proposals are based upon successful experience in the welfare field in various parts of Canada, in Great Britain, and in the United States, and also upon my own experience for nearly five years in developing and reorganizing the welfare services of one province, British Columbia.¹ It was my reluctant conclusion, as I left British Columbia at the beginning of 1939, that the province never would have an efficient and reasonably satisfactory program unless over-all reorganization of the whole system was undertaken. I believe that this holds true also of most of the other provinces.

Discussion in these articles will be limited to reorganization on the provincial and municipal levels of government. The reason is that the operation of the welfare services (although not their financing during the period of Dominion grants for unemployment relief) has been carried on mainly by the provinces and municipalities and that this will probably continue. During the 1930's there was much agitation for the transfer of social welfare obligations, both administrative and financial, from the provinces to the Dominion Government. The claim for transfer

of administrative responsibilities was not supported by two important commissions of inquiry that considered the question, the National Employment Commission and the Rowell-Sirois Commission, except in the case of unemployment relief. As it turned out the Dominion did not go so far in assuming further obligations as its advisors recommended. It seems fairly clear that the provinces and municipalities must expect to continue in the welfare business on a large scale, and that no argument about Ottawa being responsible should deter them from badly needed housecleaning, as it did in some measure during the depression decade. The Rowell-Sirois Commission, while it did not offer specific recommendations on this point (which was beyond its jurisdiction), recognized the serious weaknesses of the provincial and local welfare services, and urged the provinces to put them in order.

The organizational and administrative defects of the welfare system will only be outlined here. These have been discussed in some detail, although nowhere at all adequately, in various official reports and private publications.² The defects are of two main types, as follows:

1. *Unsatisfactory provincial-municipal relations*
 - a. Operating functions are in many provinces badly distributed between the provincial governments and municipalities, with the local authorities doing jobs, such as juvenile probation work and medical care, which the provinces might do better.
 - b. Financial arrangements are typically unsatisfactory, with uneven obligations upon the municipalities such that the poorer communities are likely to be over-burdened by welfare charges.
 - c. The great majority of the 3600 municipalities in Canada are far too small in population to constitute satisfactory units of welfare administration.

(2) *Vide* particularly *Report of the Royal Commission on Dominion-Provincial Relations* (1940) and special studies by the staff of the Commission, notably *Public Assistance and Social Insurance*, and *Public Health*, by A. E. Grauer; *Report of the Royal Commission on Penitentiaries* (1938); *Final Report of the National Employment Commission* (1938); L. C. Marsh et al *Health and Unemployment* (1938); *Canada's Unemployment Problems* (ed. Richter), 1939; Margaret K. Strong, *Public Welfare Administration in Canada* (1930); and, by the writer, *Unemployment and Relief in Ontario, 1929-1932* (1932); "Public Welfare Organization in Canada," *Social Service Review*, Dec., 1938, and "Reconditioning the Social Services," three articles in *The Financial Post*, Toronto, Oct. 18 and 25, and Nov. 1, 1941.

(1) As Director of Social Welfare for the provincial government, which involved jurisdiction over the major health and welfare services operated by the Province, apart from unemployment relief.

- d. There is a serious lack of coordination between provincially and municipally operated services and between those of the various local authorities throughout the country, which generates waste, inefficiency, and injustice, notably in the case of "transients" or "non-residents."
 - e. Provincial regulation and supervision is very slight, so that standards of service vary greatly from one community to another.
2. *Poor administrative machinery*
- a. The closely related welfare services are not properly integrated in provincial departments, usually being scattered among three or more departments of government.
 - b. Within the government departments concerned with public welfare there is typically poor internal organization, the various bureaus and divisions often being semi-autonomous and uncoordinated with related agencies in the same department.
 - c. Municipal administrative machinery, except in a few cities, is poorly developed
 - d. In no province is there a settled policy of recruiting and developing professionally trained staff and of making appointments on a merit basis, so that properly trained and qualified personnel fill only a small proportion of the provincial and local public welfare jobs in Canada.

To state categorically these organizational and administrative weaknesses of the Canadian public welfare system is to explain the generally low quality of service which it offers to clients and the inadequate return it gives to the taxpayers for the millions that they lavish upon it. There are good officials in the employ of Canadian public welfare agencies and there are good provincial bureaus and local departments. But no single agency and no single person, no matter how competent and conscientious, can possibly render satisfactory service when the broad administrative setting within which operations must be conducted is so unsatisfactory as it is typically in the Canadian provinces.

In every province the first step to be taken to remedy the situation should be a thorough survey of the welfare system, as the Rowell-Sirois Commission proposed.³ This would provide the

(3) It is a commentary upon the general lack of interest in a broad approach to organization and administration that only in two provinces, Ontario and Quebec, were there official surveys of the welfare services during the 1930's. In consequence there is a great lack of published information regarding public welfare administration throughout the country.

factual basis indispensable for a reorganization plan suitable for each province. These plans would no doubt vary considerably from province to province on account of the peculiarities, historical, economic, sociological, and administrative, of each situation. No standard scheme can be constructed that will be suitable for all the provinces. But experience in Canada, in Great Britain, and in the United States shows pretty clearly certain broad lines of policy that should be followed. These will be outlined below and in a succeeding article in the form of six principles.

1. *Operating functions should be redistributed between the provincial governments and the municipalities in accordance with their respective administrative and financial capacities.*

This proposal brings immediately to the fore the question as to why there should be any municipal administration of welfare services whatsoever. Since the days of complete local responsibility for all forms of relief to the poor there has been a progressive transfer of functions to the provincial governments, including the care of delinquents and mental patients, relief to the aged and widows with children, and some forms of relief to the unemployed. Why should there not be a clean sweep, with complete departure from the old poor law principle of local responsibility?

Provincial operation of all welfare services would undoubtedly offer some important advantages. It would ensure substantial uniformity of policy and procedure in all parts of a province. It would permit the organization of local district offices without reference to municipal boundaries that are often irrelevant for welfare administration. It would make unnecessary the complex supervisory and financial relationships that are required for a good local system under provincial control. It would do away with the need for local residence rules and the problem of the persons with provincial but without local residence. It would give the welfare system one set of political masters in each community,

the provincial legislature, rather than two, as under a provincial-local system, the legislature and the municipal council. It would lessen the possibility of quarrels and non-cooperation between provincial and local officials, political and administrative. In a word, it would make possible a relatively simple administrative structure, promising economical and uniform operation of the welfare services.

On the other hand, there are substantial arguments for local administration of a portion of the welfare system under provincial standards and supervision. The existing pattern of organization for a large part of the welfare field is fitted to the municipal system, and to tear up this pattern completely might involve a lot of rebuilding that is unnecessary. Coordination of welfare with related functions of local government, such as public health, education, housing, and public works, may be obtained more easily if all of these branches are subject to the orders of the same municipal council. Local administration permits and encourages some variation in policies and procedures from place to place, so that these can most easily be adapted to differing circumstances. Decentralized administration permits the making of decisions locally without the bureaucratic delays so frequently associated with remote control. Apart from these technical considerations there is a substantial body of public opinion, and some expert opinion, which sees important democratic values in local administration. This point of view is based in part on the conviction that locally administered services are more likely than provincial services to obtain cooperation, assistance, and support from individual citizens, and in part on the conviction that local government must be strengthened, not weakened, if the democratic system is to survive.

These arguments on either side, and others that might be offered, will deserve different weight in different provinces, depending upon the circumstances. In Prince Edward Island, for example, with its limited area and small population,

the case for provincial operation of all services is strong. In Saskatchewan, so long as there are great uncertainties about the financial stability of many municipalities, a strong case for it can also be made. But in most of the provinces I believe that the argument for local operation of the basic public assistance services is the better, provided that this is accompanied by provincial standards, supervision, and financial aid in the manner suggested in the next article. Through this joint provincial-local approach much may be done to gain the advantages of both the provincial and the local systems.

Clearly general assistance, or poor relief, is the service most suitable for local operation. If local standards of administration for this service are built up sufficiently, there will be a good case for transferring to the municipal welfare departments responsibility for operating the mothers' allowances and old age pension schemes now handled by the provinces. For this will bring about integration, on the operating level, of all the public assistance services under provincial-local auspices. This is the logical, if not the necessary, sequel to a decision to have general relief handled by the local authorities. On the other hand, there is in most of the provinces a good case for transferring to the provinces such specialized services as medical care and probation,⁴ which only a few local authorities are large enough to operate efficiently.

2. *The provinces should delegate administrative responsibilities only to local units that are suitable, in population, in area, and in other characteristics, for the efficient performance of operating functions.*

Application of this principle would limit greatly the number of local welfare units in every province. If the local authorities are to administer all forms of public assistance (general relief, mothers' allowances, and old age pensions) it is possible that units with a population

(4) A provincial juvenile court and probation system for British Columbia was proposed by the Advisory Committee on Juvenile Delinquency appointed by the provincial government in 1936. Ontario has seen the need for a provincial system of medical care for unemployment relief recipients.

as small as 5,000 may be permissible. If, on the other hand, they are to handle only general relief it is very doubtful whether any smaller than 10,000 in population should be permitted. For otherwise case loads would be too small to permit the employment of professionally qualified social workers on a full-time basis and to justify the establishment of a properly equipped local office. Smaller communities might be authorized by law to join voluntarily with others to form welfare districts having a population in excess of the minimum to be permitted. Where such arrangements were not worked out, it would be appropriate for the provincial welfare department to perform administrative functions, at the same time charging against the local authorities the same share of costs as if they were running their own services. This latter policy would be necessary to prevent small municipalities from gaining a financial advantage over larger places.

It may also be desirable to make provision for metropolitan welfare districts to serve the urban areas clustered about the larger cities.

Significant precedents for both of these proposals may be found in the public health field. In Quebec, Nova Scotia and other provinces rural health units have been established to serve the citizens of several municipalities; while since 1936 the Vancouver Metropolitan Health Board has served the city of Vancouver and a number of its satellite communities.

In the next article four additional principles of reorganization will be proposed. These deal with equitable adjustment of provincial-municipal financial responsibilities, revision of provincial administrative machinery the setting of standards and the supervision of local agencies by the provincial governments, and the modernizing of the local welfare departments.

A Focus for Urban Planning

By MELVILLE C. BRANCH, JR.

IT was not so many years ago that the term planning was none too well received in the parlors of public opinion. Some were convinced that this planning implied autocratic controls incompatible with our tradition of rugged individualism. Some were so content with their own lot that they forgot to look beyond their own particular lot lines. Although few understood what planning actually meant, almost all joined in slamming the door of disapproval in the face of this suspicious stranger.

To-day, we find a different picture. There is now almost a quizzical smile of welcome as the idea of planning for our cities and towns is introduced. This

pendulum swing has resulted from two developments—the accumulation and aggravation of serious problems of a planning nature within North American cities and towns, and the disruption of communities by the gargantuan defence expansion now under way.

We are fast becoming aware of the serious problems of our cities, and are finding ourselves face to face with urban difficulties which cannot be ignored or continually postponed. We are feeling the effects and the pinch of maladjustments which have been steadily growing worse over a period of years. Our cities are faced with rapidly increasing debt, with transportation confusion and inefficiency, with a serious lack of adequate terminal facilities, overlapping governmental jurisdictions, a municipal tax base badly in need of study and revision,

EDITOR'S NOTE: Melville C. Branch, Jr., Ph.D., is Director of the newly established Bureau of Urban Research at Princeton University. Before going there he was on the research staff of the Natural Resources Planning Board in Washington, where he prepared a comprehensive monograph on *Federal Aids to Local Planning*.

egal limitations on municipal action, serious over-zoning, illogical physical patterns, housing shortages, and a host of other problems. These are difficulties of our existing urban plant, which expanded with haphazard abandon and which has depreciated drastically in efficiency, value and last but not least—livability.

The second impetus to the more cordial reception to-day to the planning idea has been a natural outgrowth of the glaring dislocations caused by defence expansion in North American communities. For many of these localities, the great influx of new industry and people has created a confusion not unlike the most chaotic days of boom-town expansion. Not a few cities have been doubled in size and their problems multiplied many-fold. Other localities are vexed with the implications of a steady industrial shift from peace-time production to the manufacture of war materials. But few localities have possessed any organization for planning with which to meet these difficulties. Municipalities will be placed under further strain if we are to feel the solid impact of military aggression. There is no need of further emphasis, for both the existence and severity of such conditions are well known.

And now we hear the first voices of perhaps a coming chorus for urban planning. City planning commissions, civic groups, regional planning organizations, metropolitan bodies, public works planning councils, are all being recommended, discussed and quite a number organized. Such a gathering momentum is desirable—but only if it moves in a truly constructive direction. Adding agencies will not of itself automatically improve matters. The increasing recognition of the planning process can be another will-of-the-wisp shibboleth — an escape mechanism—or it can be a powerful means of gradually reordering our municipal organization.

Effective planning for our cities and towns is confronted by two fundamental barriers. Unless these are gradually lessened, we can hope for no real improve-

ment. What are these barriers? The first involves knowledge, the second involves the social mechanism through which planning can be accomplished. As in the case of carpenter or mason, we cannot build planning success unless we know our craft and unless we have the necessary tools.

Although we have increased our background of urban knowledge with respect to certain parts of urbanism, relatively little progress has been made in casting light upon the way these different parts relate one to another. The existing situation is analogous to that of a mechanic who has acquired a certain familiarity with different odd parts of an automobile engine, but who has not made sufficient study of how to put the different parts together. Obviously, he cannot do the one thing of prime importance—make the engine run. And the one thing of prime importance we want for our cities, is to make them run—and run well.

There are many practical examples of this hiatus in urban understanding. Traffic congestion, for instance, is obviously far more than a nuisance. Casualty lists, involving in the United States last year over 35,000 killed and 1,320,000 injured, are only part of the costs and repercussions of urban transportation chaos. Special traffic police, patrolmen withdrawn from other activities of the force, uncollectable municipal hospital bills, the increasingly complicated and expensive mechanical paraphernalia of traffic amelioration, represent some of the costs to municipal government and to the taxpayer. Gasoline, increased automobile depreciation and parking represent appreciable direct costs to the city-dweller, for if we assume that traffic congestion causes 20 extra automobile stops and starts each day, then these delays cost the average motorist per year over 10 per cent of his annual gasoline bill—because of the extra fuel required alone. These are but several of the costs of transportation congestion and inefficiency. They represent an all-important relationship between perhaps the two

most important urban factors to-day—physical movement and urban economy. What does this congestion mean in terms of public and private costs? Can we afford such congestion, or will it pay us in the long run to systematically reduce this recognized maladjustment? Do we have adequate informational basis for inaugurating 5, 10 or 20-year comprehensive programs of expenditure and improvement? Who should pay and what proportion? Or are these costs less than we think, in terms of other considerations? Do we at least have sufficient evidence to insist that new urban development does not continue to repeat mistakes of the past? These vital questions involve a relationship which must be considered, if cities and towns are to be able to prepare transportation programs on anything but an insufficient basis almost amounting to guesswork. As yet, it has not been adequately considered.

Cities and towns have long had properties delinquent in taxes. But it is only in comparatively recent years that the significance of this delinquency to local government has been recognized. It has been shown that, at least in many cases, these areas represent an important non-paying segment of the municipal tax base. In addition they tend to encourage or accelerate blight. And yet, it was only within the past year and a half that the Mayor of one of the largest cities in the United States was persuaded of the importance of looking into the question of how many tax delinquent parcels of land existed in this city, where they were located, and what percentage were chronically delinquent. He did not know, and did not want to know—until he was shown the important relationship between this tax delinquency and his budget. Most towns and cities have not yet recognized this interrelationship. Once they do, they will discover that their desire to take constructive action will relate once again to the inadequacy of their legal powers of public land acquisition.

We have yet to show the full implications of overlapping and conflicting gov-

ernmental jurisdictions on numerous urban problems and especially on efforts at improvement. Improvement will come only if we can clarify these relationships as a basis for democratic action, which cannot be forever delayed.

Our second fundamental urban challenge involves the social mechanism through which planning programs are translated into reality. The best laid plans of both mice and men are of naught avail, if they cannot gradually be carried out. There must be tools with which to build, or we can produce only paper plans and paper programs.

The deficiencies of our social mechanism for planning effectuation are so numerous and so glaring that we have good cause for genuine alarm. Not only is it almost impossible to apply simple planning forethought in terms of past experience, but we cannot even plug the loopholes which have appeared in many of the laws and regulations already adopted. We are dealing with no trivial matter, but with the attitudes of the people of our nation and the instrumentalities which they will permit or demand. The entire problem is of such great significance that its implications reach to the very roots of our democratic tradition and are of vital importance to the whole future of our North American "way of life."

Urban planning has long since passed the stage where it involved only superficial physical planning, for it must of necessity include social and economic considerations which are the web and woof of existence. An unenlightened or corrupt local government, an irrational municipal tax base, can represent greater barriers to effective planning than severe physical limitations.

The deficiencies of our social mechanism for planning solutions to reduce urban problems, are so numerous and so varied that outstanding examples can be found here, there and everywhere. At one end of the scale, we find the fundamental question of city powers and their relation to state—in Canada provincial—governments. Cities are creatures of these governments: They exist only in terms of ex-

press permission granted by the legislatures, operate in accordance with powers delegated by these bodies. It is, however, the influence of rural representatives which very often prevails in the legislatures. The balance of control which exists to-day had far more rhyme and reason in the days when the majority of the population lived in rural areas, than to-day when the situation is reversed.

The whole vast problem of the caliber and efficiency of local government is a vital part of this social mechanism for planning. When the modern planning movement in the United States first gathered momentum around 1880, there was greater distrust of the honesty and ability of municipal government than there is now. As a result, planning commissions were set up as semi-autonomous bodies in order to supposedly divorce the planning efforts of the higher brackets of citizenry from the reek and ignorance of City Hall. This type of administrative organization has not worked properly in the larger cities. City-planning commissions can make plans, but they have not been close enough to the economic and social problems of local government to make their plans well—or even workable. Great numbers of such plans have lain unused on dusty shelves of disregarded material, since their completion and presentation to the local government. Planning involves every function of local government. Plans cannot be carried out without local government. In effect, planning is government—if government is to truly represent the people and the community. Whether we like it or not, one of our most basic problems is to improve municipal government. This is our definite responsibility as citizens in a democracy and as individuals believing in the necessity of planning forethought. It is hardly necessary to add that we have not been fulfilling this responsibility, for the weakest link in the chain of government to-day is local government—including cities. It is important to remember, in this connection, that a chain always breaks at its weakest point.

Another basic difficulty is the irrationality of municipal governmental jurisdiction. We are all aware of the absurdity of city limits, when large segments of urban populations have spilled beyond these artificial and meaningless boundaries. But nothing has been accomplished by and large to reconcile this situation and establish a rational relationship between governmental base and urban area.

Specific deficiencies in our social mechanism for planning are numerous. Urban planning and urban government are faced, for instance, with totally inadequate powers of municipal land acquisition. Even our laws for the acquisition by municipalities of land chronically tax delinquent are, in many cases, so filled with loopholes that evasion has been encouraged.

Although we have far to go to achieve the urban understanding needed to-day, we are still technically ahead, in some respects, of what we are able to accomplish through the existing social mechanism. We are being delayed, while our urban problems multiply in number and severity. We cannot afford delay. Either we develop united effort to create locally the tools with which we can gradually effect solutions, or we undoubtedly face increased central control. It is obvious that we are so far behind that this second fundamental barrier is a gargantuan problem. In addition, it involves matters at the very roots of our personalities, as individuals and as citizens of a democratic land—disinterest in local government, failure to assume an individual responsibility for improvement, an unwillingness to balance personal desires with other considerations of equal importance from another point of view, selfishness. These are deep roots indeed, but the planning tree is like Nature's tree. It is nourished and pushed forward by its roots.

Our over-all problem, difficult as it is, is not so much whether we can find the intellectual way, not so much whether real improvement can be made through existing institutions, but whether we have the will to do the job—and do it now.

What Municipalities Are Doing

Contributions from Municipalities to this Column will be most welcome

Course in Municipal Administration

Following the Convention of the Union of Nova Scotia Municipalities there was held in Yarmouth under the auspices of the Institute of Public Affairs at Dalhousie University a course in Municipal Administration. It was attended by forty municipal officers from all parts of the province.

G. S. Mooney, Executive Director of the Canadian Federation of Mayors and Municipalities, Montreal, dealt with standards for comparing the efficiency of municipal administration in various communities. He thought that statistical methods often did not convey the true picture, that the whole economic and social conditions of the community in question had to be considered.

A. M. Butler, C.A., Finance Commissioner for Halifax discussed the possibilities of making work in municipal administration a career as is the case in Great Britain and many parts of the United States. He proposed that courses in Public Administration of the type at present offered at Dalhousie University should be established at Canadian universities and that some minimum standards should be set up for persons going into the municipal service.

A lengthy discussion developed on the topic of medical care for indigent persons. The town of Yarmouth two years ago has appointed a salaried doctor to look after the poor in the community and Dr. J. A. Webster of Yarmouth reported about the very satisfactory results obtained in that way. The legal problems involved—that is the obligations of the Poor Law authorities to provide medical and hospital care — were discussed by Mr. W. E. Moseley, Town Solicitor of Dartmouth.

Professor L. Richter of Dalhousie University explained the effects of the new Unemployment Insurance Act on municipal employees. Finally a number of legal problems, mainly concerned with assessment, taxation and the Poor Law were considered, the discussion being

led by Mr. C. L. Beazley and Mr. W. E. Moseley.

The meetings were presided over by Warden R. A. MacKinnon of Cape Breton County and Mayor E. S. Spinney of Yarmouth.

Municipal Convention

At the annual Convention of the Union of Nova Scotia Municipalities about which a report was published in the last issue of this journal, a number of important resolutions were passed. Some of them which are of general interest may be briefly summarized here.

The Union expressed its desire to aid in the solution of any problems arising out of municipal defaults or delinquencies in respect of provincial obligations. It offered its collaboration to the Department of Municipal Affairs in pursuance of any request for such aid. The President of the Union was authorized to appoint a panel of members of the Union for an examination of such cases whenever the occasion arises.

The government was asked to amend the Municipal Act so as to provide procedure for duly qualified voters whose names do not appear on the voters' lists so that they might be permitted to vote in the same way voters are permitted under the Dominion Election Act, as amended by Chapter 40 of the Acts of 1929.

In view of the serious lack of skilled workers in essential war industries the Council of Public Instruction was requested to extend apprenticeship schemes to rural communities so that the youth of these communities might have the same opportunities for advancement as now enjoyed in the urban centres.

The Executive of the Union was authorized to cooperate with the government in the formation of a plan to improve health services in communities where medical services are lacking.

A committee was appointed with the responsibility to report on the revenues and expenditures of the Union and the need for increased income.

Finally appreciation was expressed to the Institute of Public Affairs at Dalhousie University for the work of the Institute, especially for its study of municipal-provincial relations which is under way in collaboration with a special committee of the Union.

Snow Removal on County Highways.

When the maintenance of highways and other roads was taken over by the provincial government of Nova Scotia the only road function not assumed by the Department of Highways was snow removal. It is a responsibility primarily imposed upon the man power of each road section by way of unpaid statute labour, but it may be assumed and paid for by the municipality. Later on the provincial government undertook the snow removal on the main highways in order to keep them open for motor traffic. Clearing of the other roads, however, remained a municipal function.

Owing to war conditions the municipalities found it increasingly difficult to discharge this responsibility. At the recent municipal Convention in Yarmouth a committee was appointed under the chairmanship of R. M. Fielding, K. C., M. L. A., to take the matter up with the provincial government. As a result of the negotiations conducted by that committee the provincial government has offered to the municipalities new and important concessions. It is prepared not only to bear the full cost of clearing trunk routes as in the past but would also share the cost of snow removal on county highways with the municipalities, giving them a subsidy of \$20 per mile based on the total county route mileage in their municipalities. A total of 4,790 miles of trunk and county roads would, according to the Department's proposal, be plowed by the provincial government. This would be an addition of more than 1000 miles over the mileage which the plows operated last year.

Princeton Bureau of Urban Research

Princeton University has created a Bureau of Urban Research to serve as a clearing house of information and research for those concerned with urban problems. It is to conduct and encourage research in the underlying structural interrelationships of cities, and to develop a special analytic reference to documents concerning urban problems. A future expanded program is expected to include assistance to advanced students of urban affairs, advisory assistance to governmental officers and agencies, and sponsorship of conferences. An article written by the Director of this Bureau, Melville C. Branch, Jr., is published in this issue.

Post War Planning in Scotland

A lively discussion is underway in Scotland on the topic of post-war planning. In Glasgow a series of public meetings is being devoted to the subject sponsored by the Town and Country Planning Association of Scotland. At the first of these meetings Sir William Whyte, presiding, stated that the war had changed the public outlook towards planning, and he believed that a national plan would make for greater prosperity for Scotland. Commenting on the recent measures adopted by the Government—the setting up of a Ministry of Works and Buildings and the War Damage Act—Sir William said that in relation to Clydeside, many could visualize a better, greater, and nobler area. Factories and workshops should never have been cheek by jowl with the homes of the people.

At the same meeting it was pointed out that post-war Scotland would have to face a serious decline in its heavy industries, at present busy; the reconstruction of the rural areas and check the drift from the country to the towns; the permanent reconstruction of buildings damaged by enemy action; and the construction of at least a quarter of a million new houses for the people. Need was stressed for central control in future planning to obviate the mistakes of the past 20 years.

The Bookshelf

CANADA YEAR BOOK 1941. Published by the Dominion Bureau of Statistics. \$1.50.

The new Canada Year Book which is an indispensable guide for all students of the country's social and economic problems has this time a new feature. It gives a detailed account of Canada's war effort and a review of economic conditions at the time of going to press. It also contains information on Dominion Legislation of 1940.

DEMOCRACY'S SECOND CHANCE. LAND, WORK AND COOPERATION. By George Boyle. Sheed & Ward, New York, 1941. \$2.00.

This is not just one more book on the cooperative movement. It is the mature work of a philosopher and thinker in his own right. The ideas which men like Dr. J. J. Tompkins and Dr. M. M. Coady have so eloquently taught and the principles on which A. B. MacDonald and his associates have based their efficient organisation, are woven in the texture of a broad philosophy of rural life. It is a philosophy that aims at revitalising the organic forces in life, that is opposed to materialism, and that attempts to make human welfare the main objective of economic activity. These, to be sure, are not all new ideas, but Mr. Boyle makes them once more alive and examines them in their relation to each other and in their application to rural problems. In doing so he finds many fine and impressive new formulations.

The first part of the book which may be called the philosophical and sociological introduction to cooperative principles is followed by another which the author calls "the cooperative estates of the future as an instrument of a decentralized and human order." It deals with cooperatives, credit unions, adult education and handicraft and gives a good account of the aims and achievements of the Antigonish movement.

The whole book is permeated by the author's love for his native Maritimes and his faith in the people who dwell in their countryside. A prophet is without honour in his own country but that should not prevent the book being read here as widely as it is already read in the United States.

PUBLIC ADMINISTRATION AND THE UNITED STATES DEPARTMENT OF AGRICULTURE. By John Gaus and Leon O. Wolcott. Public Administration Service, Chicago. 1940. \$4.50.

Public Administration has been defined by a prominent thinker as the science of "government

in action." A literary study that proposes to describe certain parts of the administrative machine and to analyze some phases of the administrative process must, if it wants to reach its objective, emphasize this dynamic element, it must show to the reader how the wheels turn round and where they are going. To have achieved this is one of the many virtues of Professor Gaus' book on the United States Department of Agriculture. Seeing this title some people might be frightened by the recollection of official government publications brought out when a government department or corporation celebrates its fiftieth, twenty-fifth or—in our short lived time—even its tenth anniversary. They are nearly always magnificently printed, cautiously worded and hopelessly dull. Professor Gaus' book is nothing of this sort. It is full of life and action, whether it describes the growth of the department, the gradual emergence of new functions, and the transformation of the department from a loose federation of uncoordinated bureaus to a well integrated organisation, or when he speaks of the personalities who have been responsible for the achievement. It is a book from which practical administrators, especially those in the field of agriculture, will derive great benefit. But the underlying philosophy of government and administration and the principles which are being developed will make the book attractive for many other readers interested in public affairs. Let us also hope that it may inspire young Canadian scientists to make similar studies of our government departments.

An article by Professor Gaus on "Regional Aspects of Government in the United States" was published in the summer issue of this journal.

THE FEDERAL ROLE IN UNEMPLOYMENT COMPENSATION ADMINISTRATION. By Raymond C. Atkinson. Washington. Committee on Social Security. Social Science Research Council. \$2.00.

THE ADMINISTRATION OF FEDERAL WORK RELIEF. By A. W. MacMahon, J. D. Millett and Gladys Ogden. Chicago. Public Administration Service. \$3.75.

The two main features of American unemployment policy, jobless insurance and public works are discussed in the two monographs under review. They deserve careful study by Canadians since just now our Federal Unemployment Insurance Commission is setting up its organization and a comprehensive program of public

works is being considered by the Cabinet Committee on Reconstruction in order to meet the danger of widespread unemployment at the end of the war.

Reading Mr. Atkinson's fine study on the role of the federal government in unemployment compensation, one can only be grateful that in Canada an amendment to the B.N.A. Act has made it possible to vest in the Dominion government responsibility for this new venture in social insurance. In the United States the fear of constitutional difficulties has prevented a similar arrangement. The states are nominally responsible though the insurance scheme is financed by a federal payroll tax of which 90 per cent is handed over to the states, and by a 100 per cent federal grant towards the cost of administration. How by these and other methods the federal government has endeavoured to secure the dominating influence and how far it has been successful in doing so, is the subject of Mr. Atkinson's well written book. It will teach us in Canada many lessons for dealing with the still unsolved problem whether Dominion or provinces and municipalities should care for those able-bodied unemployed who are not at all or not long enough protected by the insurance scheme. American experience as interpreted by Mr. Atkinson as well as the recommendations of the Rowell-Sirois Commission clearly indicate the advisability of a federal scheme of unemployment relief.

Canadians opposed to such a solution like to emphasize that the federal government in the United States has not been particularly successful in using the other important instrument in the fight against unemployment: creation and maintenance of public works. There is indeed hardly a more controversial chapter in American politics and administration than W.P.A., the famous Works Project Administration, a federal agency which for many years had been under the direction of Harry Hopkins, now better known in Canada as Lend Lease Administrator. The authors of the book under review who had an opportunity of observing closely W.P.A. from its first beginning, give us a clear insight in the manifold difficulties—technical, administrative and political—which have confronted the responsible officials. They deal objectively with the accusations which have been levelled against its administration. There have undoubtedly been many defects in the scheme but it seems unfair to make only the Federal character of the Administration responsible for them. W.P.A. was saddled with the nearly impossible task of finding employment in public works for all unemployed persons who were capable of and

willing to work. In Canada and Great Britain public works have never had such an ambitious purpose. They have been used as a therapeutic measure for preserving the skill of long term unemployed.

Professor MacMahon and his associates have performed a very useful service in throwing light on the difficult administrative problems involved by the creation of public works. We shall have to consult their book very carefully when post war readjustments will make it necessary for the government to provide temporary employment for great masses of demobilized soldiers and workers no longer needed in defence industries.

PAMPHLETS AND BULLETINS

"The Oxford Periodical History of the War" is brought down to September 1941 by two new pamphlets of the Oxford Press; another on the "Ukraine: An Atlas of Its History and Geography" is written by G. W. Simpson. Price 25 cents each.

In the *Contemporary Affairs* series of the Ryerson Press, the background of the Indian Nationalist Movement is treated under the title "India To-day" by W. E. Duffett, A. R. Hicks and G. R. Parkin. Price 60 cents.

In the pamphlet series *Behind the Headlines*, Professor G. E. Britnell of Saskatoon discusses the wheat problem, while Professor H. A. Logan of the University of Toronto deals with government control of labour relations. Price 10 cents each.

Food for Thought, the series published by the Canadian Association for Adult Education, starts its second volume with a treatise on "French Canada and the War" by R. M. Saunders, and "Religious Peace in Canada?" by Claris Edwin Silcox. Price 10 cents each.

The relations of Canada to her great neighbour in the south are treated by Professor F. R. Scott in a small book "Canada and the United States" which is brought out by The World Peace Foundation, Boston. Price \$1.00.

The National Planning Association in Washington has two new additions to its pamphlets series: "Defense Planning and Labor Policy" and "United States' Cooperation with British Nations." Price 25 cents each.

Finally two interesting publications sponsored by The Cooperative Project of W.P.A., New York, may be mentioned. The first deals with "The Problem of Cooperative Medicine," the second with "Cooperative Education." They give a valuable survey of the manifold efforts in the two fields.

CANADA YEAR BOOK 1941.

Dominion Bureau of Statistics

The new Canada Year Book is an indispensable guide for the country's social and economic conditions at the time of Canada's war effort. It contains information of 1940.

DEMOCRACY AND Co & Ws

This new publication

In Canada and Great Britain have never had such an ambitious project. In Canada and Great Britain have never had such an ambitious project. In Canada and Great Britain have never had such an ambitious project. In Canada and Great Britain have never had such an ambitious project.

of officers, with the answers

ise.

In view of the change in Section 227 of The Towns' Incorporation Act, is it now considered possible to prosecute the owners or operators of noisy radios and phonographs on the ground that they "disturb the public peace in the town?"

Answer:

This Section is not particularly well worded but it seems clear that it prohibits any person from disturbing the public peace of the town or doing any of the other things mentioned in clauses (a) to (d).

There is some doubt as to whether or not the Section is within the legislative competence of a provincial legislature but in so far as the Section is intra vires it is thought that the operator of a noisy radio or phonograph can be prosecuted under this Section.

Such an operation is not of itself a disturbance of the public peace. It would have to be shown that an appropriate number of persons were in fact disturbed by the radio or phonograph and it is not sufficient to show that the owner of this machine operated it loudly so that the public was likely to be disturbed thereby. It must be established that the public peace was in fact disturbed by the operation of such a machine.

Question:

A. is an American citizen and a large ratepayer in the town of T. Is A. entitled to vote at a meeting of ratepayers held under the provisions of The Municipal Affairs (Super-

n) Act to consider the borrowing of money on own purposes?

r:

American citizen can of course be a ratepayer in a town but he is not qualified to vote at any town meeting as under Section 142 when a vote is to be taken under the provisions of that Section the town clerk shall prepare a special list of voters for the purpose of that Section by striking from the list of voters all such names as do not appear on the assessment roll in respect of real or personal property or income on the assessment roll of the town.

The ratepayers referred to in Section 142 and 143 are ratepayers who are on the special list of voters prepared by the town clerk under the provisions of ss. (3) of Section 142 and in preparing that special list he can use only the list of voters referred to in Section 68 of the Act and by that section only British subjects of the full age of twenty-one years are qualified.

Question:

A married woman whose husband's place of settlement is in the town of H. is deserted by her husband in 1925 and he is not heard of again; she moves to the town of W. in 1930 where she resides for five years; she then moves to the town of T. where she resides for four years and pays taxes for three of them; she then moves to the town of K. where she makes application for assistance; in what town is her settlement?

Answer:

A married woman has the settlement of her husband if the husband has any settlement and if not, her own settlement shall not be suspended by her marriage. In this case the husband had a settlement in the town of H. and the wife thereupon took the settlement of her husband. The settlement of a married woman subsists until the death of her husband or until she is properly divorced from him. The problem is really therefore to determine where the settlement of the husband is at the time of the wife's application for assistance because that is where her settlement is. Unless the husband acquires a new settlement within the Province it would seem that his settlement remains in the town of H. and the settlement of the wife consequently remains in that town.

Industrial Relations and Social Security

Maritime Conference on Industrial Relations

Some sixty representatives of Maritime industries including representatives of labour were present at the fourth Maritime Conference on Industrial Relations which was held in Halifax on November 6th and 7th. While in peace-time these conferences which are sponsored jointly by the Institute of Public Affairs at Dalhousie University and a committee of leading industrialists were confined to a discussion of labour problems, their scope has been widened since the outbreak of the war and the economic and social problems created through the war now also come up for examination. They were in the foreground in the first session which was presided over by D. R. Turnbull, General Manager of the Acadia Sugar Refining Co., Ltd.

How the war has changed the structure of Canadian industry was the subject dealt with by the first speaker, J. S. McLean, President of Canada Packers, Toronto. On the basis of comprehensive statistical material he showed how Canada was nearing rapidly the stage of full employment, a development which was accompanied by a rise in prices and an increase in the cost of living. The sacrifices involved by these changes are not equal and greatest for those living on a fixed income and one of the major problems facing the government is to aim at a greater equalization of the burden.

The effects of the war on the Maritime economy was the second subject. It was treated by Professor B. S. Keirstead of the University of New Brunswick. He showed that the stimulus given to Maritime industries by war contracts was not so far reaching as was generally assumed since these contracts were confined to a few areas. Furthermore it seemed doubtful whether the prosperity

created in these areas would be of a lasting character. The main industrial products of the Maritime region, coal, steel, lumber, pulp and paper, are of a highly competitive character and there is a great danger that production would have to be curtailed considerably at the end of the war. It would be a task for the Dominion Government to see that the sacrifices asked from the Maritime regions should not be greater than those of other regions of Canada.

At a luncheon meeting under the chairmanship of President Stanley of Dalhousie University, Stewart Bates, Professor of Commerce, at Dalhousie, spoke on the price control measures recently introduced by the Canadian government.

In the second session under the chairmanship of R. L. Dunsmore, employer-employee relations in defence industries came up for examination. E. R. Complin, Industrial Relations Manager of C.I.L., spoke from the employer's point of view, while John W. MacLeod of Glace Bay, a former president of U.M.W. District 26, voiced labour's opinion on the subject. Dr. Mollie Carroll of the Department of Labour in Washington told the audience what steps had been taken in the United States to raise labour standards in war industries, to eliminate waste and to provide for more harmonious relations between the various factors of production. In the discussion which followed, A. E. Skaling, Vice-President of the Saint John Trades and Labour Council made interesting comments on the topics under discussion.

In the evening session, Dr. Allon Peebles, Executive Director of the Unemployment Insurance Commission spoke on the administration of the Unemployment Insurance Scheme.

The final session of the Conference was given to the problem of training workers for defence industries. Dr. F. H.

Sexton, President of the Nova Scotia Technical College, spoke on the various training schemes which have been set up in the Maritimes. He gave a vivid description of the efforts which have been made to overcome the lack of skilled workers by establishing training courses of three or four months duration. They supply the labour force necessary for the rapidly expanding defence industries in the province and have proved to be very successful. R. L. Dunsmore, Superintendent of Imperial Oil, Dartmouth, reported on the apprenticeship training scheme which is operated in Imperoyal but is also used by a number of other companies. This scheme has not only improved the quality of the work done in the plant but has also raised the educational standards in the district since admission to apprenticeship presupposes a good school record. The last speaker was E. R. Complin, Industrial Relations Manager of C.I.L. His subject was "Foreman Training" and he reported about the elaborate program which is being carried out in this field not only by his firm but also by other industrial concerns in Ontario. He illustrated his address by an excellent film "Let Us Talk Things Over" which emphasized the value of cooperation between management, foremen and workers.

The Conference was brought to a harmonious end at a luncheon meeting which was presided over by J. B. Hayes and at which Dr. Carleton Stanley, President of Dalhousie University spoke on "Industrial Relations To-day and Tomorrow."

A new slate of officers for the coming year was elected. The Chairman is R. L. Dunsmore, Superintendent of Imperial Oil Limited, while the Committee consists of the following: D. R. Turnbull, General Manager, Acadia Sugar Refining Co., Limited; J. B. Hayes, Manager, N. S. Light & Power Co., Limited; R. Brennan, Manager, T. Estabrooks Company; J. H. M. Jones, Mersey Paper Company; T. C. Macnabb, Superintendent, Canadian Pacific Railway Company; Dr. M. M. MacOdrum, Dominion

Steel and Coal Corporation; C. J. Morrow, Lunenburg Sea Products Limited; L. E. Shaw of L. E. Shaw Limited; and Dr. L. Richter, Dalhousie University (Secretary).

Results of Factory Health Services

The growth of health services established in industrial plants of the United States and the high return in terms of employee health and attendance yielded by that investment was revealed by a recent survey of the National Association of Manufacturers in New York. According to the survey it is estimated that a health program saves the average 500 employee plant \$5,611 net each year. All but five employers considered the program to be paying propositions. Over 90 per cent of the firms replying indicated reductions amounting to 44.9 per cent in accident frequency, 62.8 per cent in occupational disease, 29.7 per cent in absenteeism, and 28.8 per cent in compensation insurance premiums. Reductions in labour turnover and improvement of labour relations were reported by the overwhelming majority.

Physical examinations are used by most companies for determining the placement of employees. On the average 4.4 per cent of those applying for work in 1,154 plants were rejected because of physical shortcomings disclosed through physical examination. Other important features of the health program are exhaust ventilations for dust, fumes or gas control, fatigue prevention, employee hospital insurance, mutual benefit associations, doctors in plant at regular scheduled hours and periodic check-up physical examinations of office employees.

The per capita costs of the health program have increased considerably during the last twenty years. They were 88 cents in 1915, \$4.43 in 1921, \$5.10 in 1930, \$6.12 in 1938 and \$5.17 in 1940.

Transfer of Defence Workers

In order to facilitate the transfer of workers in defence industries to regions where the supply of labour is insufficient to meet the demands of defence industries,

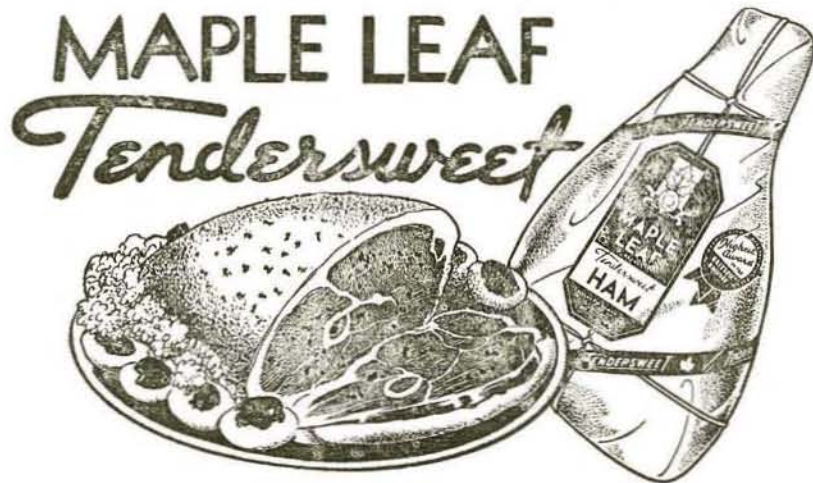
their moving expenses can be met from government funds according to Order-in-Council 10/6172 of August 13, 1941. Expenses for travelling in connection with such transfer need not be repaid, while a loan of not more than \$10 to defray living expenses during the first week of employment is to be paid back in full out of the workers full pay for the regular pay period. The financial assistance is confined to workers engaged through the employment service of the Unemployment Insurance Commission for employment in war industries and agricultural work and may only be granted where such assistance is deemed necessary by the local representative of the employment service.

The sum of \$50,000 to cover the expenses of transfer of such workers has been provided and is to be administered by the Unemployment Insurance Commission.

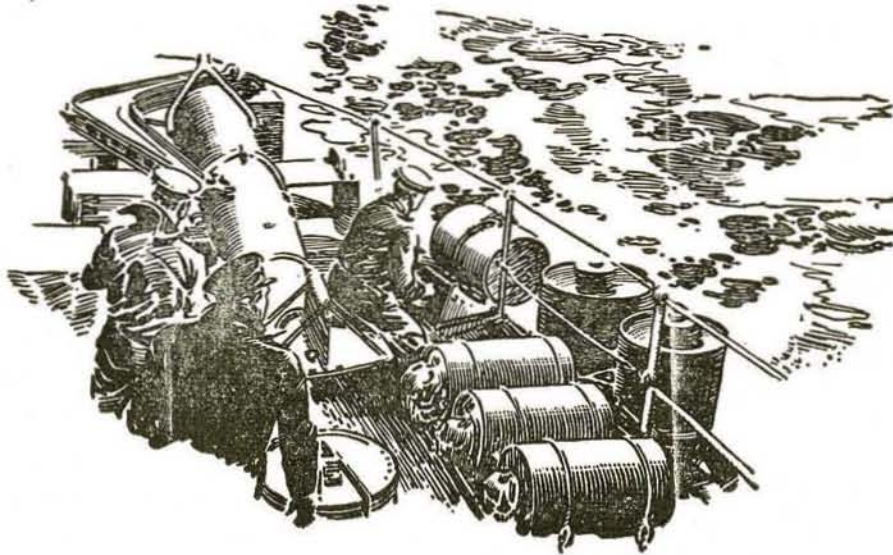
Family Allowances

Australia, always progressive in the field of social legislation, has in the spring of this year written on her statute books the Child Endowment Act, providing for payment of 5 shillings per week for all children under 16 years of age in excess of one child in each family, regardless of the income of the parents. In justifying the government's step, the Minister for Labor and National Service explained that the first child was excepted on the ground that the basic wage of the Commonwealth is adequate for a man, wife and one child and that according to recent nutrition studies, malnutrition existed to a serious extent only in families with a large number of children. The annual cost of the endowment of children with the exception of the first one in the family is estimated at £13,000,000. The necessary funds are to be raised by a payroll tax of 2½% on incomes exceeding £20 a week or £1,040 per annum.

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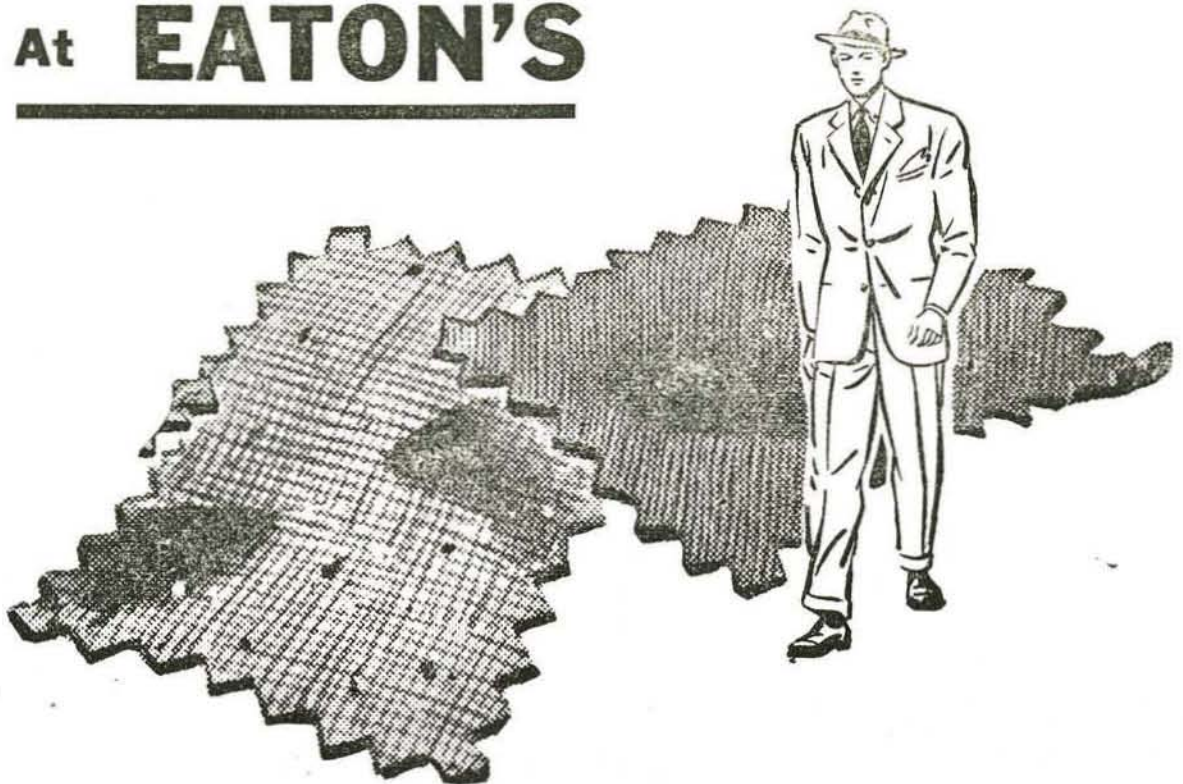
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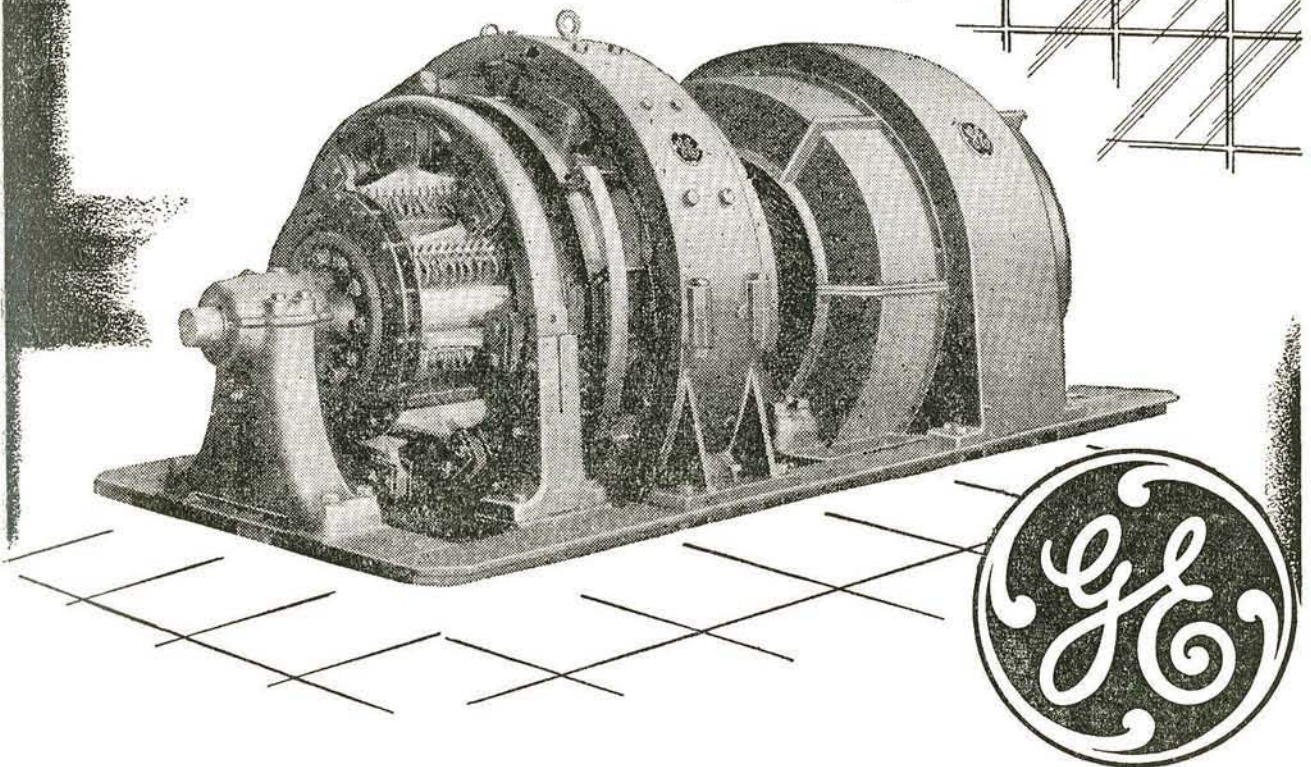
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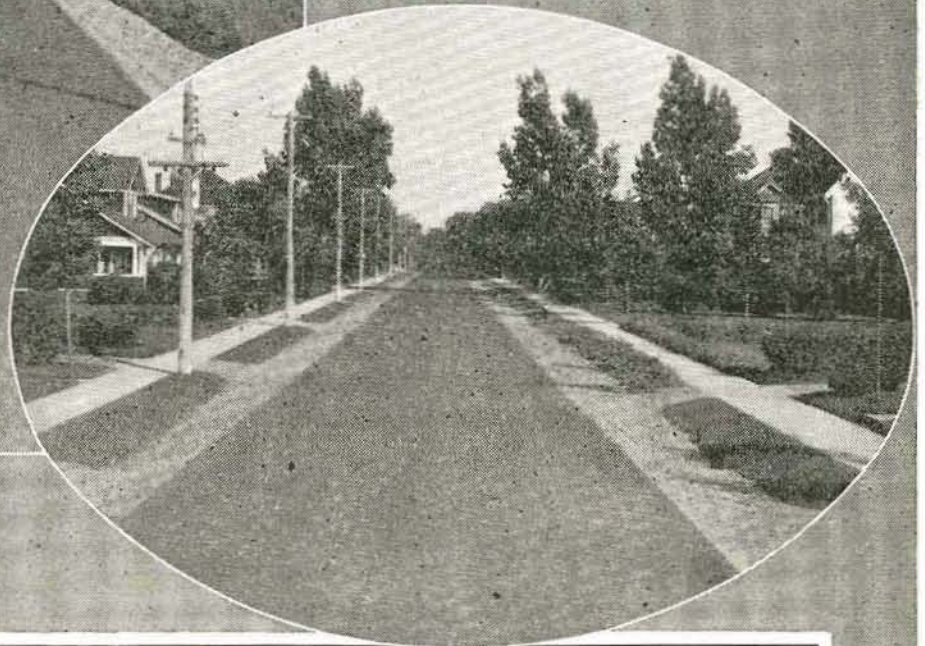




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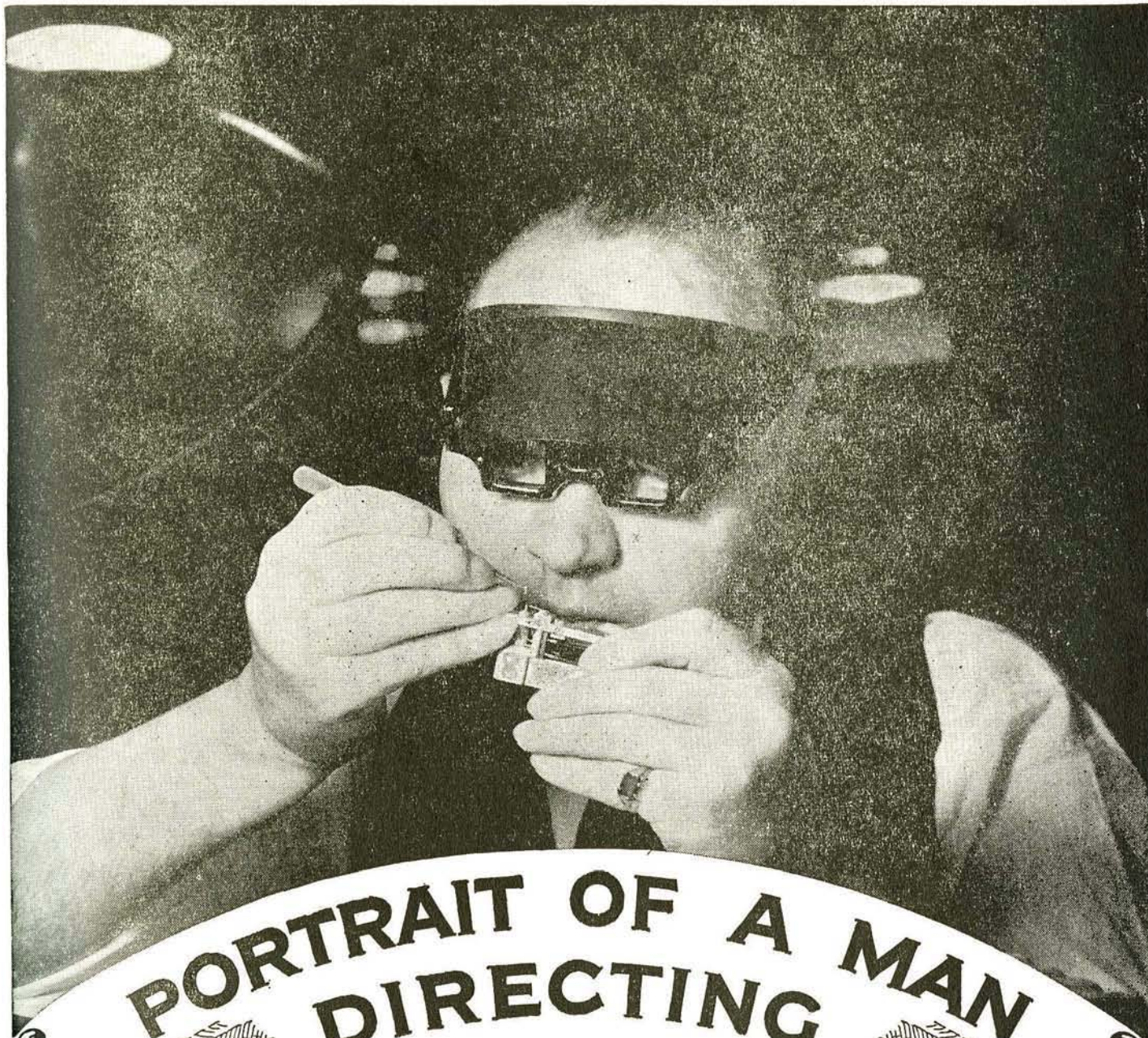
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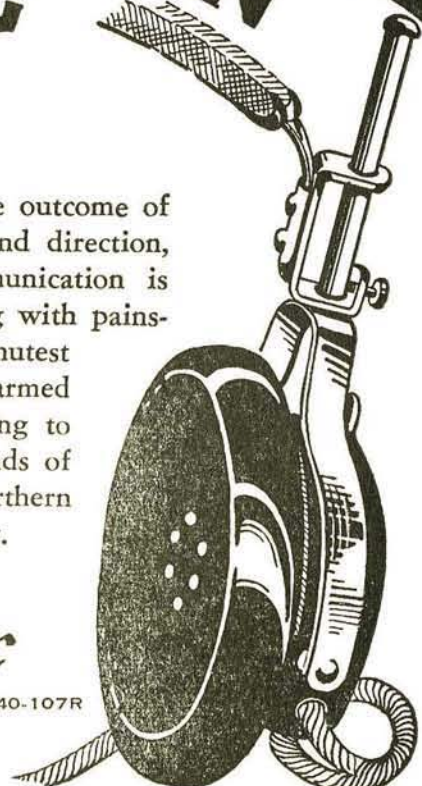
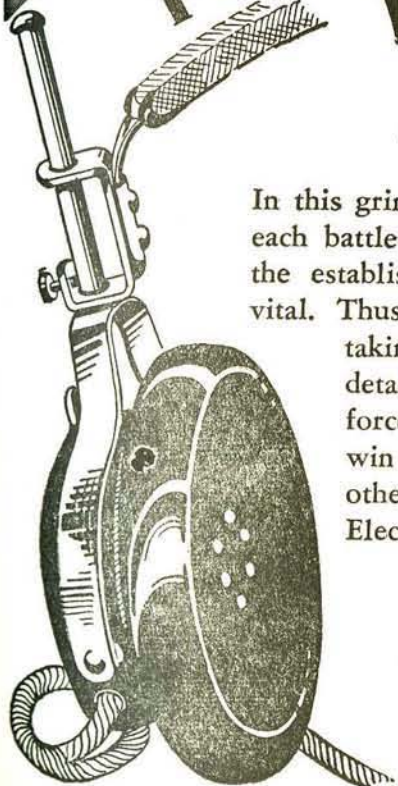
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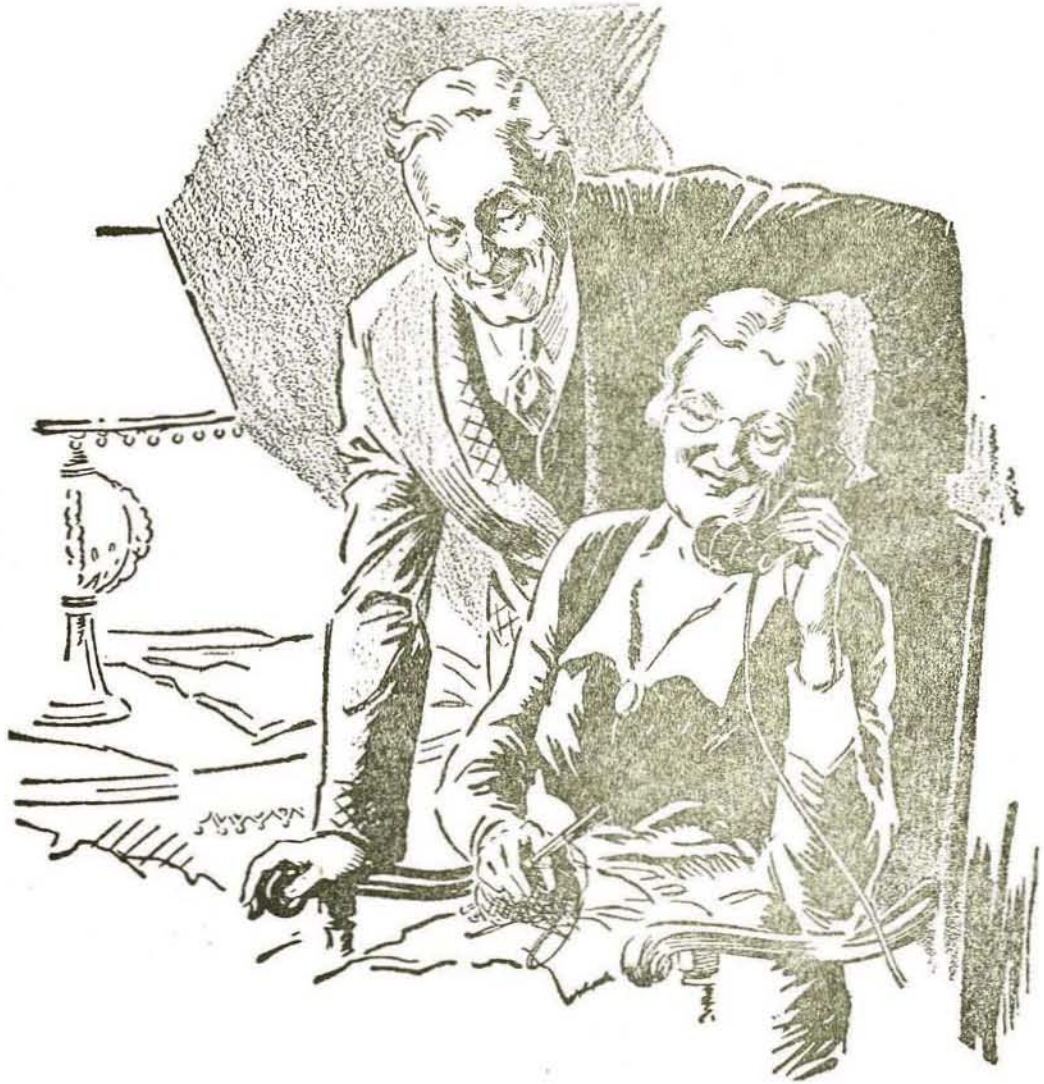


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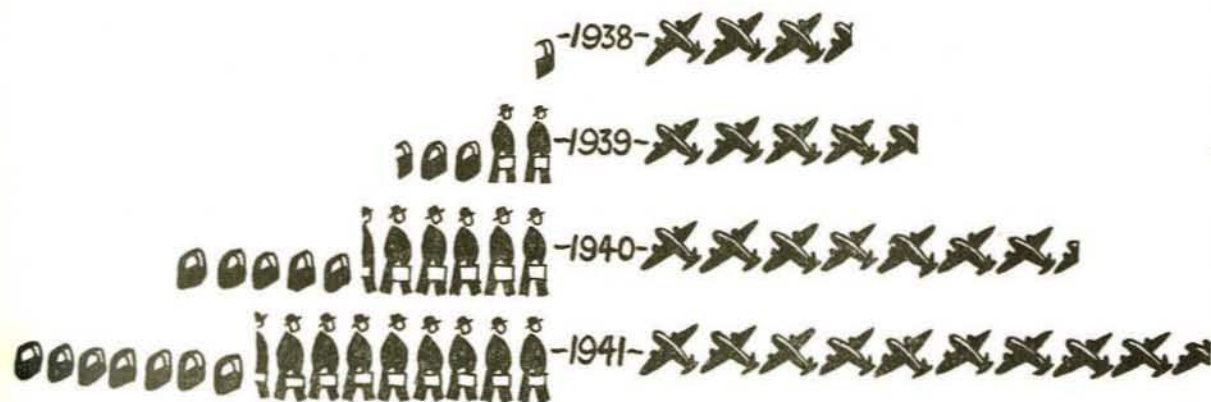
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Canada and the U. S. A.

By B. K. SANDWELL

THE international developments of the last few years have made it abundantly evident that it was an error to suppose that force was becoming less important than it had been in determining the relations between nations. The analogy which we have been accustomed to draw between the relations of individuals under a well-organized state authority, and those of states under no superior authority at all, has been proved to be mistaken, and it has been shown that the task of organizing a superior authority to regulate the relations between states is far more difficult than we had supposed. War is a thing which cannot be left out of account in estimating the relations between nations; to which we may add that when it is taken into account it turns out to be one of the most important things in the accounting.

As a matter of fact, even within the state itself, in the relations between individual citizens and groups, and in the relations between groups and the state, force is not a wholly negligible factor. Democracy itself may be to some extent a product of a certain arrangement of force brought about by the state of knowledge concerning offensive and defensive weapons prevailing at the time. There appears, for example, to be a definite connection between naval power and democracy, and a definite hostility between a large land army and democracy; and the reason may be in part that the force represented by the navy is largely a matter of enormous capital investment, requiring for its operation only a relatively small and highly professional body of sailors, and also that it is incapable of being used to enforce the will of its commanders upon the citizens who maintain it, whereas an army is as effective against the internal enemies of the regime

as against the external foes of the realm. Even in land fighting, certain kinds of weapons are favorable to democracy and certain kinds are the opposite. A state of military art in which elephants, or very expensive armor, are a determining factor makes democracy very difficult, whereas a state of military art in which the bow and arrow or the musket, in the hands of very rapidly trained amateur fighters, is an effective weapon makes democracy easy to sustain if there is a desire for it. It is somewhat early to predict the results of the introduction of machinery into modern warfare, but at first glance the outlook is not very reassuring for those who wish to see democracy maintained; for both the tank and the bombing plane look as if they might turn out to have all the qualities of the battleship and the cruiser, without the limitation of being unable to operate inland.

We are now disposed, therefore, to consider the factors connected with military force when discussing the relations between nations, much more frankly and to a much larger extent than we should have in a similar discussion ten years ago; and I propose to take them into account in discussing the relations between Canada and the United States. In so doing I am not suggesting that there is any possibility of a war between Canada and the United States. A war is a trial of strength between nations, and the relations of military strength between Canada and the United States are such that there could never be any trial because there could never be any doubt of the outcome. The only thing which could justify resistance by Canada to any demand of the United States would be the possibility of aiding an ally or associate by fighting a delaying action by holding up American forces which would otherwise be on their way to attack somebody else. There is, I take it, only one nation or group of

EDITOR'S NOTE: B. K. Sandwell is Editor of *Saturday Night* in Toronto. The article is a shortened version of an address given under the auspices of the Institute of Public Affairs in Halifax on March 13th.

nations for which Canada might conceivably be asked to make sacrifice, and that is Great Britain or the British Commonwealth; and it is a fundamental element of British policy that Great Britain must never find itself in a war against the United States. I think that the determination of the United States never to find itself at war against Great Britain, while perhaps less definitely present to the national consciousness, is really just about as fundamental.

The relations between Canada and the United States, then, are by reason of their different degrees of military strength such that it is impossible for Canada to embark upon any policy to which the United States objects seriously enough to use force to prevent it. If, for example, Canada had done as Eire has done, and remained neutral in the Second World War up to the present time, it would, I suggest, be by now quite impossible for her to preserve a strictly neutral behavior; the United States would have shown far less modesty about insisting on the use of Canadian air fields for the defence of Alaska than she has about insisting on the use of Eire naval bases for the defence of her Atlantic fleet. The same is true regarding certain aspects of even our purely domestic policies. It is a very interesting question how far the United States would allow Canada to go in the matter of the seizure of private property without compensation or with seriously inadequate compensation, for a vast amount of such property in Canada belongs to United States investors. It is an interesting question also how far the United States would allow Canada to go in the matter of admitting racial elements which the Republic excludes. The reason why none of these questions ever arise in practice is simply that the dominance of United States policy does not have to be enforced upon Canada by military or the threat of it; the dominance of the United States mind is already enforced upon the Canadian mind by the agencies of a common language, a common literature, common popular arts, and a largely common popular press—and it is

no trouble to enforce it, because the Canadian mind is merely another North American mind, conditioned to a state of high receptivity to the majority of American ideas.

Corbett and Smith, writing in 1928,¹ took the position that this subordination of Canada to the United States in matters of major policy was greatly mitigated by Canada's membership in the British Commonwealth of Nations. Separation from that Commonwealth, they assert, or "any policy which tends either in form or in substance towards separation will be a disastrous error of judgment, the ultimate result of which would be to place Canada under the economic, military and political control of the United States". And again: "if Canada were detached from the British Empire there would be no great power whose vital interests would demand the protection of her independence, and the military control of the United States could not be disputed".

Since those words were written there have been many changes, most of them "tending either in form or in substance towards separation." And there has been one great change in the last few years, in the development by which the affairs of Great Britain and the United States have become increasingly "mixed up" through the attack upon their common mode of life by the Axis powers. The mixing up has consisted largely in the transfer by Britain to the United States of powers, facilities and responsibilities relating to the defence of North America. In these changed circumstances the ability of Great Britain to maintain the independence of Canada as against the United States would seem to be greatly lessened, while in view of the "mixing up" process there may have been some reduction even of her interests in doing so. Indeed I may suggest that with the United States permanently established as a reliable ally of Great Britain, a Canada actually incorporated in the United States might appear of more value to Great Britain

1. *Canada and World Politics*. Macmillan Co. of Canada, Toronto, 1928.

than a Canada which remains within the Commonwealth but which refuses to enter into any commitments for military cooperation with the other members of the Commonwealth and which has the same right as Eire to remain neutral in the Commonwealth's wars.

In a right-angled triangle the square on the side opposite the right angle is equal to the sum of the squares on the other two sides. The relations between Canada and the United States cannot really be discussed without some consideration of the relations between Canada and Great Britain, and of the relations between Great Britain and the United States.

The development of the submarine and the airplane have enormously increased the amount of margin of naval strength over that of any possible enemy combination which is necessary to give assured control of the seas. Such a margin is now beyond the attainment of Great Britain by herself, because the wealth and productive capacity of various younger nations have enabled them to increase very greatly their naval strength. But the maintenance of such a margin is essential to the security of Great Britain which is an island power deriving a large part of its economic strength from all parts of the world. A firm alliance with another great naval power is therefore imperative. The Entente with France provided such an alliance; but the tragic collapse of France has made it impossible to hope for any naval support from that source, not only in the present war, but possibly within any predictable time to come. It is impossible to estimate either the extent or the duration of the disaster which has fallen upon the French people, but it is probably much greater, rather than less, than is commonly realised. The effects of the detention, continued over several years, of a million French soldiers as prisoners in Germany cannot fail to be ruinously depressing to France's population, physique and morale for a very long time.

The result is a wholly unprecedented dependence of Great Britain on an

alliance with the United States, accompanied fortunately by a growing realisation among Americans of their own dependence upon Great Britain. That dependence, I suggest, is not quite so great as Britain's on the United States, or at any rate it is not so obvious to the eye of the ordinary citizen; for the United States is itself a continent, not a small island, and exercises a pretty complete domination over the rest of a hemisphere—a hemisphere which however would not be invulnerable if the British fleet held aloof from its defence.

This is a tremendous change from the situation that prevailed before the United States became a great naval power, and even after that time until the elimination of France. During that period the only strong point in the American position was the remoteness of the United States from direct enemy danger, and that remoteness was more apparent to the eyes of the ordinary citizen than real to the eyes of the informed expert. (A sense of danger from Japan, it may be added, has been present to the American mind for at least a generation, but this sense of danger did not lead to any reliance on Great Britain as an assured ally, for Britain herself was in alliance with Japan up to 1921.) This meant that in any closely concerted arrangement between Britain and the United States, Britain would have needed less and contributed more than the United States, and could thus have had the stronger voice in the settlement of terms. That situation is now reversed. The United States is much the less needy of the two parties, but is still sufficiently needy to desire the partnership.

It would not do to attach too much weight to the very far-reaching proposals which have emanated from some American sources, such as those of the modified "Union Now" schemes of Mr. Clarence Streit, which in their actual operation would give the United States a virtual control over the policies of a united English-speaking world. Such schemes probably go a good deal further, both in their definiteness and in their

provision for American control, than anything which the American government would be likely to contemplate. But some kind of close association, closer and more prominent than a mere alliance, seems fairly certain to develop out of the present war, and my point is that both the size and the enormously advantageous geographical position of the United States can hardly fail to give it a dominating influence in any such association. Professor Corbett in a recent book entitled *Post-War Worlds*,² discussing the possibilities of the amended and limited "Union Now," says: "It may be that the British peoples have suffered enough by war to be willing to give up their cherished and somewhat haughty separateness. If the realisation of the need of American aid has not completely eradicated a certain ineffable sense of superiority to all things American, it has at least driven it into a concealment maintained by all but the more irresponsible members of society." Writing last September or October, Professor Corbett did not think that the Americans had come anywhere near to a readiness for any "close and permanent association" with the other English-speaking countries; and he expressed the view that "Probably nothing but great suffering, and the conviction that there lay the only way of escape, could cause such a change; and the suffering has not yet crossed the Atlantic." Since he wrote, the suffering has at least crossed the Pacific, and a great deal more of it will cross the Pacific and the Atlantic to the inviolate shores of North America before the war is over; and that suffering will not be without its profound effect on the American people. Meanwhile the events of the war are eliminating with great speed some of the most important causes of mutual distrust between the Americans and the British nations. The Americans, for example, seem likely to be relieved of all cause for worry about the effects of British Imperialism on the peoples of India almost as soon as the British are relieved of all cause for worry—which they never

felt—about the effects of American Imperialism on the peoples of the Philippine Islands. The Old School Tie—unless Sir Stafford Cripps, being an old Wykehamite, is to be regarded as an example of it—is fast being eliminated from British political and official life, a process which will leave the Roosevelt clan and one or two other American families as almost the only ruling hereditary aristocracy in the modern world. The invidious task of curbing the complete independence of Eire, by demanding the use of her harbours for the defence of our common civilisation, seems likely to be surrendered by Britain to the United States itself, which will probably perform it much more ruthlessly and efficiently. Above all, the discovery by the Americans that they too are not exempt from the natural weakness of a democracy which is making a belated start in war against a well prepared autocratic foe is aiding immensely in the growth of a feeling of mutual respect and affection between the two countries, in place of the old feeling which Professor Corbett describes as a requited disdain.

What should be Canada's attitude towards this rapprochement between the two other corners of the Canada-United States-Britain triangle? The executive of the Toronto branch of the League of Nations Society recently adopted a resolution that in its opinion Canada should not oppose any measure of association or union between the other two countries upon which they themselves might agree. To denounce this highly negative position as colonialism would not be quite fair. A nation of eleven million cannot say much, as a nation, to a nation of sixty million and another of 130 million about how they should organise their relations one with the other, and to refrain from doing so is not so much colonialism as decent modesty.

One more positive course I can however suggest. That is, that Canadians who recognise, as most of us probably do, that our loyalties are not entirely limited to that purely Canadian authority which is situated at Ottawa and which is the

2. Farrar and Rinehart, New York, 1941.

only authority whose policies are directly controlled by our votes, should be very careful about the picture that we make to ourselves of these super-Canadian or extra-Canadian authority to which we direct our further allegiance. It is a little too easy, because of certain historic and picturesque attributes which cluster around the Halls of Westminster, for us to get into the habit of thinking of the King, Lords and Commons who there assemble as being the proper recipients of this super-Canadian loyalty.

The truth may very well be that that Parliament, and the people who elect and maintain it, do not wish to be the exclusive recipients of this loyalty which we feel for something beyond our borders. It would, I think, have been better if for many years back our sentiment of loyalty had been directed more towards the British Commonwealth of Nations than merely towards the nation which is at its centre; if we had felt as much loyalty towards our fellow citizens of the Commonwealth in South Africa and Australia as towards those in the little islands from which so many of us came. All the factors of history and picturesqueness were against our doing so, and that is one of the reasons why the Commonwealth has not been more of a unity than it has. But the fact remains that it is the Commonwealth to which we belong, and not the United Kingdom of Great Britain and Ireland; and that in the event of a close rapprochement between the Commonwealth and the United States, with the United States accepting and exercising many of the functions of leadership in that association, we shall have to learn to look upon the United States much less as a foreign nation and much more as the inheritor of the central position among English-speaking and democratic countries. It may well be that after this war there will eventually come about so extensive a breakdown of the system of absolute national sovereignties that loyalties of this kind, including even our loyalty to Canada, will become of less importance. But such a condition will certainly not come about immediately

at the conclusion of the present hostilities. During those hostilities, and during the reconstruction period which must intervene between the signing of peace and the eventual establishment of some kind of workable and general supra-national authority, I suggest that Canada's attitude in regard to the United States must inevitably be greatly changed from what it has been in the past. That Republic is now the greatest, the most resourceful and the most energetic ally of the British Commonwealth in a struggle in which the free existence of both the Commonwealth and the Republic are at stake. We cannot continue to look upon it or to feel towards it as we did when it was an isolationist and sometimes almost anti-British nation.

When one looks through Canada's history during the century and more of peace and the undefended frontier, it is astonishing to find how great an amount of the energy of Canadians has been devoted to resisting something which the resisters chose to regard as Americanisation, but which very often was merely North Americanisation, an adaptation of old British ideas and habits and practices to the soil and planet and economic and social conditions of a new continent. In Professor Landon's recent book on Western Ontario and the American Frontier³ there are many fascinating tales of the resistance put up in that part of Canada (which of course was specially exposed by its geographical location), in the name of the British connection to innovations which eventually became quite harmless parts of our normal life. Colonel Talbot, for example, the feudal lord of the Talbot settlement on Lake Erie, was convinced that the temperance leagues of his Methodist neighbours—damned cold water drinking societies he called them—were hotbeds of sedition, and called upon the authorities to help him in rooting them out. A perusal of that most interesting volume cannot, I think, fail to convince one that an enormous amount of so called Americanism, about which terrific outcries were at first raised, has been incorporated into

3. Ryerson Press, Toronto, 1941.

our habits and practices with singularly little harm to either.

We, like the British, will have to reconcile ourselves to being more and more mixed up with the Americans as time goes on. Because we live so much closer to them, and because we have for several generations cultivated an attitude of resistance towards them, that process may be a little more painful for us than for the British. But it will be a poor kind of loyalty to the British if we insist upon being more British than they are, to the extent of being more anti-American. One of the respects in which it seems to me that we are persisting in being, not perhaps more anti-American, but at least

more non-American, than the British have any wish for us to be, is in our continued refusal to have anything to do with the Pan-American Union. I sometimes suspect that that refusal is really nothing more than another form of our colonialism, our unwillingness to accept anything in the way of a responsibility or a commitment, our inability to make up our minds. Canada, with her large Latin element of population, and with her combination of English language, Anglo-Saxon business methods, and distinctness from the United States, could exercise a most powerful influence on the nations of South America if we would accept the responsibilities of a North American nation.

Pan Americanism is not Enough—Two Opinions

By R. G. TROTTER and R. A. MACKEY

EDITOR'S NOTE: The question whether or not Canada should become a member of the Pan American Union has been a controversial one for a long time. In the following articles the reasons for and against are examined by two well known students of Canada's external policy.

I

By R. G. TROTTER

HAPPILY, Canadian relations with Latin America have recently been growing more intimate and more cordial. Exchange of regular diplomatic representatives with several of the leading countries in South America has marked this growth in relations. Our Minister of Trade and Commerce has been able, as a result of his recent trade mission, to report the negotiation of several advantageous commercial treaties. All Canadians will approve these developments, which augur well for future growth of economic interchange within the relatively narrow limits set by natural conditions, for, although this interchange is likely to form no very large proportion of our international commerce, it is well that we should make as much of it as we

can. Culturally, the Latin tradition of French Canada creates a bond of sympathy with Spanish and Portuguese-speaking Americans that offsets to some extent the lack of close community of cultural outlook between the latter and English-speaking North Americans.

Politically, the fact that Canada has reached nationhood without adopting republican institutions and has maintained her monarchical association with other nations of the British Commonwealth, sets her apart from the world of American Republics in their eyes as well as in her own. Nevertheless, Latin Americans are recognizing increasingly Canada's national position. Our enlarging interest in the Latin-Americans and our growing intercourse with them sometimes lead to discussion of the possibilities of formal relations with the Pan-American system. Some Canadians would like Canada to seek membership in the Pan-American Union and participate as a member in the conferences held under its auspices, feeling sure that its definition as an association of American Republics could readily be modified to

EDITOR'S NOTE: Professor Trotter is head of the Department of History at Queens University, Kingston.

make Canada eligible for membership. The time may come when Canada can take such a step consistently with her own national position and the wider international interest, but neither the present character of the Union nor the fundamentals of present Canadian policy would make it wise to-day.

From the beginning of the war, Canadian policy has placed this country in the van among all American countries in relation to the present struggle, by its prompt recognition that the Axis threat placed in jeopardy the security of American as well as other countries and required active participation in a sense not restricted by continental or hemispheric conceptions of interest or policy. The Pan-American Union, by contrast, was still, after the war began, an instrument used by United States leadership to formulate isolationist hemispheric policies and to deny the principle of the interdependence of American security with the security of free nations in other parts of the world. Since the United States became herself a belligerent, her policy has tried to reverse this position, but none of the major countries of Latin America has been willing to commit itself fully to the new trend; and the future with regard to more than one is still clouded with uncertainty.

Advocates of Canada's joining the Union sometimes argue that our membership in it would increase the likelihood of early and all-out hemispheric co-operation in the struggle against the Axis. They even suggest that if Canada had been in the Union in the early stages of the war, she might have been able to temper the isolationism of the American Republics when the latter were elaborating the bases of a neutral "hemispheric" policy. One has only to observe the difficulties that the United States has faced to see how little likelihood there would have been of Canada exercising an appreciable influence in Pan-American circles at that time, especially in view of the fact that if Canada had then attempted to oppose the policy of "hemispheric" neutrality, she would have encountered opposition

not merely from Latin America but from the United States whose government was the leader in formulating that policy.

In the event that Canada had been a member of the Pan-American Union at the outbreak of the war, it would have meant one of two things. Either it would have been the result of a prior Canadian decision in favour of an isolationist policy of neutrality, in which case Canada would have found herself in no conflict with the policy of the American Republics, or it would have meant that her policy of active belligerency in the war would have placed her in a situation of unnecessary embarrassment in relation to the whole group of Republics and particularly in relation to the United States. Free from such Pan-American associations, however, Canada was able to move freely forward without embarrassment and take up at once active partnership in the struggle. Other American countries with their isolationist policies might regret and misunderstand her action but it was so consistent with her relationships in the British Commonwealth and in the world that they were in no position to do anything but acquiesce.

It is clear now that not only Canadian interest but the interest of the Americas as a whole was well served by Canada's early decision to take up arms, which might have been so much more difficult to make had she been then under the necessity of discussing hemispheric policy within the formal framework of the Pan-American system.

After the war began an equally advantageous result of Canada's independence from this group was the resulting freedom for the development of peculiarly intimate measures of collaboration between Canada and the United States in the promotion of their common defence. From this came an economic partnership which has greatly increased the capacity of North America to contribute support to Britain upon whose survival and that of other lands overseas North America's security vitally depends. Canada and the United States were already more

intimately associated with one another, culturally, economically and politically, than either of them was with Latin America. They were now, in crisis, in a position to develop closer collaboration, free from embarrassments that would have resulted had they both been members of an association whose Latin American partners would have viewed askance the development within the Union of a unified North American policy. They have been jealous enough of the United States by itself, and, in fact, most of their eagerness to get Canada into the Union has been in the hope that they could use Canada to create a stronger balance against United States preponderance. If Canada were in the Union, she would doubtless at times be inclined to throw her weight their way. It has been a happy thing both for Canadian-United States collaboration and for the success of Canadian efforts to draw closer to Latin America that we have not been embarrassed in either process by membership in the Union.

It is noteworthy that the principal recent advocates in Canada of Canadian membership in the present Pan-American Union are former isolationists. They say now that isolationism is dead, but it is obvious that the devotion of some of them to the idea of hemispheric solidarity is not only for such positive values as it may have but because it still connotes a spiritual aloofness from responsibilities and commitments outside the hemisphere. We cannot afford in these days of crisis to take flight from reality by putting the major emphasis on secondary purposes. If the forces of our enemies drive this hemisphere back behind its own coasts, dreams of its solidarity as a home of free peoples will be doomed to utter destruction. Our major thought as well as our major effort must now be spent to avoid that issue by co-operating to win this war and to win the ensuing peace on a scale that must be much more than continental or hemispheric. There may come a time when the Pan-American ideal held by the Republics of this hemisphere will have been widened until it takes its appro-

priate and responsible place in a broader international society. In such event it might be that Canada could join this system without hampering her own destiny and the common good. The day for that has not come yet. For a Canadian to-day to put hemispheric ties first, to advocate any step that would substitute them for our wider ties of collaborative effort, must mean a lack of appreciation of the primary issues upon which our future hangs, unless indeed it be a counsel of despair that will serve well the disintegrating purposes of our enemies.

II

By R. A. MacKAY

Is Canada missing a unique opportunity in following a policy of isolation towards the Pan-American Union? It is the writer's firm conviction that she is.

The popular objection in Canada against membership has been that it would weaken the historic tie with Great Britain. This bogey has done service against every step towards self-government since the American Revolution but it is no more valid in this instance than it was a century ago against the grant of responsible government. It has been argued that Canada could not become a member without becoming a republic (whatever the term republic means) since the Union is by definition "the Union of American Republics". But there is every indication that the Union would be willing to admit Canada without quibbling over constitutional terminology; it might even be prepared to change its name to "The Union of American States", or "The Union of American Democracies" if Canada insisted on quibbling about constitutional terms.

Again it has been argued that membership would restrict Canada's freedom of action as a member state of the British Commonwealth, and more specifically that it would have hindered Canada from

EDITOR'S NOTE: Professor MacKay is Head of the Department of Political Science, at Dalhousie University.

going to Britain's aid in 1939, since the Union adopted a common policy of neutrality. The validity of this argument is more than questionable. The Union is a mere association of nations each member of which retains complete freedom of action to follow the policy which its interests dictate. This is clearly indicated by events after the declaration of war by the Axis Powers on the United States: eight members of the Union have so far followed the United States into a formal state of war; ten others severed diplomatic relations with the Axis; Chile and the Argentine, on the other hand, have so far retained diplomatic relations with the Axis but will apparently consider other members of the Union as non-belligerents, which means that Chilean and Argentine ports will be open to their use. Again membership in the Union did not prevent the United States from adopting after Dunkirk a policy of all aid to Britain short of war. Indeed, only one American State could have exerted effective pressure to prevent Canada from going to Britain's aid in 1939, and that the United States. But the United States has always recognised Canada's freedom of action in this respect, and it is difficult to see how membership by Canada in the Union would have affected American policy to the slightest degree, or have made it in any way easier for the United States to bring pressure on Canada, if it wanted to do so.

It remains to examine whether Canada's interests would be served by membership in the Union.

Until recently there has perhaps not been much point in membership: the Union has been a rather shadowy organisation and Pan-Americanism an aspiration rather than a reality; and Canada's interests in Latin America, commercial and other, have been relatively unimportant. But these conditions are rapidly changing. The "good neighbour policy" begun under President Hoover and widely extended under President Roosevelt has allayed the apprehension of United States imperialism which has

hitherto dogged the Union, and the United States has assumed a moral and economic leadership in the Americas which is bound to have a profound effect on the economies of Latin American countries and upon the rôle of Latin America in world affairs. The war has induced political and economic solidarity among the American republics without parallel in their history. There is every reason to believe that these developments are not a passing phenomenon but indicate long-run changes which may profoundly affect the position of Canada and her sister nations of the British Commonwealth.

At the outbreak of war the members of the Union meeting in emergency session agreed upon a common policy of neutrality. Since its members had no continuing political ties with Europe, and since they had the arms neither for effective defence nor for offensive purposes, this was the only sensible policy. Active measures were taken to put down Axis "fifth column" activities. After Dunkirk the Union agreed to prevent any change of sovereignty as between European powers over any European colonies in the Hemisphere, and to occupation in trust by American states of any colonies in the Hemisphere in danger of aggression or of change of sovereignty. With the aid of the United States, the only available source of arms, a programme of active defence was also begun, and considerable coordination of defence measures was achieved by staff talks between United States defence services and those of many Latin American countries. Incidentally, all these measures were highly advantageous to Britain and her allies since they secured the American rear of the Royal Navy against use by enemy ships or planes while it was battling desperately to keep the Atlantic sea-lanes open. But the point to be noted here is that under the leadership of the United States the Union has been developing rapidly into a system of collective defence for the Americas. Canada, through the joint defence arrangements with the United States is in fact a sort of associate

member of this system. Moreover, steps have been taken to build institutions for the prevention of war between American countries themselves. Thus a regional collective system for the western hemisphere seems to be emerging.

Given an Allied victory it is very probable that a real effort will be made to establish some sort of a world collective system. This has been forecast both by Prime Minister Churchill and by President Roosevelt. If so the task will fall primarily on the British Commonwealth and the United States. If such an organisation proves as yet impossible, some sort of continuing association between the Commonwealth and the United States which would include other like-minded nations such as the Dutch and Scandinavian peoples would seem imperative. In either event, the position of Latin American peoples will be of very great importance, both economically and politically. Canada, as the American member of the British Commonwealth, would seem to have peculiar responsibilities for helping to bridge the gap between the Western Hemisphere collective system and the wider collective system which must be set up after the war, whatever the membership and whatever the form this wider system may take.

Canada is, moreover, becoming directly interested in economic developments which are occurring in Latin America. Like Canada, much of Latin America developed principally as a base of supplies of staples for European markets and particularly for the British market. As the war spread these markets were progressively closed, and countries most dependent on European markets, such as Brazil, the Argentine, Uruguay and Chile, faced economic disaster. The United States has taken the lead in assisting Latin American countries in difficulty, both directly by such means as loans through the Export-Import Bank, and special trade agreements, or indirectly through the Union of American Republics. The Union has matured plans for an Inter-American Bank to alleviate exchange difficulties and to finance long-

range developmental programmes designed to make Latin American countries less dependent on the non-American world. Proposals have also been made for machinery to finance crop carry-over and assist orderly marketing of crops, and for the establishment of an inter-American currency system. While such plans are mostly still "in the air", it is evident that considerable progress is being made towards greater economic integration of Latin American countries with the United States. This will no doubt be further induced by the outbreak of war in the Pacific which has cut off supplies of vital materials such as rubber and tin, both of which, as well as many other strategic materials, can be developed within the hemisphere, given time.

Before the war, South America, and particularly Brazil and the Argentine, seemed to be on the verge of a tremendous expansion. The war while in some respects a painful experience to South America, will undoubtedly accelerate expansion in many lines, especially in manufacturing industries. Moreover, Latin America is virtually the only remaining open, or relatively open, trading area. Commercially, it may easily fall into the lap of the United States because the United States will turn more and more to it for supplies, because the United States is virtually the only remaining source of supply for many of the goods Latin American peoples need, because the United States is assisting many Latin American countries financially, and because their currencies, like the Canadian dollar, are roughly within the American dollar bloc.

The Canadian Government has recognised Canada's opportunities to the extent of sending trade missions, negotiating a few minor trade treaties, and exchanging diplomatic representatives with Brazil, the Argentine, and Chile. Canadian trade with Latin America has doubled during the past year, despite the war. But the development of the Union as a medium of economic cooperation between its members, which is already under way and is likely to grow rapidly,

may well mean a preferred position for members in each others markets and perhaps mutual aid in regaining a position in world markets if these recover after the war.

Canada will most decidedly be interested in finding markets after the war for her greatly expanded manufacturing industries, as well as in reopening markets for wheat and other staple commodities. Latin America is potentially an expanding market of great importance. The Argentine is her principal competitor in the world wheat market, while Brazil, the Argentine, Uruguay and Chile are com-

petitors in other commodities. Mutual understanding and good will between Canada and her potential competitors in world markets are essential. Membership in the Union may not be essential to protect her position in world markets, or to gain equitable rights of entry to the expanding markets of Latin America, yet it is quite conceivable that it may become so, if the Union tends to adopt an economic front against the world. In the hard struggle for markets likely to follow after the war it would seem essential that we "hedge" against all eventualities.

The Railways' Contribution to Canada's War Effort

By SIR EDWARD BEATTY

IT is interesting to remember that this country—as devoted to peace as any nation could be—has a railway and transportation history which has been deeply affected by military considerations.

The Intercolonial Railway was built for the specific purpose of providing a connection, wholly on Canadian soil, between the Maritime Provinces and the rest of Canada. The plan of Confederation, of which it was an essential part, was primarily intended to meet the economic needs of the people of British North America, but the underlying realization of military considerations played an important part in producing the decision to unite the Provinces, and in the decision to provide a publicly-owned and Governmentally-operated railway connection, which, for military reasons, was built wholly on our own soil. It has always been a matter of regret to me that this special status of the Intercolonial line was not preserved during the later railway development of the Dominion.

The Canadian Pacific Railway was equally constructed for a combination of economic and politico-military reasons, and its first function was to carry troops from Eastern Canada to the new settlements of the West.

It is unnecessary to remind students of history that the first major improvement in our inland waterways was the construction of the Rideau Canal—to bypass the International Section of the St. Lawrence River, in an earlier and less happy period of our relations with our brothers to the South.

The peaceful history of Canada made it unnecessary for us to use our transportation systems for military purposes, to any serious extent, until the World War of 1914-1918. During that struggle, the Intercolonial and Canadian Pacific Railways proved their essential value to the Empire and to Canada, and made this nation's participation in the struggle practicable.

In the years which followed the Armistice of 1918, the railways of Canada experienced many vicissitudes. The collapse of some private and Governmental adventures in railway construction and operation led to the creation of a giant system under public ownership. In the period of hectic prosperity which followed, both publicly and privately owned lines were able to increase their volume of traffic to great proportions, and the railway picture resembled markedly that which had existed during the

period of sounder expansion from 1900 to 1914.

The world wide collapse of economic activity which commenced in 1929, and became steadily intensified for some years after that, soon began to affect the railways very acutely. The situation was aggravated by the increasing competition of highway and waterway transportation.

During the Great War the private motorcar had come into general use, and, in the years of prosperity which followed, it actually revolutionized the habits of the people of North America. In 1920—despite the fact that every form of economic activity was at a far higher level than ever in Canadian history—the passenger traffic of the railway companies began to decline—a direct result of the substitution of the motorcar for the railway as a means of travel. The railways continued to hold long distance travel, and to serve many millions of short distance passengers, but the total volume of passenger traffic declined rapidly. When the steady decrease terminated in 1933, the passenger-mile figure stood at only 40% of the figure of 1920.

The use of highways as routes of freight traffic did not expand as rapidly, but, as passenger travel grew, there sprang up a very important public demand for the improvement of highways, and, before long, enterprising individuals began to see that, in view of the fact that they would not be asked either to assume the obligations of common carriers, or to pay any special charge for operating commercial transportation systems on the improved public highways, there existed an excellent opportunity for them to enter the field of freight transportation, and, by selecting only those movements of goods which would be particularly profitable, deprive the railways of the cream of their business—leaving them the lower grades of traffic, which the highway operators had no desire to handle.

To this was added a steady and very considerable expansion of waterway traffic. From 1904 the canals by-passing the St. Lawrence Rapids and connecting

the Great Lakes have been accessible to the ships of all nations, without the payment of any tolls, and the tendency to take advantage of this for the movement of all kinds of bulk freight, and many types of other cargo, has, of course, steadily increased in its effect.

Thus when the economic crash made itself felt in the affairs of the Canadian railways, there ensued a period of great difficulty—much accentuated by a very disturbed condition in world wheat markets, producing both a decrease in the volume of grain traffic on the Canadian railways, and, at the same time, a serious decrease in the buying power of the grain growers of Western Canada—normally among the best customers of the railway systems.

The Canadian railways—in common with railways of most nations—entered a period of depressed volume of business, without any opportunity to raise the unit charges for their services, owing to general depressed economic conditions, and this in spite of the fact that from the close of the first Great War they had been paying a scale of wages much higher than had ever before been known.

Public opinion—badly informed in this case—came to the hasty conclusion that the day of the railways was over. It was clear that, for political reasons, one of the two great systems would be maintained—whether it earned its way or not. The privately-owned system was not as fortunate.

The railways, however, met the situation with courage, and applied their best efforts to improvements and economies in operating technique. They undertook a programme of drastic reductions in the charges made for their services, and succeeded in obtaining the agreement of their employees to temporary and minor reductions in wages. They at first hoped that the public authorities who are responsible for the construction and maintenance of highways would see the wisdom of not permitting these to be used by adventurous individuals as commercial freight routes, without the payment of adequate charges, at a

time when taxation and public expenditures were reaching new high levels. That hope failing, the railways then undertook to meet the highway operators in their own field, and provided pick-up and delivery services, costly high-speed

ment in it had been greatly reduced by the Recapitalization Act of 1937.

From the outbreak of War the situation commenced to change with great rapidity. The following statistics indicate what has occurred:

	1939	1940	1941
Carloadings.....	2,550,000	2,827,000	3,206,000
Tons Revenue Freight ¹	91,042,896	106,096,465	128,000,000*
Railway Operating Revenue ²	363,325,800	424,820,600	531,000,000*
Freight.....	283,333,800	331,295,200	420,000,000*
Passenger.....	35,650,000	42,144,900	59,000,000*
Number of Employees.....	121,000	127,000	140,000*
Freight Revenue Per Ton Mile ³.....	.907c	.880c	.840c*
Passenger Revenue Per Passenger Mile ⁴	2.058c	1.954c	1.874c*

*Estimate based on 10 months' results.

1. "Revenue Freight" covers traffic carried for the account of customers—omitting traffic in materials and supplies for Company purposes.
2. "Railway Operating Revenue" covers all receipts from freight, passenger and other transportation services.
3. "Revenue per Ton Mile" is obtained by dividing total receipts from freight traffic tolls by tons of Revenue Freight carried one mile.
4. "Revenue per Passenger Mile" is obtained by dividing receipts from passenger fares by number of passengers carried one mile.

freight service, and other methods by which they might and did recapture a certain amount of the business which they had lost. In addition, the standards of passenger service were greatly improved.

As the economic recovery of the world proceeded slowly, the position of the Canadian railways began to improve, but, at the outbreak of War, it was still a fact that the investors who had placed their money in the common stock of the Canadian Pacific Railway—although this Company is very conservatively capitalized—had had no return on their investment for many years, and had no immediate prospect of such return in sight. The Preference shareholders had received small and irregular dividends, while earnings of the Company had been little more than sufficient to maintain the full service of the interest on its debentures.

The publicly-owned railway found itself falling annually far short of the amount of operating revenue required to provide for the service of its debt to the public and to the Government—even after the book value of the Government's invest-

The causes of this extraordinary change are quite apparent. The recruiting, training and equipping of the Canadian Army was, in itself, sufficient to expand railway traffic—both passenger and freight—in a marked degree. To this was soon added the traffic produced by the great Commonwealth Air Training Scheme, and, after a somewhat slow beginning, the industries of Canada began to assume their place as one of the most essential sources of munitions and other material of war for the British forces.

Meanwhile, the demand for our raw materials—the produce of our fields, forests, mines, and seas—expanded rapidly. There was no longer any difficulty in finding a market abroad for Canadian lumber, Canadian wheat, Canadian nickel, Canadian cheese and Canadian bacon. While, in the one respect of wheat, the expanding market did not keep up with production, and there was soon an almost complete loss of all except the British markets for our grain, in all other directions the problem became one of production and transportation.

The total expansion in the economic activity of Canada—and therefore in the

transportation requirements of the nation—has been on a colossal scale, and experience has served to prove that the many alarmist forecasts—to the effect that the day of the railways was past—have been entirely incorrect. It has been demonstrated clearly that, for the mass movement of either goods or passengers, the railways, and the railways only, are capable of serving a nation of the geographical type of Canada.

By degrees it has become evident that the proper function of highway transport is as an ancillary to the railways—as it is employed by the railway companies themselves.

The Canadian railways are in the habit of furnishing services which are not directly connected with their primary function. The Canadian Pacific Railway, for example, has long provided Canada with the finest and fastest ocean passenger services on both the Atlantic and the Pacific, and with a line of fast freight steamers on the Atlantic. The Canadian National Railways operate the West Indies Steamship service, owned by the Government. The personnel of these steamship services have played their full part in the heroic struggle on the seas, and ships of both fleets have been sunk by enemy action—including the famous "Empress of Britain", flagship of the Canadian Pacific fleet.

The ocean steamship services of the Canadian Pacific have been absorbed into that great network of ocean transportation which has been organized under the British Ministry of Transport—the Canadian agency of which operates from the Canadian Pacific Railway offices in Montreal. The telegraph services of the two railways are, of course, the basic communication system of the Dominion. The Government-owned Trans-Canada Airways is operated by the Canadian National Railways, while the Canadian Pacific Railway has recently acquired control of a large number of smaller airlines throughout Canada—with the result that the airway facilities operated by the two companies are playing an important part in maintaining high-

speed transportation; serving the outlying areas of the Dominion, and providing valuable facilities, to be used in connection with the Commonwealth Air Training Scheme and the air defence of Canada.

In addition, the Canadian Pacific Railway organized, on behalf of the British Government, the ferrying of bombers built in the United States to Britain—now carried on by the Ferry Command of the Royal Air Force.

One particular asset to the military effort of the nation has been found in the use of railway shops, for the manufacture of ordnance and munitions. While the details of this work are necessarily secret, it is well-known that the Angus Shops of the Canadian Pacific Railway, for example, have already produced a large number of infantry tanks—not a few of which are now in service in Russia. It would be impossible and indiscreet to attempt a catalogue of the items of this very important railway contribution to the War, but it is worthy of note that, almost alone among Canadian engineering plants, the railway shops are being called upon to make this added effort—without a reduction in the burden of their ordinary task. They continue their function of constructing and maintaining railway equipment, at a time when the enhanced tempo and volume of railway traffic has greatly increased the amount of shop work needed for purely railway purposes.

Officers and employees of both railways have been called on by the Government for special technical duties, and over 9,700 employees of the Canadian Pacific alone have entered the armed forces on active service, or are working under the orders of the Admiralty.

It is thus clear that the Canadian railways can claim, in all modesty, to have played their full part in making possible both the measures for the defence of our own country, and the important contribution which this nation is making to the Allied cause. To no small extent the success attained has been due to the hard and gruelling experiences of the days

of depression and low traffic volume—during which the railway officers and employees learned how to increase the efficiency and economy of their handling of traffic.

Financially speaking, the effect of this great increase in railway business does not seem likely to be startling. It is true that the publicly-owned railway has, in 1941, been able to earn a net operating income of \$66 million as compared with the best previous record of \$55 million in 1928. This sum has been sufficient to meet the system's obligations to private holders of its securities, and, it is expected, will leave some \$4 million available—as a return on the Government's investment in the System.

This figure of \$66 million does not allow for any provision for such taxes as the Canadian National Railways pay. The System does not pay Excess Profits or Income Tax.

The Canadian Pacific is estimated to have earned—from rail operations only and after provision for all taxation—almost \$46 million net—which is, however, not equal to its record earnings of \$53 million from the same sources, and from a smaller physical volume of traffic in 1928. It must be remembered that the Canadian Pacific's earnings have been subject to quite heavy taxation—both Corporation Income Tax and Excess Profits Tax.

Both railways are still operating—with a few exceptions—at the low level of freight and passenger rates established to meet depression conditions, and the large proportion of passenger business arising from movements of the armed forces is conducted at less than normal charges. On the other hand, both railways have restored their rates of pay to

pre-depression levels, and are, in addition, paying the full cost-of-living bonus to their employees.

To sum up, it would appear that war record of the Canadian railway systems is one of which their officers and employees may be proud. They appear to have met all the demands imposed upon them, with efficiency, and without, at any time or in any place, failing to provide the nation and its armed forces with transportation service which has been needed. On the other side of the ledger, however, there are certain warnings to be taken from this record. One is that we must remember that the improvement in railway traffic has been entirely due to the ephemeral and destructive type of activity which arises from a war. There still remains ahead of us the problem of finding how we are to make our railway systems function successfully in times of peace. Even in these days of record traffic, the net earnings of the Canadian Pacific Railway are no more than sufficient to provide a modest return on the money prudently invested in the property, while, of course, the record earnings of the Canadian National Railways—although they fully meet that System's obligations to the public—give but an insignificant return on the vast amounts of money which have been invested in it by the Government of Canada. Even in the reduced form provided for in the Recapitalization Act of 1937, the Government's investment in its railway properties stands at \$670 million.

The experiences of the war period so far have proved that Canada has well constructed and well equipped railway systems, operated by efficient officers and workers. They prove also that, at the termination of hostilities, Canada will still have a railway problem.

Progress of Civil Aviation in Canada

By J. R. K. MAIN

CANADIAN Aviation was born when Mr. J. D. W. McCurdy made the first flight in an aeroplane from the ice on the harbour at Baddeck, Nova Scotia, on February 23, 1909. This, incidentally, was the first flight made in the British Empire by a British subject in a heavier than air machine. The credit for much of the experimental work that took place in connection with this flight must, of course, go to Dr. Alexander Graham Bell. Since that time, aviation in Canada has had its ups and downs in a figurative as well as a physical manner of speaking but space will not permit mention of the considerable development that took place prior to and during the war of 1914-18.

In 1919 approximately 14,000 trained pilots returned to Canada. Most of them were intent on following the pursuits of peace, (although an astonishing number of these Old Boys are with the colours again to-day): but a few were incorrigibly addicted to flying and these insisted on prying into every nook and cranny where a living at flying an aeroplane might conceivably be hiding. A few far-sighted men, both in Industry and Civil Services, gave them encouragement; and through the persistence of the pilots themselves and the kindly encouragement of those able to give financial aid, schemes were worked out for Forestry Patrol, Aerial Photography and Mapping, Aerial Exploration and Prospecting. Finally these pioneers began the rather humdrum but vitally important business of transporting passengers and goods to serve the industries they had helped to establish. All in all, they cracked open Northern Canada with the toes of the skis and pontoons of their aeroplanes.

For nearly a decade, so-called 'bush flying' held the stage in Canada. Canada was "gold conscious" at that time; and would-be empire builders joined in the sport of financing prospecting outfits to search for the elusive yellow metal through rock, muskeg and tundra, wherever rumour or geological probability had placed it. Prospecting parties were carried in by air, serviced by air, and returned by air. Whenever a find was made, there was a hurried flight to the nearest mining recorder's office and then more hurried flights with packed aeroplanes carrying blankets, food, rock drills, dynamite, blacksmiths, forges, and even coal, back to the diggings. Whether Canada as a whole has received much net financial benefit from all this activity is perhaps open to question. What is certain is that the development and exploration that took place as a side issue has been of immensely great importance.

As a result of this development scheduled services by air are now operating from Edmonton to White Horse and into all the principal points in Northern British Columbia and the Yukon Territory. Two companies are operating down the Mackenzie from Edmonton to Aklavik, into Great Bear Lake, Yellowknife and even into Coppermine and Hudson Bay. Prince Albert is connected to Goldfields in the Athabaska Lake area. From The Pas and Flin Flon, services radiate north-west, north, and north-east like a third portion of a spider's web. East of Lake Winnipeg the country is criss-crossed with airlines running from Lac du Bonnet to Norway House, God's Lake, Ilford and Sachigo. Kenora, Sioux, Lookout, Red Lake and Pickle Lake are connected in a skein of airways. Northern Quebec has been, and still is,

EDITOR'S NOTE: Mr. Main is on the staff of the Director of Air Services, Department of Transport, Ottawa.

a happy hunting ground for prospectors and the pilots who serve them. Regarding the services along the north shore of the St. Lawrence we shall have more to say presently.

The significance of these achievements is difficult to place before those who are not familiar with them, and yet their influence is profound. It cannot be said that Canada, before this time, ever possessed its territories in any real sense. They were ours only to the extent that they did not belong to anybody else. Now they are part of Canada just as much as the Prairies or the farms of Nova Scotia. Canadians know them, they travel in them, live in them, make week-end visits to them, hunt in them, fish in them, prospect in them and love them. For this we have the aeroplane to thank and those who insisted on flying, usually against all sense or reason.

It was the most natural thing on earth that the fastest means of transportation should compete with the slowest in the carriage of His Majesty's Mails: that the aeroplane should displace the dog team and the canoe. One of the worst headaches of the Post Office Department lay along the North Shore of the St. Lawrence. It was a long and persistent headache, extending from Quebec City to Labrador; and the prospect of carrying winter mail by air promised more relief than a barrel of aspirin. As events turned out the aspirin was needed too. The first experimental flight took place on December 25, 1927. It was a weekly service so arranged that bags of mail were dropped at intermediate points along the North Shore between Quebec and Seven Islands. The inhabitants were delighted. On mail day, the whole population of each settlement would string out through the bush to spot the mail bags as they fell. The pilots responded to the spirit of the game by giving them something to hunt for. Indeed they won out on several occasions, which is another way of saying that they dropped the bags so wide of the mark that even the news-hungry villagers were unable to find them. Many complaints! The

pilots took up the challenge and dropped some of the mail bags with such beautiful precision that one went through the door, or rather the transom, of a country post office. To be more exact, it took the transom with it. More complaints! But the first airmail service in Canada had been established and was a grand success.

Meantime, the city folks had not been idle. The Flying Club movement was started in the United Kingdom in 1928 and Canadians quickly copied the idea. Clubs were started at twenty-three points in all, of which twenty-two are still functioning and doing yeoman work in the training of Air Force pilots to-day. These clubs served a multitude of purposes. They were instrumental in establishing airports at most of the principal centres of population throughout Canada. They trained pilots and mechanics to take up employment in commercial flying during the years of its greatest expansion. Most important, perhaps, they kept in front of the Canadian public the fact that the aeroplane had come to our civilization to stay. Such a statement in the year 1942 may sound a little trite: but the sad fact is that between 1930 and 1940 the average Indian or Eskimo knew more about the quirks and tricks and potentialities of aeroplanes than the average city dweller in Canada.

The long distance across the Western Prairies called for a faster means of transportation between the Prairie cities. The first airmail service was established between Winnipeg, Calgary and Edmonton in 1929. The planes were slow and the airports were small—or so they seem from this distance, but at that time it was a splendid start. And then the depression smote us! The blight struck the airmail service almost before the other industries were aware of it. For people in that long bygone age looked upon the aeroplane as a freak and as an unnecessary and even, alas, an unwelcome intruder. But the fields were kept open, and even the gophers and badgers learned to shun those enticing level stretches from which their brethren somehow never

returned. The radio equipment was kept oiled up; and the lighting circuits remained more or less intact. And when Canada caught her breath again in 1936, there was a ground work of airports and aids-to-navigation which induced Mr. Howe, then Minister of Transport, to go ahead with the construction of a trans-continental airways system.

Mr. Howe is known as a man of action; and things began to happen with speed and decision. Airports were constructed, (we called them modern airports then, though they have since been enlarged and improved several times), at approximately one hundred mile intervals, starting in Western Canada and spreading eastward to Ontario, Quebec, and finally to the Eastern Maritime Provinces. Most of the principal cities had airports of sorts, and the Government granted them assistance to improve these so that they would fit into the new trans-continental system. All the important airports were equipped with hard surface runways and lights. Radio ranges were installed every hundred miles so that a pilot could fly across Canada from ocean to ocean, day or night, rain or shine, with confidence and in security.

Trans-Canada Air Lines, the company organized to fly this route, opened its first service between Winnipeg and Lethbridge in the summer of 1937. Since then it has grown like a healthy and vigorous youth eager to serve the needs of the people of Canada. Twice a day its planes cross the continent, both ways, from Halifax to Vancouver. Two trips daily are made between Toronto and New York, and two more from Lethbridge to Edmonton. Subsidiary services connect Vancouver to Victoria and Moncton to Charlottetown and Summerside.

Trans-Canada Air Lines is fulfilling an immensely important place in the national life of Canada to-day. The very fact that we have in Canada a system of airports, aids-to-navigation and weather reporting facilities which makes it possible for a pilot to strike out from, say, Halifax, in the middle of

winter in an aircraft equipped with wheels, knowing that he has at his disposal servicing facilities and incredibly accurate weather reports, over the whole 3,200 miles of farm land, muskeg, prairie and mountain, constitutes a military asset of vital importance. So important, that the defence of the country would be very severely hampered without it. These airports, of course, and the facilities attached to them, are owned or operated by the Dominion Government, since all municipal airports were taken over shortly after the outbreak of war. But Trans-Canada Air Lines is doing vital work in transporting key men, strategic materials, and essential plans and documents from city to city and from head office to factory, thereby assisting the war effort of Canada in a manner that would not otherwise be possible.

Trans-Canada Air Lines is not a large company as airline companies go on the North American continent. It has eighteen aircraft in operation as against approximately one hundred and fifty of American Airlines Incorporated. Nevertheless, it is one of the most complete and certainly one of the most efficient airline units in the world to-day. This completeness consists in a uniformity of equipment, airport facilities and aids-to-navigation, weather reporting, and the system of training its pilots, engineers, and administrative staff. All the airports, for example, have been built by the Department of Transport to one pattern. The pattern itself has changed frequently and sometimes drastically as requirements have changed: but all the airports have been brought to a uniform standard and maintained at that standard. There are forty-two radio ranges in operation between the two oceans, and extending from Lethbridge to Edmonton and White Horse. They are all of one pattern; and the system of operation throughout is completely integrated. A pilot trained to operate on one section of the route can fly with complete confidence over any other section because of this uniformity of system.

All the large stations are connected up

by teletype; and weather sequences rattle across them four times a day and on any special occasion. Uniform systems of communication by radio between ground and air are established at every large airport. Air traffic rules much more rigid than those pertaining to our highways, are established and enforced. Planes are spaced apart in distance, altitude and time, so that the risk of collision is negligible. Airport control has been established at all the large airports so that the arrival of several aircraft at one point, at one time, causes no danger or embarrassment since the operator in charge of the control tower can bring them into the airport with as much assurance as a railway despatcher brings trains into a terminal.

In the operating end, the efficiency of the company stands high on this continent. The percentage of seats occupied during the first ten months of 1941 was 69 as compared to 69.7 by the nearest U. S. competitor. The percentage of schedule miles flown was 98.1 for the same period, which is high above the American average.

To-day the company is flying 19,000 miles a day as against 15,000 a year ago. In January, 1941, it carried 4,190 passengers. Six months later the number had doubled.¹ The company reports that seventy-five per cent of these passengers were travelling on business directly connected with the war effort.

The latest monthly figures show a mail load of nearly 140,000 pounds; in January, 1941, it was 83,460 pounds. Air express has trebled from slightly better than 2,000 pounds a month at the beginning of last year to 6,680 in the last monthly figures.

This is indirect war work but the company is making a direct contribution also. From the beginning of the war it has been overhauling and calibrating aircraft instruments for the Royal Canadian Air Force. Recently it has undertaken to overhaul aircraft engines and accessories under contract to the Department of Munitions and Supply. That Department is erecting a building and installing plant on the Winnipeg Airport next to the T.C.A. shop where this work can be carried out under the direct supervision of the splendid aircraft engineering services established and developed by T.C.A.

In less than four years this organization has fitted itself into the life of Canada in a way and to a degree that is comparable to that of any of our great transportation systems. It is owned by the Canadian people and established to render service to them and this it is doing with enthusiasm and self-sacrifice on the part of every member of its staff, from the president, directing policy, to the latest apprentice, cleaning engine parts in the repair shop.

1. See the chart on the cover of this issue.

A Library for Our Fighting Forces

By NORA BATESON

ANY library for service men has two obvious functions. The first is to provide them with the information necessary for what is often a new kind of job. The other is to keep them in touch with what is being done and thought today and to

supply them with such stimulus and satisfaction to thought and imagination and curiosity as the printed word can offer.

It is such a programme on a rather modest scale that the Nova Scotia Regional Libraries Commission had in mind when it agreed to cooperate with the Canadian Legion War Services in

EDITORS NOTE: Nora Bateson, M. A., Director of Regional Libraries for Nova Scotia, is in charge of the Canadian Legion War Service Libraries for the Maritimes.

providing libraries for the Atlantic Area. Up to December 1941 the Canadian Legion War Services has spent some \$18,000 for books and pamphlets in this Area, the books selected and distributed through the Nova Scotia Regional Libraries Commission.

With so many men drafted into service in a highly technical war, there is a great need for books both for instructors and instructed. Books on diesels, automobiles, wireless, welding, carpentry, shop work are widely read in all the services. Aeronautics has a constantly growing literature on aero-engines, navigation, structure, instruments, photography etc. and the rapid growth of the Canadian navy is reflected in a demand for books on navigation, marine engines, etc. The request for books on practical mathematics from arithmetic to calculus is very general.

Such books as these are part of the munitions of this war. They are evidently so regarded by the Japanese. Last summer a shipment to Japan of technical books valued at \$57,000 from one United States firm was stopped in the mail by United States Army Intelligence officers and returned to New York. After the attack on Pearl Harbour every technical book on sale in Honolulu was bought by those who had the job of rebuilding and repairing.

Besides the definitely technical book, requests come in for information on barbering, meat-cutting, the making of soap from salvage, cooking, etc.

In democracies fighting for the "four freedoms", the second function of the library is at least as important as its utilitarian, technical service. Many voices have been raised in England in the press and in meetings against measures which threaten the free production and circulation of current books. Tawney states what many confirm that "the demand of the Fighting Services for books during this war has been startling, and the demand has been for a very wide variety of books". There is a similar

demand here and if it is not so great that is because in general books have not yet had with us the same wide circulation as in Great Britain.

This war is being fought in the midst of and is part of a great world revolution, social, economic and political. What is happening and what is being thought in Russia, Germany, China as well as on this continent and in England can only be estimated with reference to the scores of books which have been written in the last few years. Many of them may have no permanent value but out of the evidence they offer there will be formed the shape of things to come. And many of the men who will help to determine that shape are now in our Fighting Forces.

There is a wide circulation of such books as Laski's *Where Do We Go From Here*, Muir's *Future for Democracy*, Mumford's *Faith for Living*, Snow's books on China; the many books on Russia, including one of the latest and most significant: Koestler's *Darkness at Noon*; books on England under fire; and on the pattern of conquest in Hitler's Europe.

Besides their specific value as material and mental munitions of war, books are an addition to the recreational facilities of the Services. One of the surprising facts that these libraries reveal is the great popularity of poetry. Whether it is the reaction from the routine of an ordered day or some less obvious reason, great use is made of our hundreds of volumes of verse. Not only Kipling and Service but every type of poetry is asked for and it is in response to repeated demands from all quarters that our collection has been constantly expanded both in number of volumes and in variety.

Fiction is naturally popular although only half the books circulated come under that head and books of travel and adventure, biographies and books on general science have many readers.

These service libraries certainly bear out a fact already discovered by the

Reader's Digest with its several million readers and that is the real thirst for ideas and information among "ordinary" men. It is on this discovery that the *Digest* has built its huge circulation, the discovery of a wide-spread serious and sustained interest in the world of men and events. They declare that "the serious meaty type of subjects draw more cheers than articles dealing with sports or movies or radio."

There is evidence that there are men looking ahead and thinking about what they will do when the war is over. And some at least are looking to the land. There is a constant demand for books on agriculture and pamphlets issued by the Dominion Department of Agriculture. Only the other day a merchant seaman, once a farmer in the Canadian dust-bowl, came in to ask for material on how to control and check soil erosion in that area. He was to be in Halifax two months and wished to "get his teeth" into something that really interested him while he was here. He is not the first one to express that wish. Many men have leisure which they never have had before and some are disposed to make use of it.

The books in the Canadian Legion War Services library are scattered in about seventy-five collections varying from 20 or so books on boats and in small forts to 1000 or so in the larger camps. The books are new, carefully selected and an effort is made by purchase or by borrowing from local libraries to secure any book or information asked for. Because of the very limited funds the book outlets are mostly in the hands of volunteers and they are open only for a limited number of hours a week. For the same reason of limited funds as well as lack of accommodation the system has not yet been fully extended.

One fact emerges which cannot be ignored and that is the difference in the use made of these libraries by men from various parts of Canada. Those who use

them most are men from Ontario and the far west who are accustomed to libraries at home. During the last war Lord Haldane made the same discovery in Great Britain. He found that many men, though they had learnt to read in school, had never used their skill because there were no books available to them. This discovery led in Great Britain to nothing less than a revolution in the library service of the United Kingdom, a revolution which has given equal library service to everyone.

Not only in Great Britain but in most of the democracies of Europe the last war was followed by a remarkable extension of public libraries. When the state of Czecho-Slovakia was organised after 1918 it was a part of the national educational plan that every village with a population over three hundred should have its library. In the Scandinavian countries there were large regional systems taking books to all the people, and the country which read more books in proportion to its population than any country in Europe was Finland.

This recognition of the connection between the wide and free distribution of books among a people and the vigorous functioning of a democracy has not yet prevailed in all sections of Canada. In the last few years there has been a spreading interest in adult education. Discussion groups, forums, pamphlets, radio talks are all instruments but behind them and supporting and continuing their work must be the public library. Alvin Johnson, Dean of Adult Education in the United States, says, "Without the book there can be no adult education worthy of the name. The essential role of the public library in our democratic system is therefore cardinal." Libraries are not a guarantee but they are a condition of adult education. The experience of these war libraries underlines the need for the extension of library facilities to the less prosperous and wealthy provinces of the Dominion.

Wartime Price Control in the United States, 1940-1942

By JULES BACKMAN

EDITOR'S NOTE: This is the continuation of a series dealing with Price Control which was started in the Winter issue by Stewart Bates' article "Canada Erects a Price Ceiling." In the Summer issue an article on Price Control in the Totalitarian States will appear.

THE importance of the price problem was clearly recognized from the start of the United States' defense effort in May, 1940. The Advisory Commission to the Council of National Defense included two divisions which were primarily concerned with prices—the Price Stabilization Division (raw materials) and the Consumers' Division (wholesale and retail prices of consumers' goods). A little less than a year later, the Office of Price Administration and Civilian Supply (O.P.A.C.S.) was established and took over the activities of these two divisions, as well as some activities of the Agricultural Division. The O.P.A.C.S. was also authorized to provide supplies for civilian use after military needs were met and to allocate these supplies equitably. As part of a reorganization of the defense set-up in August 1941, this authority over civilian supply was transferred to the Office of Production Management and O.P.A.C.S. was renamed the Office of Price Administration (O.P.A.). During this period, there was no statutory authority for the price fixing actions taken by the O.P.A. or its predecessors. Early in August, a bill was introduced in Congress after the receipt of a special message from President Roosevelt, who outlined the factors necessitating the immediate enactment of a price control measure. After long and drawn out hearings, the House of Representatives enacted a bill in November, 1941, but it

was not until the following January that the Senate also passed a bill, and the Emergency Price Control Act of 1942, providing for selective price control, was enacted into the law.

Under this law the Administrator now has statutory authority to fix prices, margins, and rents, license business and buy and sell commodities. In fixing prices, those prevailing from October 1 to 15, 1941, must be considered as well as speculative fluctuations, changes in costs, and profits in the year ending October 1, 1941. The Administrator may issue maximum price orders, similar to those issued prior to the Act, or temporary maximum price regulations which will remain in effect for 60 days and are based on prices within the five days preceding the order. The Administrator must consult with representatives of the industry and cannot change existing business practices, cost practices or methods except to prevent circumvention. Maximum prices on agricultural products cannot be fixed below the highest level determined by the following four bases: (a) 110% of parity with industrial prices, (b) market price on October 1, 1941, (c) market price on December 15, 1941, and (d) the average price from July 1, 1919 to June 30, 1929. Moreover, no agricultural price may be fixed without the approval of the Secretary of Agriculture. A special Emergency Court of Appeals has been established to provide relief to those who have objections to price control measures.

During the early months of the defense program, the authorities refrained from the imposition of formal price ceilings. Both the Consumers' Division and the Price Stabilization Division, however, took steps to limit price advances. The

EDITOR'S NOTE: Dr. Backman is on the staff of the Economics Department of New York University. He is the author of a book *Government Price Fixing*, Pitman, N. Y., and Chicago, 1938, and co-author, with Emmannuel Stein, of *War Economics*, a collection of essays on problems of American economic war policy just published by Farrar and Rinehart, New York.

former issued the following set of principles which many retailers and wholesalers agreed to abide by:

1. Anticipated cost increases should not be made the basis for price advances.
2. Average the cost of inventories with that of new goods.
3. Traditional rates of mark up should not be used unless "costs have advanced by an equivalent amount."
4. Don't sell at the "price prevailing" at the time of shipment instead of that quoted at the time of sale.
5. Price changes should not be concealed by quality deterioration.¹

The Price Stabilization Division entered into informal agreements with non-ferrous metals producers to restrain price increases. In addition, warnings against price rises were issued for lumber, hides, sugar, oil, coffee and many other products. Suggestions and requests were issued in connection with other products.²

It was not until February, 1941, that the first formal price schedule (second-hand machine tools) was issued. In the following few weeks aluminum scrap, zinc scrap and iron and steel scrap were also brought under formal ceilings. By July 30th, when the President requested price control legislation, only 12 formal price ceilings had been issued. In addition to the above, the products affected were: iron and steel, pig iron, nickel scrap, combed cotton yarn, hides and skins, cotton grey goods, brass mill scrap and bituminous coal. In most of these instances, formal action was taken only after informal measures to halt price advances had proven unsuccessful. Most of these products were characterized by a large number of producers or handlers, a condition usually not conducive to successful control by informal methods.

In the later summer of 1941, the pressure for higher prices which accompanied the increasing tempo of defense activity (the Federal Reserve Board index of industrial production had increased from 116 in May 1940 to 160 in August, 1941, the highest level ever attained until that time) resulted in the imposition of an increasing number of formal price ceilings. The number of schedules becoming effective in the succeeding months were as follows:

August, 1941.....	12
September.....	4
October.....	9
November.....	4
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Prior to Pearl Harbor, 44 price schedules had been imposed of which two had been revoked. Following our entrance into the war, many additional schedules were rapidly issued. By the end of January, 1942, the total had reached 82 and by the middle of February, 105.

The O.P.A. continued its efforts to prevent price rises without the imposition of formal ceilings throughout this period. Thus, in January, 1942, voluntary price agreements were reached with producers of crane and power shovels, titanium pigments and rail equipment, while requests to refrain from or rescind price advances were made to producers of ceramics, crane derricks, oilfield machinery, portable tools, borax, hearing aids, window plate glass and brass and bronze ingots.

In the early stages of control, mainly basic raw materials and scrap and waste materials were subject to formal ceilings. But after our entrance into the war ceilings were also established for many consumers goods, including wool floor coverings, flashlights, cigarettes, tires and tubes, domestic cooking stoves, radios, phonographs, washers, ironers, bed sheets, automobiles, and refrigerators. Except for automobiles, flashlights and tires and tubes, for which retail prices were fixed, too, only manufactured or wholesale prices were fixed. However, the

1. Emmanuel Stein and Jules Backman, *War Economics*, Farrar and Rinehart, 1942, p. 247.

2. For a list of the actions and the products affected during this early period of control, see *Price Control Bill*. Hearings before the Committee on Banking and Currency, House of Representatives, on H. R. 5479, Washington: Government Printing Office, 1941 Part 1, Pp 280-284

trend is clearly toward a larger amount of price fixing for finished goods and in many instances, retail prices will be fixed as well. This should be especially true for those consumers' goods which are rationed.

Payment of subsidies and purchases abroad by government corporations have also been used to prevent price advances. Thus, a special subsidy scheme was adopted under which copper, lead and zinc mines were given quotas and premium prices were paid on output in excess of those quotas. By this device, it was possible to prevent the price rises which would have increased the cost of possibly 90 per cent of the output and yet it was possible to obtain the high cost supplies so urgently needed. The Metals Reserve Company also bought copper abroad at $9\frac{1}{2}$ to 10 cents a pound and resold it domestically at the ceiling price of 12 cents. If private parties had to import this copper and pay the 4 cent tariff a domestic price of $13\frac{1}{2}$ to 14 cents a pound would have been necessary to stimulate imports. The import of all crude rubber throughout the Rubber Reserve Company was effective in restraining a rise in the price of that product.

Steps were also taken to limit speculation on the various commodity exchanges. At the suggestion of the Price Administrator, margin requirements were increased for pepper, coffee, rubber, cocoa and other commodities and market letters sent out by brokers were carefully scrutinized. In addition, the Securities and Exchange Commission was asked to report any evidence of speculative activity on the commodities markets to the O.P.A. Because of the fixing of maximum prices and disruptions to supplies, trading in commodity futures was suspended for sugar, tin, rubber, copper, silk and other products. Restrictions were also placed on all speculative activities in fats and oils.

Price ceilings have been established for a variety of reasons. The basic underlying purpose, however, has been to prevent those rises which were not

justified by higher costs or which would not result in greater production. Thus, the preamble to Price Schedule No. 44 for Douglas Fir doors stated that "The cumulated price increases cannot be justified either on the basis of the increased costs of production or on the assumption that higher prices bring out appreciably more production." In connection with scrap rubber (Schedule No. 87), on the other hand, relatively high prices were fixed because "Our purpose is to encourage the fullest possible flow of scrap rubber to reclaiming plants at prices consistent with costs of collection and accumulation and with reasonable profit." A corollary objective has been to restrict any advances which would increase the cost of the war effort. A typical statement of this objective was that made in Price Schedule No. 69, for primary lead: "The combination of increased demand and insufficient supply threatens a bidding up of the price of lead, which will materially increase the cost of the war effort and tend to create an inflationary spiral."

Prices have also been fixed to discourage the withholding of supplies by those who anticipated higher prices (Price Schedule No. 73, fish meal); to protect consumers against increased costs (Price Schedule No. 61, leather); to prevent price rises because of reductions in output ordered by the government to conserve raw materials (Price Schedule No. 86, domestic washing machines and ironers); to eliminate speculative practices (Price Schedule No. 25, fats and oils); to prevent pressure on prices fixed at later stages of production (Price Schedule No. 29, coke); and to prevent price rises because of disruptions of foreign sources of supply (Price Schedule No. 50, green coffee).

In many cases, the O.P.A. has fixed prices at an earlier stage of production or distribution with the suggestion that prices at subsequent stages of production or resale should therefore remain stable. Thus, when wholesale prices of Nylon hosiery were fixed (Price Schedule No. 95) the Administrator stated, "The public

has every right to expect that the benefits of this move will be passed on to it." In connection with cotton textile products, he threatened to fix finished goods prices if they did not become stabilized after various semi-finished goods were price fixed. This threat was carried out when the prices of cotton bed sheets and pillowcases were fixed in February, 1942, (Price Schedule No. 89).

Wherever possible, existing pricing practices have been maintained in the schedules promulgated. Thus, the basing point system of quoting prices was retained in several schedules with the statement that the O.P.A. action was not to be construed as either approval or disapproval of the practice. (Price Schedule No. 100, cast iron soil pipe). Recognizing that price fixing can be evaded by changes in style or quality, the O.P.A. has restricted product changes in several instances. For example, Price Schedule No. 64 for domestic cooking and heating stoves provided that "In order to prevent nullification of the Schedule, changes in specification are restricted as an emergency measure."

That the O.P.A. has played a major role in restraining price increases is evident from an examination of the available price data. (See Table I) From low point in August, 1940, until February, 1941, the Bureau of Labor Statistics' wholesale price index advanced about 4 per cent. Advances in major groups were all relatively small, with the largest increase of 7.2 per cent recorded by farm products. A larger advance in this group is typical behavior in the early stages of a general price advance. After February, 1941, the general price index advanced substantially and just prior to Pearl Harbor had reached a level almost 20 per cent above that in August, 1940. As compared with an average monthly increase of .7 per cent up to February, in the following 9 months the average advance was 1.7 per cent monthly. The rapid advance in farm products,

foods, and textile products was due largely to favorable legislation enacted by Congress and the absence of restraining actions by O.P.A. Paradoxically, some of these sharp price advances, as in the case of cotton and wheat, took place for products of which large surplus stocks were available. For the groups other than those mentioned above, only a moderate advance in prices occurred prior to Pearl Harbor, despite the high rate of business activity and the many shortages which developed. This relatively small advance was due to the various actions taken by O.P.A. It is clear that for many products, especially metals, prices would have been substantially higher, had it not been for the formal and informal ceilings established by that agency. The major rises occurred in groups of products over which O.P.A. could exercise little or no control because of political factors.

Additional evidence of the effectiveness of O.P.A. price actions is found in Table II, which shows the prices in the first 27 months of World War I and in the present conflict.

It is interesting to note that farm products which recorded the smallest relative increase in the early part of the first war, showed by far the largest advance in this war. On the other hand, metals and metal products which had the second largest increase in 1914-1916, recorded the smallest advance in 1939-1941, despite the tremendous demand for these products. The sharp increase in chemical prices in the World War reflected the effects of the curtailment of supplies formerly obtained in Germany. This difference in price behavior in the two wars may be attributed primarily to the actions instituted by the O.P.A. In the earlier conflict, no price control measures were instituted until the summer of 1917. In the absence of these price controls, the general price index would undoubtedly have been substantially higher when the United States formally entered the present war, than was actually the case.

TABLE I
Changes in United States Wholesale Prices 1940-1942
(August, 1940—100)

	Aug., 1940	Feb., 1941	Nov., 1941	Feb. 14, 1942
All Commodities	100	104.1	119.5	124.3
Farm Products.....	100	107.2	138.1	153.5
Foods.....	100	104.9	127.4	134.1
Hides and Leather.....	100	104.8	117.8	119.9
Textiles.....	100	105.7	126.0	129.4
Fuel and Lighting.....	100	101.4	110.8	110.7
Metals and Metal Products.....	100	102.9	108.9	109.2
Building Materials.....	100	106.4	115.2	117.7
Chemicals and Allied Products.....	100	102.4	117.8	126.3
House Furnishings.....	100	100.7	113.7	117.5
Miscellaneous.....	100	100.3	113.8	116.0

TABLE II
Increases in Wholesale Prices in First 27 Months
World Wars I and II

	July, 1914, to October, 1916	August, 1939, to November, 1941
All Commodities	35.4%	23.3%
Farm Products.....	31.4	48.5
Foods.....	32.8	32.9
Hides and Leather.....	42.5	23.0
Textiles.....	37.3	34.4
Building Materials.....	31.7	20.0
Chemicals and Drugs.....	90.0	20.4
Metals and Metal Products.....	48.7	10.8

The more important types of action taken by the O.P.A., its powers, and its policies have been outlined above. However, effective price control involves a number of other measures which could not be discussed fully because of space limitations. These include coordination of purchasing activities of the several government agencies and our Allies; planning and timing of purchases; stimulation of output wherever possible; reduction or elimination of tariffs; prevention of general wage increases; power to control farm prices; and reduction of civilian purchasing power by means of taxes, voluntary saving and forced saving. Effective steps have been taken in connection with purchasing activities and plans have been made to increase supplies in many lines. However, up to this writing,

no adequate wage policy or farm price policy has been instituted. Although taxes have been increased and the sale of defense bonds and stamps stimulated, the fiscal measures do not yet effect the necessary diversion of purchasing power from civilians to the government. Under conditions of increasing purchasing power and decreasing supplies of civilian goods,³ the pressure for higher prices will be irresistible unless price control is supplemented by a more drastic fiscal policy and wage and farm price policies designed to prevent increases in those areas.

³ Price Administrator Henderson estimated that in 1941 the output of consumers' goods and services totalled \$74 billion and the total national income \$90 billion and that in 1942 the totals would be \$65 and \$102 billion respectively. Total savings and taxes were estimated at \$22 billion in 1942, thus leaving \$80 billion to bid for \$65 billion worth of goods. The difference of \$15 billion was described as "rattling around with no place to go if we let it alone." *The New York Times*, February 22, 1942, p. 17.

The Effect of the War on the Maritime Provinces

By B. S. KEIRSTEAD

TO a very considerable extent war effects in the Maritimes correspond to what has been happening throughout the country as a whole. We must pass briefly in review the effects on Canada as a whole before we can distinguish what may be regarded as the unique effects which have peculiarly overtaken the Maritime economy because of one or another of the characteristics which differentiate it as a special economic region.

Canadian national income has increased since 1939 by an estimated \$1,600,000,000, an increase of about 40%. This increase has been generated by the spending of government and industry on war supplies and new capital, spending which has been accompanied by a nicely-calculated monetary and fiscal policy on the part of the Bank of Canada and the Treasury. The new income comes, in large part, from the employment of previously unemployed or underemployed resources, so that many of the new incomes are being spent by people who have been below the margin of decent subsistence. It has been impossible, and properly so, to prevent an expansion in the consumption of these newly employed classes, many of whom are just beginning to enjoy a level of subsistence which is regarded as a minimum. Consequently the reduction in the consumption of those classes who previously enjoyed a better standard of living has had to be sharply restricted and this restriction has been accomplished by sharp increases in taxation, by public borrowings supported by considerable social pressure and, in some cases, by direct restrictions of supply. In effect this has meant a redistribution of the social income. We have been far from any equitable social distribution of

income in Canada, and we are still far from it, but the war has tended to level out some of the worst inequities. In general the war has given something like a decent standard of living to a large section of the industrial working class that was previously underemployed; it has improved the standard of living of some agricultural classes, though many, notably the western grain growers have suffered a reduction in their relative, if not in their absolute position; the more skilled workers who were previously employed have registered some slight gains, though the differential between them and the unemployed has been reduced; white collar workers and many professional men on salary, such as teachers and civil servants, have probably suffered both an absolute and relative reduction in their scale of living, and some restrictions, though probably none they could not well afford, have been imposed on the classes with incomes of \$5,000 or over.

The Maritimes, as a region, have experienced this general increase and this general redistribution of income. When we attempted to make an estimate, with the help of the Dominion Bureau of Statistics, of the increase in the Maritime regional income in the fall of 1940, at the end of the first year of war, we found it to be in the neighbourhood of 25%, which was slightly better than the increase for the whole of Canada at that time. This is partly to be explained by the increases which would result from the concentration of troops and navy personnel in the provinces, partly by the extraordinary expansion in the income of such ports as Halifax, but partly by reason of the fact that the national income was being redistributed in favour of the unemployed and less well-to-do classes. The Maritimes had a comparatively high level of unemployment and of partial employment and a large number of low

EDITOR'S NOTE: Professor B. S. Keirstead is head of the Department of Economics and Political Science, University of New Brunswick. The above was given as an address before the Fourth Maritime Conference on Industrial Relations held in Halifax, November 6 and 7, 1941.

paid workers, with, compared to the central provinces, a small class of the well-to-do. Thus the redistribution of the national income benefitted the Maritimes, not so much because of any special geographical conditions but because socially the Maritimes contain a larger percentage of the very poor section of the industrial proletariat and a very small percentage of the class with high incomes.

How permanent will be the benefits which the Maritimes have experienced as a result of the redistribution of the national income will depend in part on the social policy of the Dominion government after the war and in part on the permanence of the industrial development which has taken place and is taking place in the Maritime industries. This leads us, therefore, to an examination of the general wartime development of industry throughout Canada and of the special effects that may have been experienced by industry in the Maritimes.

Of the manufacturing industries primarily engaged in civilian supply those which are most prominently represented in the Maritimes are the pulp and paper industry, textiles, sugar refining and confection making, and boots and shoes. Of these pulp and paper is far and away the most important in the economy of the Maritime region. This industry has now pretty well reached full employment, which means that the mills are running at about 100% rated capacity, slightly over in some cases, and that the employment of labour is maintained at the peak. The expansion in output of this industry over 1939 has been in vicinity of 25-30%. Business and welfare conditions in the pulp towns are consequently comparatively good. But when one looks to the future one cannot be too optimistic. This industry is prosperous at present less because it has developed new uses for its product or because it has learned satisfactory by-product utilisation of waste liquors than because it enjoys remarkable freedom from Baltic and Scandinavian competition on the British and American markets. Various estimates of the Scandinavian cut have

been made but all agree that after the war the Scandinavian and Baltic countries will have stocks for perhaps two years' world consumption ready to dump on the market at any price. Moreover this industry is based on a wasting asset and there is some doubt as to how far in the Maritimes exploitative cutting methods are in use. This is a controversial point which we cannot discuss here, but we must say that there is at least the possibility that the basic material cost of bringing the cut to the mill will exhibit the characteristic of increasing in time, and if this happens it will damage the ability of the Maritime industry to hold its place in competition on the world market after the war.

Other manufacturing for civilian use such as sugar refining and boots and shoes have experienced some expansion but the stimulus appears temporary and they do not appear to have bettered their competitive position.

The Maritime economy contains certain industries that have received certain special stimuli from the war. First among these are the basic and secondary steel industries. In Cape Breton Island the basic steel industry underwent an expansion of 40% in the first year of war. That expansion has continued with the increase of capacity that has since taken place. There has been a parallel, though not proportionate, increase in employment. The secondary steel industry, situated in the Trenton, New Glasgow area, was slower to feel the stimulus, but the expansion there will now become most marked with an increase of 100% in the plant capacity of the area and a proportionate increase in employment to follow, once the new plant goes into operation. This is one of the few cases in the Maritimes of large-scale capital plant extension under the government capital assistance to industry program. There has been some attendant increase in coal production, though this has been less great, for it has been limited by the number of working shafts and to some extent by labour difficulties. It must be

remembered that several of the mainland mines were, at the outset of the war, on the margin of profitable operation, and that under normal conditions these mines might have been closed. The war has enabled the company to keep them in operation; it has prevented a reduction in fuel supply rather than caused any large increase. The diversion of increased quantities of Nova Scotia fuel to the steel industry has meant a reduction in the supply available for other purposes and this has been felt by civilian coal consumers both in these provinces and in central Canada.

This boom in the heavy industries has relieved the acute employment problem—and its consequent social problems—in the steel and coal towns, but that the relief is permanent we may well doubt. Indeed there is sound reason for believing that the problem after the war may be more serious than it was before by reason of the attraction of casual labour to the urban industrial centres from the farms and from fishing communities. When the wartime demand for steel is at an end the world capacity will tremendously exceed any probable demand, even if we allow for reconstruction in the devastated European cities. Not only will the primary steel industry suffer but the secondary steel industries will feel, even more acutely, the changed circumstances. The secondary steel industry of Nova Scotia was developed originally in the days when the chief demands for steel were for construction steels and steel for railways and rail rolling stock. They never successfully developed to compete with newer industries in the lighter steels and alloys which came to be in demand in the automobile age. The new plant capacity which this war has given the New Glasgow industry is for munitions manufacture and it is doubtful if it can be successfully and profitably adapted for peacetime production. The tremendous munitions and heavy industry of Canada will have to be rationalised after the war and there can be little doubt that the rationalisation will hit hardest those industries which can least easily be adapt-

ed and those which have a relatively high unit cost of production. On neither count are the Maritime secondary steel industries apt to receive favourable judgement.

Finally the reduction in the domestic demand for coal for the steel industry will mean that the coal industry will have at last to face the issue which the war enabled it to escape. Marginal mines, and mines which will have become marginal during the rapid exhaustion of wartime production, may have to be closed. The operators of the mines maintain that this problem is in the future and that it is not within the responsibility of private companies to attempt to make provision for eventualities of this sort. The province, on the other hand, deriving no profit from the operation of the mines, has not felt any urgency in devising policy now for a possible future condition. Yet back of the miners' various particular complaints, some of which have not seemed to the public to be serious enough to justify stoppages of work, may well be a feeling of insecurity about the future, about employment for their sons, a feeling that the very existence of their communities is in jeopardy and that nothing has been done or is being done to provide alternative employment and a more varied industrial base for their region.

The construction industry is another which has experienced a very special and rapid growth under the stimulus of war. It has been greater than the average rate of industrial expansion but has been less great than the growth of the same industry in the provinces of Ontario and Quebec. Moreover, whereas the new construction in those provinces has been to a large extent industrial and thus of some permanent value, the new construction here has been, much of it, of a temporary nature, temporary accommodation for the personnel of the services and temporary extension of wharfage facilities. (There has also been some permanent construction in the ports of Saint John and Halifax). Our capacity to build is greater and we have some new plants, new docks, air stations and so

forth, but our permanent productive capacity has been but little increased. We have suffered here by reason of our geographic position and by reason of our comparative lack of existing industrial capacity. Naturally the government built defenses here, naturally it concentrated troops here and built accommodation for them. Just as naturally it built new industrial plant in the areas safe from enemy attack and where there were already supplies of skilled labour, established industries, power resources and power distribution and experienced management.

The result of all this has been that the Maritimes have experienced a considerable business boom, much of it concentrated in a few areas, but very little of it has much promise for the future. The industries of the central provinces may likewise have to contract after the war, but, comparatively, they are less apt than ours to suffer from rationalisation, and moreover the establishment of new industries in those provinces will give them a more varied and probably more stable economic basis. Canada promises to be a much more important manufacturing nation after the war than she was before and one of the most important—if at the moment most problematic—effects of the war must be the effect on the internal balance of the economy of confederation. Canada will be a creditor nation and her foreign trade policy will have to be reformulated to suit her new position. She will have to admit imports and may be less able to export. This will accentuate regional divisions of interest and the fact that Canada will have a manufacturing capacity in excess of domestic need will intensify the problem. The manufacturing provinces will want, more than ever, high tariffs and a policy of assistance to manufactured exports and this may well necessitate a curtailment of export of agricultural produce and raw materials. The determination of proper economic policy will be difficult and we cannot say

now what it should be. It is clear, however, that the influence of these Maritime provinces in the councils of the federal state will be no stronger than it is now, if as strong: clear, too that the prairie provinces will be no more influential than they have been in recent years. Whatever policy is adopted it will be a policy largely dictated by the needs of the prevailing economic interests in Ontario and Quebec. We in the Maritimes must accept that, and we should accept then as now the philosophy that national policy must be conceived in a federation in terms of the greatest good for the federation as a whole. That philosophy means now that war industry, among other things, must be planned not with regard to regional distribution but with the object of most efficient production of war goods and in peacetime that philosophy will mean that policy must be directed towards the most effective development of the economy as a whole. This will imply undoubtedly, policies which are conceived as primarily beneficial to the dominant central provinces. But it should mean also a policy which is conceived not for the profit of a small social class, but for the material prosperity of all classes and we may hope that this war will bring a wider degree of social security and a minimum standard of welfare to all classes in the country. If we identify ourselves with the Dominion as a whole and cease to think of ourselves as a region apart, and if we realise that our lot is part of the lot of the poorer regions and the poorer classes throughout Canada we shall see that our policy within the federal union should be, not to press for regional favours which too frequently are retained by a small class, but to urge for social reforms which will protect the poor of this, as of every other, region, and to support economic policies which will enable the nation as a whole to afford a decent standard of living to all its people.

Public Welfare Reorganization in Canada II.

By HARRY M. CASSIDY

IN a preceding article in PUBLIC AFFAIRS I pointed out that Canada lacks an efficient, modern system of public welfare. If this system is not strengthened now it will be in no position to meet adequately the terrific post-war demands that are likely to be made upon it. It is the thesis of these articles that a great contribution towards the prevention of post-war social chaos can be made by thorough-going reorganization of the provincial and local welfare services from one end of the country to the other.

The organizational weaknesses of the welfare services are of two main types. In the first place, responsibilities, financial and administrative, are not well distributed among the provincial governments and their municipalities and provincial and local services are not well coordinated. Secondly, administrative machinery is generally weak on both provincial and local levels. These defects go far to explain why the quality of service in Canadian public welfare agencies is too often much below that of similar agencies in Great Britain and the United States.

I believe that there is need in every province for thorough survey of the existing welfare system, leading to the preparation of over-all plans of reorganization. These plans cannot be precisely the same for all provinces, for differences in conditions will dictate somewhat differing organizational patterns from province to province. But there are certain general principles of reorganization that should be followed everywhere. Six principles are proposed below for consideration, the first two of which were discussed in more detail in the preceding article of this series.

EDITOR'S NOTE: H. M. Cassidy, Ph.D., a native of British Columbia, is Professor of Social Welfare and Chairman, Department of Social Welfare of the University of California. From 1934 to 1939 he was Director of Social Welfare for the Province of British Columbia.

The first part of the above article was published in the Winter issue of this journal, p. 86

1. *Operating functions should be redistributed between the provincial governments and the municipalities in accordance with their respective administrative and financial capacities.*

2. *The provinces should delegate administrative responsibilities only to local units that are suitable in population, in area, and in other characteristics, for the efficient performance of operating functions.*

3. *Provincial-municipal relations with respect to the welfare service should be so adjusted that the financial burden is divided equitably between them, that every municipality is protected against unreasonable welfare costs, and that the system is compatible with good administrative standards.*

Application of this principle calls for drastic revision of present arrangements for welfare finances. In the first place it means that, if there is to be local administration, the costs should be shared by the provincial and local authorities. It is contrary to every sound principle of administration for one branch of government to pay all the bills for a service operated by another. This invites irresponsibility on the part of the administering authority. The municipalities should bear a significant share of the costs, probably not less than 15 or 20 per cent in the case of any one of them, so that they will have a substantial financial interest in the services they are operating. At the same time, the provinces should contribute towards the expenses of all locally-administered services. This will permit the emergence of a genuine system of partnership, operating subject to provincial standards, supervision, and coordination. For the making of grants by the provinces carries with it the power to set conditions to be observed everywhere.

Secondly, a single inclusive grant-in-aid should replace the several separate grants for specialized services which have been common in the Canadian provinces.

This means that the municipalities would no longer be reimbursed more for one service than for another. That is to say, they would get just as much assistance on a percentage basis with respect to hospitalization or mothers' allowances as with respect to poor relief. The first object of this would be to simplify the grant system. A second object would be to prevent the municipalities from placing any person in one category of assistance rather than another for purely financial reasons, and thus to encourage sound administration.

Thirdly, the burden of charges to be imposed upon the municipalities must be stabilized, at a reasonable figure, so that it can be met, *in every municipality*, from local tax resources without undue difficulty. Since the local governments must raise funds mainly from the general property tax their revenues are definitely limited and are not easily expansible in case of need. In 1937, according to the Rowell-Sirois Commission, they spent about \$53,000,000 on public welfare, equivalent to the yield of some 6½ mills on their taxable valuations, which was probably not too heavy a burden if it had been fairly distributed among them. They should be protected against total charges that go much beyond this amount, which represents about 20 per cent of their total revenues from taxation.

Even more important is equitable distribution of the burden. Indeed, this is the very nub of the problem. During the 1930's, when the air was full of cries of municipal bankruptcy on account of relief costs, it was not the total welfare burden but its mal-distribution that caused the trouble. For some local authorities were forced to pay for relief and other welfare services many times as much as others in relation to their taxable resources and were literally forced into default upon bonded obligations while others remained quite solvent.

Equitable distribution of local welfare costs can be achieved by means of a revised system of provincial grants to the municipalities, whereby the grants are varied in amount in accordance with

local needs for assistance. This policy has been followed in England since adoption of the Local Government Act of 1929 and has been followed also in various American states. In the state of Washington, for example, the counties are required to appropriate annually the yield of three mills on their taxable valuations for welfare purposes and the state government meets all costs in excess of this amount. This method has the great advantage of simplicity and, with some modification, might be applied to the Canadian scene. A workable system might be for the municipalities to meet welfare costs for service (apart from administration) up to the yield of a fixed number of mills, perhaps five, on their taxable valuations, with the provincial governments bearing 90 or 95 per cent of all excess costs; and for administrative costs to be shared equally.

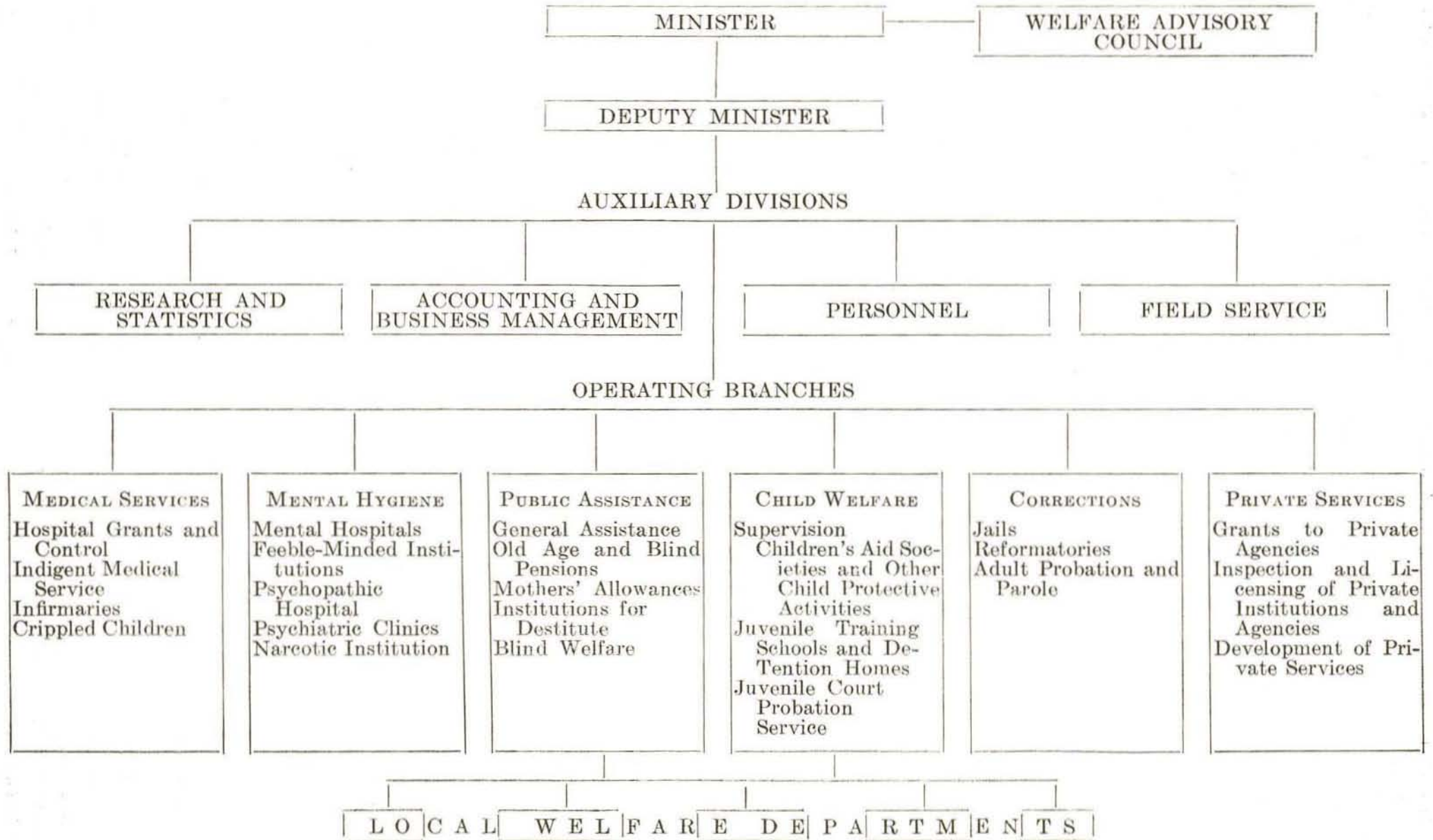
The effect of such a policy would be to stabilize the total municipal welfare burden at a reasonable figure, to spread it much more evenly than at present among the different local units, and to protect every community against unfair charges. The provincial governments, with their broader tax resources and more elastic revenue systems, would thus assume the liability to meet any heavy increases in welfare costs that might occur in the future.

4. *At the provincial level there should be extensive administrative reorganization, designed to integrate the welfare services departmentally and to develop effective coordination between the various branches.*

A "model" organization chart for a provincial welfare department is presented on the next page.¹ However, it is not suggested that it will be applicable as it stands in all or any of the provinces. As it has been stated previously, no standard plan of reorganization will fit the circumstances of every province. Subject to these reservations, the chart is submitted to illustrate how principles of sound administrative structure might

1. EDITOR'S NOTE: The chart is, on the whole, self explanatory. The author had, however, accompanied it by certain notes which lack of space prevented from being published. Those interested in them may obtain them on request from the Editorial Office.

ORGANIZATION CHART—PROVINCIAL WELFARE DEPARTMENT



be implemented in the Canadian Provinces.

The chart is based on the presumption that the larger municipalities, assisted by provincial grants, operate the main public assistance services, while all institutional and specialized programs are operated by the province, as well as public assistance within municipal units of small population.

5. *Provincial departments should be given ample powers to set standards of service to be observed by local and private welfare agencies and to supervise their activities.*

This is essential if reasonable uniformity in welfare services is to prevail throughout the whole province. The provincial department should have power to fix by regulation assistance budgets, rules of eligibility, and certain administrative procedures, and to formulate and enforce standards of personnel. Both the local and the private agencies should be required to submit reports to the provincial department in prescribed form, to keep records that are adequate, and to follow prescribed accounting methods. Their financial affairs should be audited periodically by provincial officials. The department should also have power to review and revise the decisions of the municipal agencies with respect to grants of assistance to particular persons. Besides exercising these controls over municipal and private agencies the provincial department should provide for them, through its field agents and through its specialized staff at the central office, consultant and advisory services regarding problems of management.

Two main sanctions may be suggested to be used by the provincial departments if the municipal agencies fail seriously to comply with regulations. The first of these is the power to withhold grants. The second is the power to take over local administration completely. These are both drastic powers which should not be employed except as a last resort.

6. *Local welfare agencies should be re-organized where necessary, under the direction and with the assistance of the provincial department, to bring them into line with new province-wide policies and to fit them*

for a high level of administrative performance.

The reasons for this are obvious. All welfare services should be integrated departmentally at the local level and an administrative structure built up that is appropriate for the nature and the size of the program to be operated. Organization within the local welfare agencies will naturally be more complex in the larger cities than in smaller places. The provincial department should be empowered to prescribe minimum organizational standards.

* * *

A word of comment needs to be added about the broader implications of the suggestions for reorganization that have been made. In the first place, they have been limited to the provincial-municipal sector of the welfare front. What about the role of the Dominion, it may well be asked. Certainly reorganization of the welfare services under Dominion jurisdiction is needed; and certainly action should be taken to settle the great question of distribution of welfare functions between the Dominion and the provinces, an acceptable solution to which the Rowell-Sirois Commission did not find. Moreover, the Dominion should assist the provinces to reorganize and strengthen their services by means of research and information, technical assistance, and possibly carefully planned grants-in-aid. But whether the Dominion undertakes these jobs or not in the near future the provinces can and should get on with their own housecleaning. The proposals that are made here, therefore, need not be set aside until the Dominion acts.

Secondly, much of what has been said about provincial-municipal relations in the public welfare field is applicable also to other fields of service, including police and fire protection, recreation, education, public health, and housing. Complete local autonomy, without financial assistance or supervision by provincial authorities, has not given the country a satisfactory system of local government. There is a general need for amalgamation

(Continued on page 158)

Industrial Relations and Social Security

General Organization and Progress of the Unemployment Insurance Commission

By ALLON PEEBLES

THE Unemployment Insurance Act was passed by the Canadian Parliament on August 7, 1940, and became effective July 1, 1941.

Thus may be briefly summarized the story of one of the biggest organization tasks which have been undertaken in Canada. It is far from complete. What has been done is not perfect in every respect. But when it is remembered that it took Great Britain three years and the United States two years to organize similar plans, the progress made in Canada during a single year may be fully appreciated.

The Act requires the Commission to organize and administer an Unemployment Insurance plan. This plan provides for the collection of contributions from employers and employees, and for the payment of benefits to unemployed insured persons who fulfil certain statutory conditions. The Act also calls for the establishment of a national Employment Service, and this side of the Act has not received the publicity it deserves. The Employment Exchanges set up under authority of the Act are just as important as the insurance functions to be discharged.

Parliament delegated the task of operating and administering the provisions of the Unemployment Insurance Act to a Commission of three. It was expressly provided that one Commissioner should be appointed after consultation with organizations representative of employers, and another after similar discussion with organizations representative of employees. The Chairman was

to be neutral. All appointments, it was provided, were to be made by the Government.

In the first instance, the Commission consisted of Dr. Joseph Sirois, formerly associated with what came to be known as the Rowell-Sirois Commission on Dominion-Provincial Relations, R. J. Tallon, representative of employees, and Allan M. Mitchell, representative of employers. The death of Dr. Sirois shortly after his appointment made it necessary for the government to select another chairman and Arthur MacNamara, Associate Deputy Minister of Labour, was appointed Acting Chairman. Mr. MacNamara has occupied this position to the present time.

Immediately responsible to the Commission is the Executive Director, and assisting him are the Chief Insurance Officer and the Chief Employment Officer.

The interim between August 1940 and July 1941 was occupied in setting up the administrative machinery through which the Commission was to function, and in taking the preparatory steps necessary to put into operation the Unemployment Insurance Act.

It is difficult for one who has not been actually engaged in the work to appreciate the vast amount of detail planning necessary to put the Act into operation. Rules and regulations had to be formulated, administrative procedures determined, a staff to be selected and trained. In this connection, it might be observed that the whole staff were appointed through the Civil Service Commission and to select the 900 employees and have them appointed was a substantial job in itself. Then, premises had to be acquired and the offices supplied with furniture. Even the designing and printing of forms was a real undertaking, when it is considered that a sufficient number of insurance books alone had to be printed to enable a copy to be placed in the hands of each of the millions of Canadian workers who have become insured persons.

EDITOR'S NOTE: Dr. Allon Peebles is Executive Director of the Unemployment Insurance Commission in Ottawa. He spoke on the subject dealt with in the above article at the fourth Maritime Conference on Industrial Relations held at Halifax, November 6 and 7, 1941.

In addition to the practical preparations, employers and employees required information about this new co-operative plan which they were required to participate in. Pamphlets and booklets for employers and employees were prepared and informative advertising was circulated throughout Canada. This work was completed in time to start collecting contributions from employers and workers across Canada on July 1, 1941.

Canada's size and the scattered nature of the population made it essential to divide the country into regions so as to achieve effective administration of the Act. It was decided to create five regions, each to be placed in charge of a Regional Supervisor who reports directly to Ottawa. The three Maritime Provinces comprise one region, the Province of Quebec, another, Ontario, as far west as Lake Nipigon, a third, the remainder of Ontario and the three Prairie Provinces, a fourth, and the Province of British Columbia, a fifth. Headquarters of regions are located at Moncton, Montreal, Toronto, Winnipeg and Vancouver. The respective Regional Superintendents are located at these points and directly supervise the operations in their regions.

In addition to the regional offices, district offices have been established in four cities—London and North Bay in Ontario, Saskatoon and Edmonton in the Prairie Region—to facilitate the more rapid payment of insurance benefits when these become payable early in 1942.

Across Canada, about one hundred full-time local Employment and Claims Offices have been established in the more important centres of the various regions—eight in British Columbia; nineteen in the Prairies; thirty-three in Ontario; twenty-six in Quebec, and twelve in the Maritimes. A number of part-time offices are also to be established and probably some seasonal full-time offices.

In the short space of this article the functions of the different offices, can only be indicated in the barest outline. Their responsibilities fall roughly into two general divisions: registration of claimants for insurance benefit and the placement

of unemployed persons into employment. It will be recognized that the maintenance of employment offices must be an integral part of any national unemployment insurance measure and insofar as our own Act is concerned, the insurance aspect appears to have completely overshadowed in the mind of the public the employment side of the Act.

The local offices, scattered across Canada, are in direct contact with the public. They are called Employment and Claims Offices, indicating their dual function of placement and insurance. They register applicants for work and endeavour to find work for them. They also register applicants for Unemployment Insurance benefit, which is only paid when it is found impossible to provide the applicant with suitable employment.

The work of placement is an important feature of the activities of the Employment and Claims Offices. The normal individual wants work and every effort will be made through these offices to see that he secures suitable employment. Parliament, in making provision for establishment of a national Employment Service, was thoroughly aware of the importance of this phase of the Commission's work. It was intended that the new National Employment Service would supersede all previous Government Employment Services. In pursuance of this plan, the Unemployment Insurance Commission, on August 1, 1941, undertook to relieve the Provincial Governments of the costs of administrative responsibility and of operating their public employment offices.

It is important to emphasize one point in connection with the employment end of the Employment and Claims Offices. These offices are free to all employees, insured and non-insurable alike. All employers are free to use them. One of the prime reasons for the existence of the offices is to locate jobs for unemployed persons and suitable employees for employers. The importance of this work is being emphasized and the cooperation of employers, as well as of employees, is urged. The Commission has already

found that its Employment and Placement Service has proved its value in helping to fill the needs of wartime industry and it will be of the greatest value during the period of post-war demobilization.

Contrary to the idea prevalent even among informed business men, it is expected that placement activities will form a far more important part of the work of an Employment and Claims Office than the handling of insurance claims. Here, again, however, we come across an interesting commentary on popular ideas; even though employment in Canada is at a high peak, there is a considerable amount of unemployment and there will continue to be, partly because of the demands of the war disturbing the established order of industry.

The handling of insurance claims, therefore, is an important part of the duties of a local Employment and Claims Office. These offices register claimants for benefit. The claims are adjudicated in the district and regional offices where the cheques are prepared and transmitted to the local offices for delivery to the insured.

Should any claim be disallowed, Courts of Referees are being set up to handle disputed claims for benefit. If a Court of Referees decides that a claimant is not entitled to benefit, under certain circumstances the claimant has the right of appeal to the Umpire, whose decision is final.

A sketch of the organization and progress of the Unemployment Insurance Commission would not be complete without reference to the two other advisory bodies which have been appointed to assist the Unemployment Insurance Commission. Reference has already been made to the Investment Committee which supervises the investment of the millions of dollars which are collected from employers and workers and to which the Dominion Government adds one-fifth of the total. Under the Unemployment Insurance Act two other bodies have been established with widely differing functions. The Unemployment Insurance

Advisory Committee is required to advise the Minister of Labour, and, through him, Parliament, of the financial condition of the Unemployment Insurance Fund. It is called upon to suggest to the Government amendments to the Act if it considers that such amendments are necessary in respect to the financial condition of the fund. Headed by Dr. W. A. MacKintosh, of the Department of Finance at Ottawa, this Committee has held a number of meetings in performing its statutory duties.

The Act also calls for the establishment of a National Employment Committee. This Committee has been appointed by the Commission and is functioning under the Chairmanship of Mr. Tom Moore President of the Trades and Labour Congress of Canada. Its function is to advise and assist the Commission in matters concerning the Employment Service. Both these Committees have among their members representatives of employers and workers.

Establishment of Unemployment Insurance, generally conceded to be one of the great forward steps which have been taken in Canada, is now an accomplished fact. A machine has been built up for carrying out the provisions of the Act and that machine is now functioning. It would be too much to hope that its operation will be flawless and perfect. There will be mistakes and dissatisfaction at times. But a real effort has been, and is being made to see that Canada is equipped with an organization which will bring to this country all the benefits which accrue from the establishment of a system of Unemployment Insurance. Experience in other countries which have embraced the principle of Unemployment Insurance has been generally satisfactory. It is safe to assume that Canada's will be similar.

What Labour Demands

It was not a matter of convention when representatives of the Canadian Trades and Labour Congress and members of the Dominion government met in February.

Labour plays a far more important role in Canada's war economy than in peace time. Labour is dissatisfied. It believes that it does not get a square deal. Labour is most anxious to make its contribution to the war effort, but it feels it has not been given the responsibility corresponding to its task.

Labour's complaints were all the more impressive as they were voiced by the veteran trade unionist, Tom Moore, a leader known for his statesmanship and moderation. He submitted a memorandum prepared by the Trades and Labour Congress and containing the principal demands of organised labour.

In the memorandum the complaint is made that though labour's recognition as an equal partner in industry has been generally accepted and agreed to by the government, actual practice has fallen far short of making it effective. Labour is especially dissatisfied with the National Labour Supply Council. The Trades and Labour Congress proposes that the order-in-council establishing that Council be repealed and a small consultative committee of labour and employer representatives be set up with whom the Minister of Labour could more intimately discuss proposed new laws or regulations affecting labour and industrial conditions. Another request of the Trades and Labour Congress is concerned with the price ceiling for wages. Trade unions have repeatedly expressed the opinion that in certain industries wages have been frozen at levels which were unfair to labour. This applies especially to wages for women. The Congress therefore asks that amendments on the price control scheme should be made to permit the adjustment of wages and cost of living bonus of female workers at the same level as those of male workers for similar work. They further ask that to compensate for the ceiling on wages, a floor for wages should be established, and made equally applicable to adult male and female workers. Finally the Congress asks for

governmental action in the field of social insurance. It is proposed that the Unemployment Act should be amended to bring within its scope those earning up to \$3,000. Unemployment insurance in the opinion of the Congress should be supplemented by a system of health insurance which the Congress thinks would help to strengthen the war effort since, according to public statistics, poor health is responsible for more lost time than all other cases combined.

Extension of Unemployment Insurance

An important amendment to the Unemployment Insurance Act has been enacted bringing extension in the scope of the Act. When the legislation first was written on the statute books it seemed sufficient to give protection to workers with an income below \$2,000. But war conditions, resulting in longer working hours, payment of over-time, cost of living bonuses, etc. have had the effect that workers who would normally be receiving less than the \$2,000 limit, earn now in excess of that amount. Consequently they are unable to contribute or, if unemployed, to receive benefits.

Therefore an Order-in-Council (P.C. 10156) of January 7, 1942, makes provision for insuring workers in insurable categories, the remuneration of whom has been raised above \$2,000 per annum by war conditions.

However, this step does not go far enough in the opinion of the trade unions. At a recent public hearing held by the Unemployment Insurance Advisory Committee, representatives of trade unions have demanded that all classes of employees, irrespective of their income should be brought under the Act. This request if acceded to would mean a general tax on wages and salaries and could hardly any longer be called insurance.

Current Public Affairs

Institute of Public Affairs

The annual meeting of the Council of the Institute was held on February 16th at Dalhousie University. The Council consists of representatives of the major Maritime universities, of the governments of the three Maritime Provinces and of the Municipal Unions in Nova Scotia and New Brunswick.

The Institute was established five years ago to further the cause of efficient public administration in the Maritimes and to stimulate public interest in problems of government. During the last year it has devoted part of its energies to a study of the effects of the war on the Maritime economy. An attempt has been made to ascertain the changes which have taken place in the employment of industry and labour, in the use of the region's natural resources, in consumption and cost of living. It is hoped to gain in that way the necessary information on which measures of reconstruction can be based in the post war period. Two reports, one on Canada's Economic War Policy and another on War Contracts in the Maritimes, both prepared by Professor B. S. Keirstead, have been published in the course of the year. Another on household budgets of wage earner families in four Maritime communities prepared by Miss Edith Blair will be released shortly.

A second research project of the Institute is concerned with provincial-municipal relations in Nova Scotia. The question whether the municipal setup in the province is in keeping with recent social and economic developments will come up for examination. The Research Committee of the Institute and a special committee of the Union of Nova Scotia Municipalities will cooperate in the task and a number of well known municipal officers will act as investigators.

The Council heard also about a number of other projects, among them a Statistical Handbook for Nova Scotia, an

Assessors' Manual and a survey of sickness and medical services in selected areas of the province.

The officers of the Institute were re-elected. They are: President, Sir Lyman P. Duff; Vice-President, Dr. Carleton Stanley; Chairman of the Council, Dr. H. F. Munto. As a member of the Council R. M. Fielding, K.C. was co-opted. The Executive consists of C. L. Beazley, Dr. H. G. Grant, Dr. F. H. Sexton, and the Secretary, Dr. L. Richter.

During March and April a series of public lectures are being sponsored in Halifax by the Institute dealing with Problems of Canadian Foreign Policy. The program and the speakers are as follows:

Canada and the United States.

B. K. Sandwell, Editor, *Saturday Night*, Toronto.

Canada and the Far East.

Dr. Norman MacKenzie, President University of New Brunswick.

Canada and Soviet Russia.

Colonel George A. Drew, Toronto.

Canada and South America.

Ronald McEachern, *Financial Post*, Toronto.

A summary of Mr. Sandwell's lecture on Canada and the United States appears in this issue of the journal.

A comprehensive report dealing with the activities of the Institute between 1936 and 1941 has just been issued. Copies may be obtained from the office of the Institute.

Salvage of Human Resources

Under the above title John Kidman, the veteran fighter for prison reform, pleads in *The Municipal Review of Canada*, for better utilisation of prisoners in the interests of the war effort. In a totalitarian war, he states, progressive and aggressive action is required not only from the three arms of the services but also on the part

of the civilians. If this is so the men who are sentenced to "hard labour" surely should and probably would be glad to take part in the national effort.

The population of Canadian penitentiaries is, according to Mr. Kidman, something over 3,000, and the average group that is the largest is that of men between 20 and 30, so that, even if the usual proportion were unfit for service, there would be quite a number left who would be eligible. The same applies in greater measure to the jails of Canada. In addition to the 3,000 held in the penitentiaries—which are for terms over two years—some 7,000 persons are held in the reformatories (adult) or common jails of the provinces, for shorter terms.

Mr. Kidman points to the fact that since the outbreak of the war many bzrs which previously existed have been raised in order to expedite industry for the war and to conserve the resources of the nation. He appeals to the Department of Justice to find a constructive and contributive way for employing the prisoners. He suggests that special parole for such men in the penitentiaries and prisons should be granted provisional on entering special war labour if suited for them. It is, in his opinion a great opportunity to test the best in some of our immured law-breakers by a challenge to serve instead of playing false with the community.

Herring Dispute Between British Columbia and the Maritimes

British Columbia is the largest producer of canned herring in Canada. This is probably the reason why the whole output of the province has been earmarked for export to Great Britain. The Maritime packers of herring whose business is much smaller do not share in the export to Great Britain but provide for the Canadian market. Some cases of the Maritime product seem even to have found their way to the Pacific province.

This situation has led to a lively dispute between representatives of the two regions. The packers of British Columbia

have launched protests with the Federal Department of Fisheries. They have, according to the *Canadian Fisherman*, proposed that the government should avail itself of the closer proximity to Britain of the Atlantic fisheries in an effort to save time, cost, and freight; that eastern and western packers should be placed on a basis of equality in rendering national service and that the domestic Canadian market should be safeguarded against encroachment of companies who are building up a brand and label trade at the expense of British Columbia.

Efforts of the Department of Fisheries to mediate in the dispute by making several thousand cases of British Columbia herring available for the Canadian market have so far not led to a result.

General Conscription of British Man Power

Women as well as men are subject to conscription for service in the armed forces or civil defence as well as industry, under the terms of the British National Service legislation adopted late in 1941. Although women will not handle lethal weapons unless they volunteer, their conscription establishes a new policy. For the present, young women in the age groups between 20 and 30 years will be called for service in the order given. They will have the option of choosing between the auxiliary forces, civil defence, and specified industries. Those already doing vital work or service will not be called up. Married women are not affected. For men the military conscription age is extended from 40 to 50 years. Boys and girls between the ages of 16 and 18 are to be required to register.

This is a short summary of the important measures taken from the *Monthly Labor Review* in Washington. A comprehensive article on the subject written by members of the staff of the International Labour Organisation in Montreal will appear in the next issue of the journal.

What Municipalities Are Doing

Contributions from Municipalities to this Column will be most welcome

WarTime Policies For Municipal Finance

The Municipal Finance Officers' Association of the United States and Canada has drawn up a set of rules which should govern the relations of the three levels of government in war time. They are just as valid for Canada as for her neighbour in the south and may therefore be published here with slight adaptations to the Canadian environment:

1. Complete harmony is necessary in the fiscal plans of the Dominion, provincial and local governments. The national government must necessarily, in a crisis, control all elements of national fiscal policy.

2. The above statement does not mean that provincial and local governments should step aside and do nothing. On the contrary, the interests of the national government will be served best if each provincial and each local government will carry on those tasks which traditionally belong to it. Matters of national importance alone will then be the responsibility of Dominion officials.

3. Municipalities must avoid competition with the national government for the manpower and materials needed for war.

4. All nondefence public works of municipalities should be postponed unless they are vital to preservation of life and health or to extension of war industries or facilities.

5. Municipalities should cooperate with the provincial and national governments in developing plans for post war construction of public improvements.

6. The provinces which have received unexpected revenues and have large treasury surpluses should consider the use of these funds to relieve local taxation, to finance provincial and local expenditures of an emergency nature caused by the war, to establish reserves for post-war public works, or to cushion a decline in future revenues.

7. The Dominion government should finance in full all activities related solely to the national war effort. Subsidies,

direct or indirect, should not be required from local communities for war facilities. Local governments should likewise refrain from asking Dominion aid in purely local matters.

Post War Planning

For all those who still feel that it is too early to begin to think of planning for peace after victory and that we should devote all our energy exclusively to the task of winning the war, the following extract from "Planning," a periodical issued by a group of leading economists, industrialists and civil servants in England may serve as a lesson.

"Failure to plan effectively for total war has brought an accumulation of troubles upon the British people. For in war it is impossible to escape the consequences of failure. And it is not easy to ignore them when they take the form of defeat in battle, the evacuation of strategically important territory, and the loss of thousands of fighting men and civilians. Failure to plan effectively for peace may lead to results even graver than these. The men and women who have suffered with good-humoured patience the evil consequences of war without making fine distinctions between the results of enemy action and the process of muddling through are likely to lose their patience when the final defeat of the external enemy has removed the muddlers' major alibi. The discomforts of chronic overcrowding; the humiliation of long unemployment; life on the margins of poverty; and the frustration of normal social aspirations will not be meekly suffered in the post-war world, and failure to plan against their occurrence is certain to lead to bitter disillusionment and social conflict."

War Finances of Canadian Municipalities

Through an agreement with the provinces the Dominion government has

monopolized the field of income tax. This has caused difficulties for some municipalities who derive part of their revenue from that type of taxation. Halifax's poll tax has, because it is based on income on a graduated scale, been regarded as an income tax for federal purposes. It seems therefore likely that the city will revert to its former system of poll tax, assessing a flat rate instead of basing it on income. In that way it would be possible to retain the poll tax revenue as such for civic purposes.

The City of Saint John plans to present to the forthcoming session of the New Brunswick Legislature a bill seeking authority to impose a poll tax of \$10 per annum on males, and \$5 on employed females, including housewives and domestic servants. New Brunswick is anticipating a loss in revenue of about \$40,000 because of the taking over of the income tax in that city.

Municipalities, on the other hand, can hope to be relieved partly of expenditures for air raid precaution work which, especially in the Maritimes, amounts to considerable sums according to a recent statement by Pensions Minister Ian MacKenzie who has jurisdiction over air raid precaution work in Canada. It is intended that the Dominion government pay fifty per cent of "just and reasonable administrative expenses incurred in areas when approved by the provincial committee and concurred in by the Director of Civilian A.R.P."

Permanent Versus Temporary Housing

Mayor William Morrison of Hamilton, Ontario, has, according to *The Municipal Review of Canada*, been successful in persuading the Ottawa housing authorities to cooperate in a permanent housing scheme for the war workers of Hamilton. Mayor Morrison pointed out that while the pre-fabricated dwellings erected under the War Time Housing plan are supposed to be temporary their demolition would not be allowed at the end of the war in communities where there is a chronic shortage of working class accommodation, and the pre-fabricated habitations might because of their flimsy construction later

turn into slums. It is to be hoped that the attitude of the housing authorities taken in the case of Hamilton will not be confined to that area. There are in the Maritime Provinces many communities where the housing situation has been acute for a long time. They should receive similar consideration as because of their strategical situation the Maritimes might after the war have to house many more workers than before.

IN MEMORIAM

Aubrey H. Sperry

The untimely death of A. H. Sperry, Municipal Clerk for Lunenburg County has deprived Nova Scotia of one of its ablest municipal officers. If Lunenburg had the reputation of being one of the best administered counties in eastern Canada, credit for this achievement is to no small extent due to the deceased. A strong believer in local self government, he played an important part in the Union of Nova Scotia Municipalities of which he was a past president. Since "Public Affairs" started publication in 1937 he has been a member of its Editorial Board. He took his duties seriously and has repeatedly contributed to the Municipal Department. His death means a serious loss for the journal as well as for the editor.

Clergyman As A Town Clerk

According to the opinion expressed by the Scottish Ecclesiastical Presbytery of Haddington and Dunbar, a clergyman is not a suitable candidate for the office. The reasons given for that decision are worthy of notice. The Presbytery believe: (1) That the holding of such an office is derogatory to the dignity and status of one ordained to the Holy Ministry and separated unto the Gospel, and further that it lends itself to the construction that the Holy Ministry is only a part-time employment; (2) that the holding of such an office would place the minister in the undesirable position of being a secular servant under a civil authority; (3) that to hold such an office would create a precedent which might in the future injure and imperil the whole status of the ministry.

The Bookshelf

LAND AND LABOUR, by G. V. Haythorne, Secretary Nova Scotia Economic Council in collaboration with L. C. Marsh, Oxford University Press 1941. \$4.00.

Land and Labour deals specifically with agriculture and farm labour in Ontario and Quebec. Comparisons are made with other provinces and the authors have been at pains to point out that measures adopted to improve conditions in the Central Provinces will affect agriculture in all parts of Canada. Moreover, the conditions described differ only in detail from those of the Maritime Provinces. Hence this book carries a strong appeal to readers of PUBLIC AFFAIRS who are interested in agricultural problems.

All types of farming are surveyed; the commercial farm sufficiently capitalized to afford abundant labour saving machinery and the best class of labour; the smaller commercial farm where less machinery is used and where labour is employed only intermittently; the family farm operated almost solely by the proprietor and members of his family with a maximum of hard labour; the self-subsistence farm that provides merely the necessities of life with few of its amenities; and the part-time farm, the operator of which derives part of his livelihood from employment in some branch of industry. The position of labour on these various types of farms and its remuneration is well set forth, revealing that farm labour has received scant attention from labour organizations, and governments as well, and on the whole, occupies a position that calls for remedial measures.

The authors are, in our judgment, on sound ground when they consider that limited farm income is the fundamental factor underlying most of the problems of farm labour and agriculture. They state that the farmer's share of the national income is among the smallest going to any economic class. In this contention they are fully supported, as pointed out in the text, by the findings of the Sirois Royal Commission.

A very complete outline of the various settlement policies that have been carried on in Quebec and Ontario to relieve urban congestion as well as to give farmers' sons an opportunity to acquire farms of their own is given, and is well worth the reading by all who are thinking of post-war rehabilitation.

In all these discussions an unusual intimacy with the problems of farm life is revealed. This is no doubt accounted for, in a large measure, by the fact that Mr. Haythorne, the principal

author, spent most of the first twenty years of his life on the paternal farm.

The authors do not confine themselves to a mere recital of prevailing conditions. They have set forth and discussed various policies which they believe will ameliorate these conditions. These include measures which the farmer himself must provide, including organization, grading of products, and, in general, thinking and acting along community and national lines rather than individually. But they also include suggestions as to policies which, in the author's opinions, the government must adopt if a satisfactory agricultural and a consequent well-balanced national economic structure is to be established in Canada.

The book makes a very fine contribution to the better understanding of a problem the importance of which has not yet been sufficiently realised by a good many Canadians. A valuable feature of the book is also the vast amount of statistical information covering almost every branch of agriculture which has been assembled and analysed.

M. CUMMING

AN INTRODUCTION TO POLITICAL ECONOMY, by V. M. Bladen. University of Toronto Press. 1941. \$2.25.

This is not the place to appraise Professor Bladen's book as an introductory text for university students, the purpose for which it was primarily written. But the book, as stated in the preface, is also meant for "the general readers who want to know what economics is and how economists think". They will indeed use it to good advantage and in preference to English and American books of a similar character, for Professor Bladen deals largely with the Canadian economy and the way in which general economic principles are operative in it. There are comprehensive chapters on the role of wheat and of newsprint in the Canadian economy, on trusts and combines and their control by the Dominion government, on the situation of the wage earner and the Canadian trade union movement. Likewise in the more theoretical chapters on wealth, the price system and population, the illustrative material is taken as far as possible from the Canadian economy. The book makes higher demands on the reader as, for instance, McGibbon's *ECONOMICS FOR CANADIANS* but it is not by any means difficult to understand and should appeal to those who

want a stimulus for their own thinking. *AN INTRODUCTION TO POLITICAL ECONOMY* will be admirably suited as a text-book for study and discussion groups in spite of the fact that problems of eastern Canada such as the fisheries and the cooperative movement have found but scanty consideration.

THE UNEMPLOYED WORKER. By E. Wight Bakke. Yale University Press. 481 pages. \$4.00.

CITIZENS WITHOUT WORK. By E. Wight Bakke. Yale University Press. 322 pages. \$3.00.

These two volumes must have been as fascinating to write as they are moving to read. Messrs. Madge and Harrison have demonstrated in England the fruitful results of controlled observation in analysing the reactions of people to changes in their environment. Here a fortuitous blend of the time, the money, and a keen grasp of his problem by the author have combined to produce an excellent study which has much of the brilliance of Ellen Wilkinson's "The Town That Was Murdered" without the uneven quality of the latter.

For many Americans the great depression was the first inkling of the malignant possibilities of the "trade cycle." Of course those possibilities had always been there but the slump brought them right up to the back door—and sometimes to the front door in most distressing fashion—of the comfortable American. Mr. Bakke's study of the unemployed was made over the worst period of the slump, but his findings could have been duplicated in many areas at any time in the last thirty years. To many, however, it may be news that the working class environment at the best of times does not admit the myth of equal opportunity which is so often axiomatic to those in relatively comfortable circumstances. The author points out in a well-argued section that with the working class the goal is security and not advancement, an observation which is becoming increasingly true of the lower middle class as well.

The first volume contains an excellent evaluation of the social services in relation to the needs of the unemployed worker. In it Mr. Bakke emphasises with convincing illustrations the need to keep alive not only the bodies but the spirits of the unemployed. He demonstrates the importance of the feeling of well-being which work of any kind will give over the frustration of idleness on relief.

It is unlikely that many people will read these two books and it is equally unlikely that they will encounter many civil servants states-

men, or professors on the Damascus road. They are rather too long and too painstaking within the limits imposed by the method. But they were worth doing and well worth reading.

J. R. MALLORY

BRITISH LABOUR'S RISE TO POWER. Eight studies by Carl F. Brand. Stanford University Press, 1941, \$3.50.

Professor Brand's book contains a collection of essays, most of them published previously in historical journals on the history of the British labour party between 1914 and 1924. Special emphasis is laid on the party's attitude during World War One: the question of participation or non participation in the War Cabinet: the party's attitude towards a negotiated peace: the party's relations to the Socialist International, are extensively and competently treated. There is also an interesting hitherto unpublished essay on the British Labour Party and the Communists.

UNITED STATES CO-OPERATION WITH BRITISH NATIONS.—BRITAIN'S TRADE IN THE POST WAR WORLD. National Planning Association Pamphlets. 25 cents each.

It is becoming a commonplace of our thinking about post war reconstruction that virtually the sole hope lies in close collaboration between British and American peoples. These two pamphlets are concerned with the problem of post war economic cooperation. The first deals with economic cooperation during the present war, and the reasons for its break down after the last war; the second with Britain's post war economic position. This last is by no means balm for complacency. The authors are convinced Britain will be greatly weakened economically by the war and will need long-term economic support by the United States. These pamphlets are among the best literature on the subject of post war reconstruction, and are definitely "must" reading for all citizens, and especially Canadians, who are concerned about the future of British and American peoples.

Publications of the International Labour Office:
LABOUR SUPPLY AND NATIONAL DEFENCE. Montreal 1941. \$1.00.

WAR TIME DEVELOPMENTS IN GOVERNMENT EMPLOYER-WORKER COLLABORATION. Montreal 1941.

INTERNATIONAL LABOUR CODE, 1939. Montreal 1941.

It was Canada's good fortune to be chosen as the war refuge of the International Labour

Office at a time when the country's war economy was faced with so many difficult problems. Not only are the valuable publications of the Office which are devoted to an examination of these problems more readily available to Canadians, but in addition the fine experts who form the staff of the Labour Office are making their contributions to Canadian journals and are found as speakers on Canadian platforms.

The closer we approach the stage of full employment in our war economy the more important is a rational use of our labour supply. Important decisions have to be made as to the allocation of man power between armed forces and the industry, the control of employment, the vocational adaptation of the labour supply and the mobilization of labour resources. The defence authorities have to be provided with complete and detailed information about the character and composition of the available labour forces. By what methods these problems have been tackled by Allied and Axis powers is the subject of the Labour Office's excellent study *Labour Supply and National Defence*. It has been prepared by Pierre Waelbroeck with the assistance of Elizabeth Mayer, both on the staff of the Office.

Another study of the Office, *War Time Developments in Government Employer-Worker Collaboration*, has served as a basis for the discussion of the Conference of the International Labour Organisation held in New York in October, 1941.

International Labour Code 1939 is a standard work giving a systematic arrangement of all conventions and recommendations adopted by the International Labour Conferences in the twenty year period between 1919 and 1939. The volume is a record of an important part of the work of the International Labour Organisation.

PAMPHLETS

In the *Public Affairs* series, New York, several new and valuable pamphlets have been published: "What It Takes to Make Good in College", "Better Nursing for America" "Instalment Selling—Pros and Cons", "How to Buy Life Insurance", "How to Check Inflation", "Prostitution and the War", and "Houses to Live In". Price 10 cents each.

A most useful addition to the literature provided for study groups is the latest volume in the Ryerson *Live and Learn Books*, "We Discuss Canada". It has been put together by the Committee of the National Council of the Y.M.C.A. in Canada and is valuable on account of its realistic approach. The social services, civil liberties, political problems and social and economic problems with special chapters on agriculture and labour are briefly treated, listing in each case the questions suitable for a discussion and giving the latest literature. It is to be hoped that the little volume will find a wide circulation.



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(Continued from page 146)

of small units, revision of local systems of finance, and the improvement of local administration. Provincial financial assistance, standards of performance, supervision, and leadership are as necessary in the municipal field in Canada as they have proven to be in Great Britain or in other countries. If this larger task of municipal reform is undertaken vigorously many welfare problems should be solved incidentally. If not the need will remain for measures such as those suggested here.

Thirdly, administrative reorganization on both provincial and municipal levels is desirable not only for the welfare services but also for other activities of government. Probably the administrative structure of most provincial governments could be thoroughly revised with great profit, and the same is no doubt true of many municipalities. In Canada but little serious attention has been given by the general public, by politicians, by civil servants, and by the universities and research agencies to problems of public administration, and the country is not distinguished for its administrative system. If this larger problem were dealt with adequately many of the defects of public welfare machinery would no doubt be overcome. But pending such action it seems appropriate to study and to point out what can be done in one of the most important areas of government service, public welfare.

In conclusion it must be reiterated that the case for welfare reorganization is urgent. The Canadian provinces cannot afford to neglect the problem longer. They now have an opportunity, when there is relative quiet in provincial and local affairs, to prepare for the post-war social problems that are almost certain to impose burdens greater than ever before upon their welfare services. The Rowell-Sirois Commission has stated that the need for constitutional reform is even "more urgent in time of war and of post-war reconstruction than it is in time of peace." The same is true of welfare reorganization on the provincial-municipal front.

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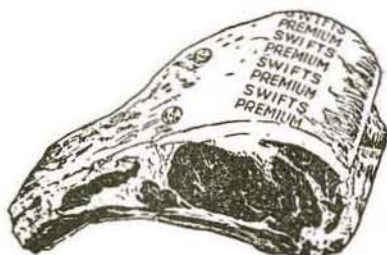
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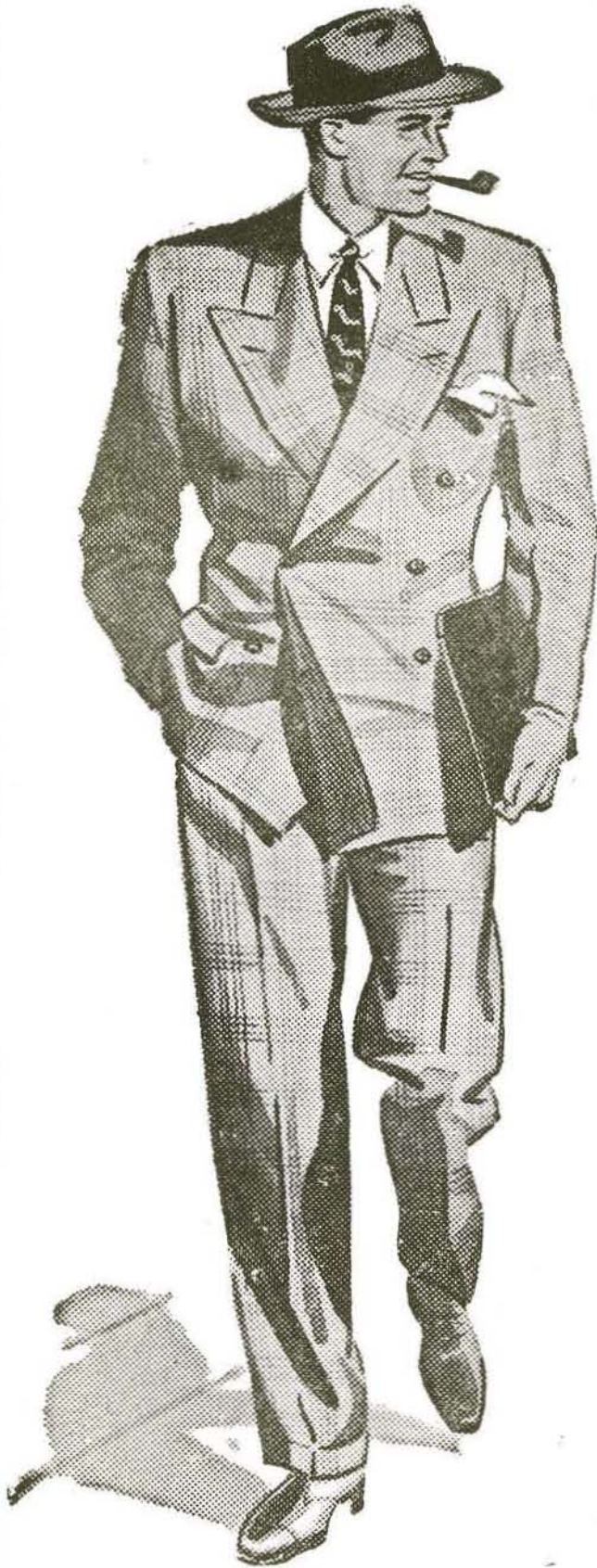
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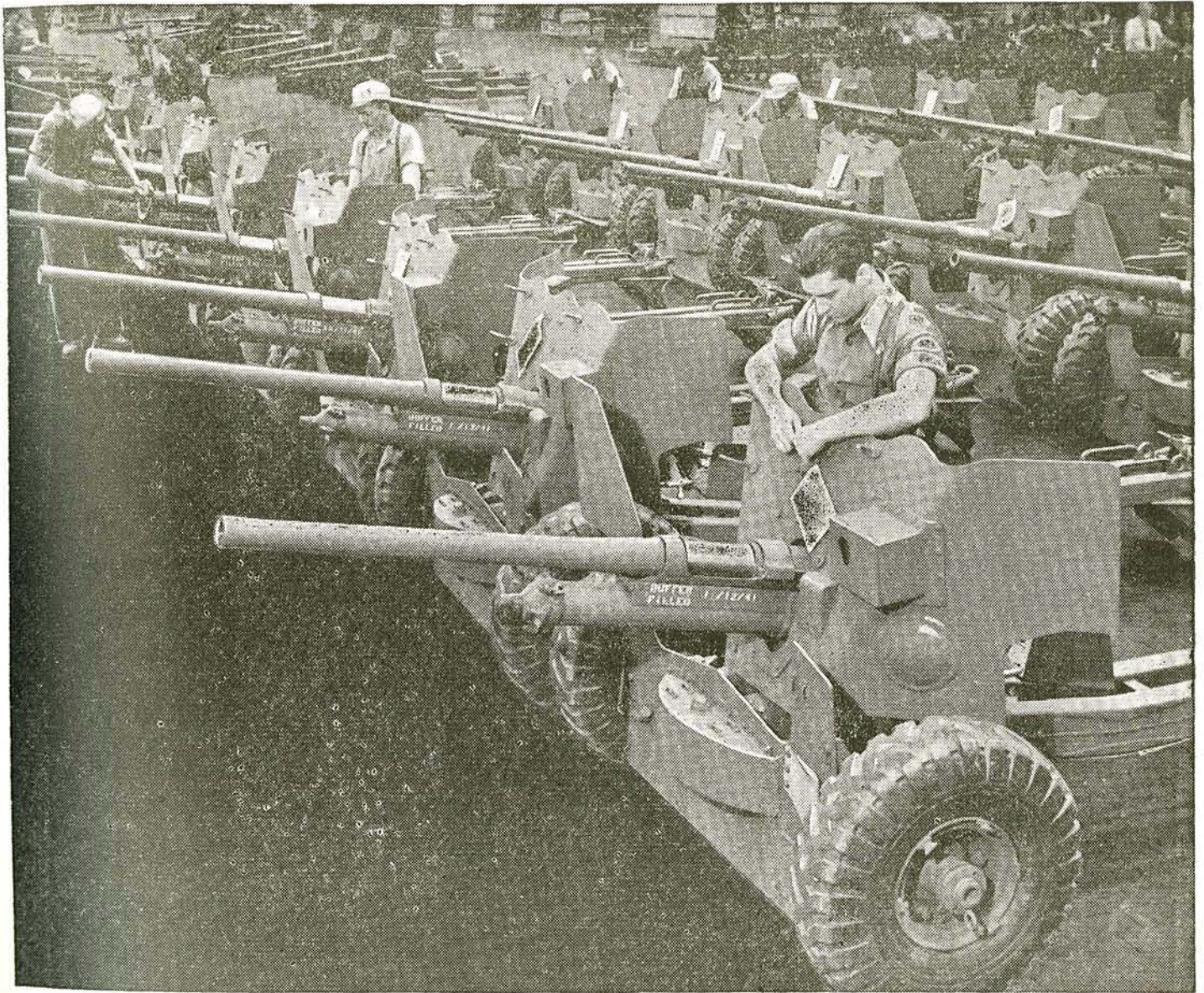
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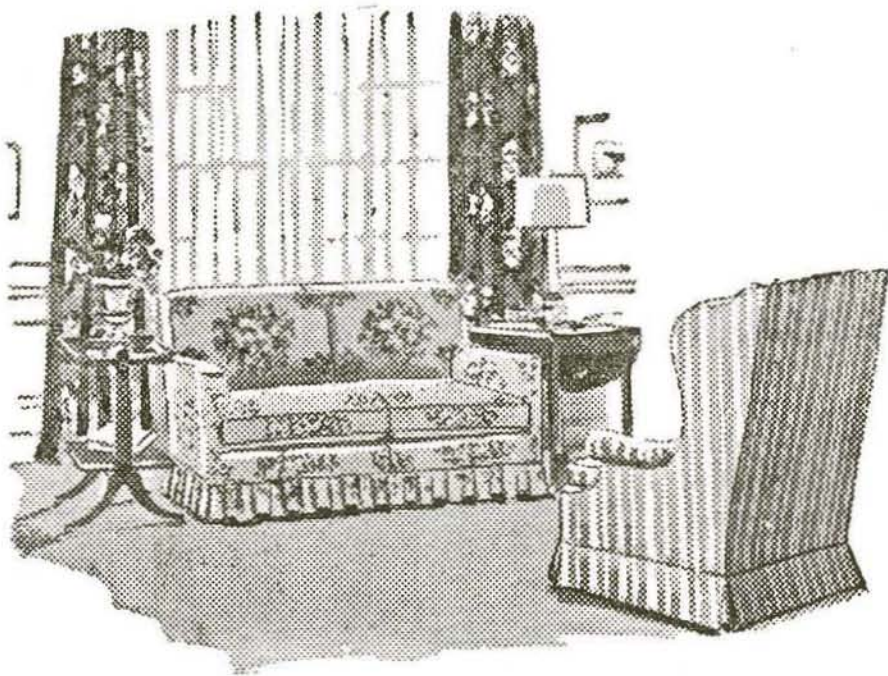
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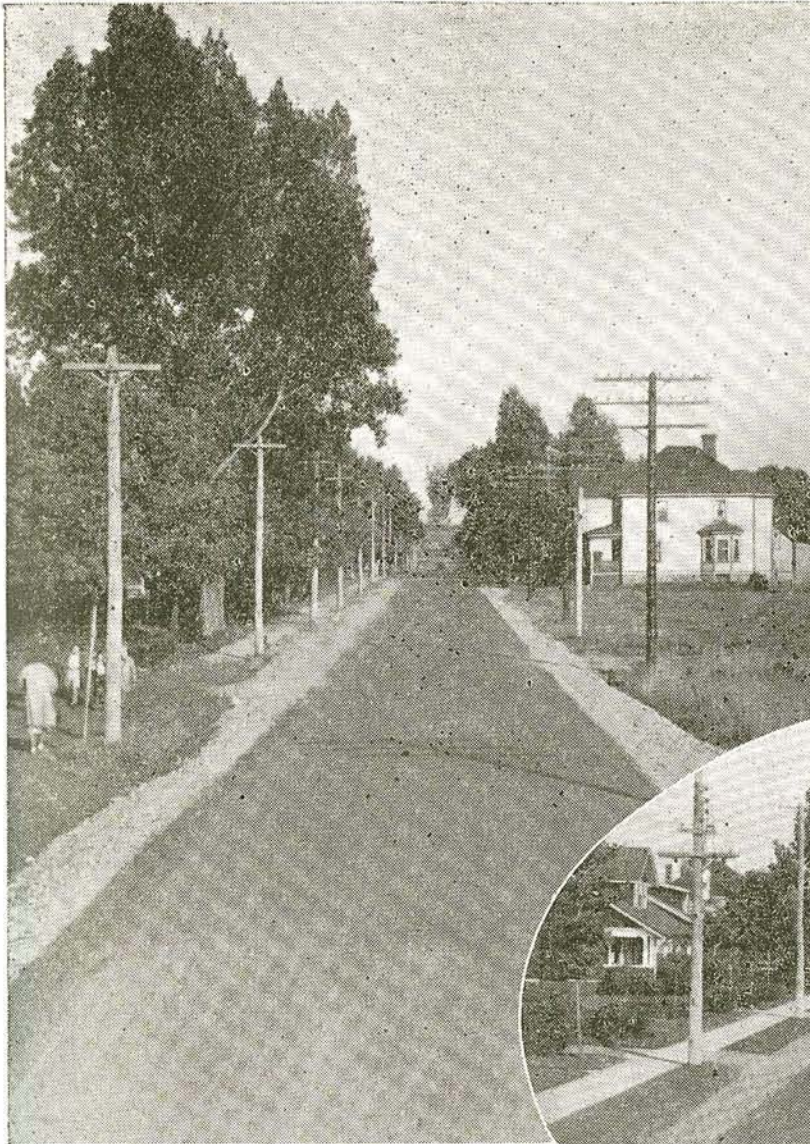
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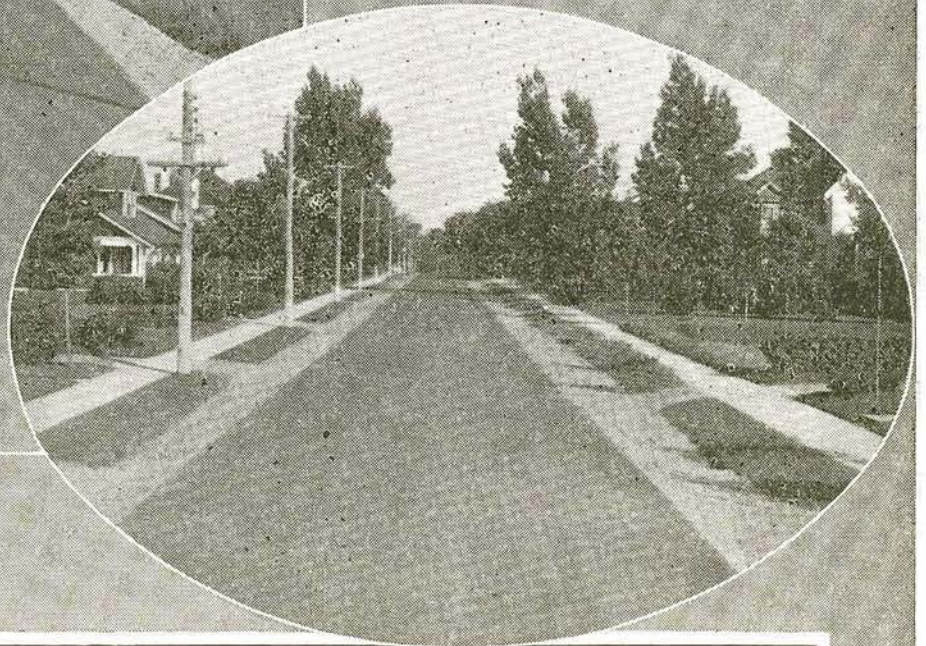
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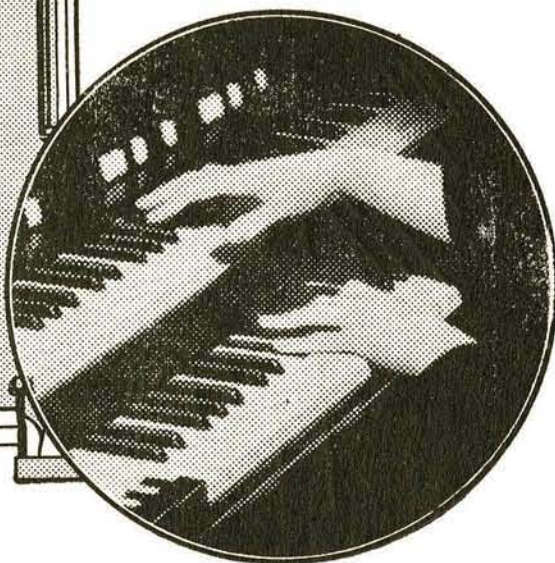
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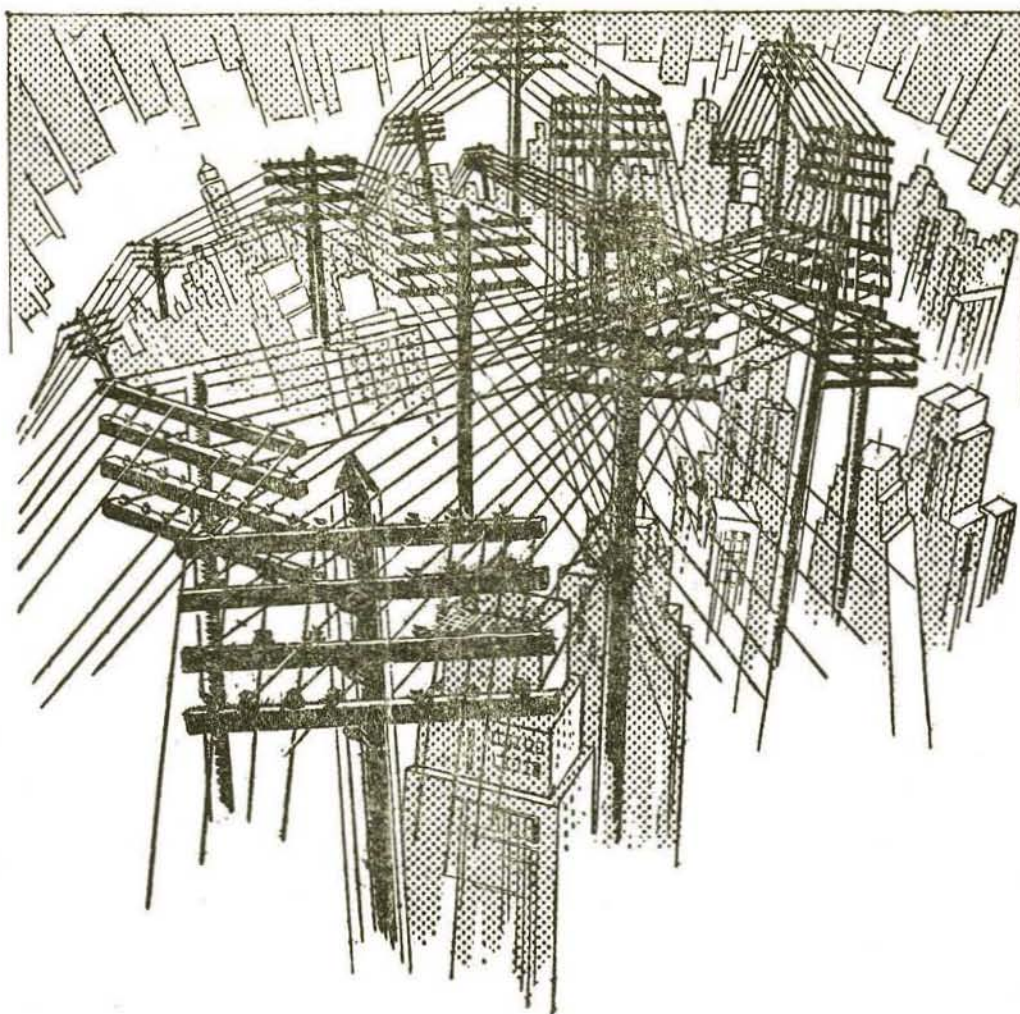
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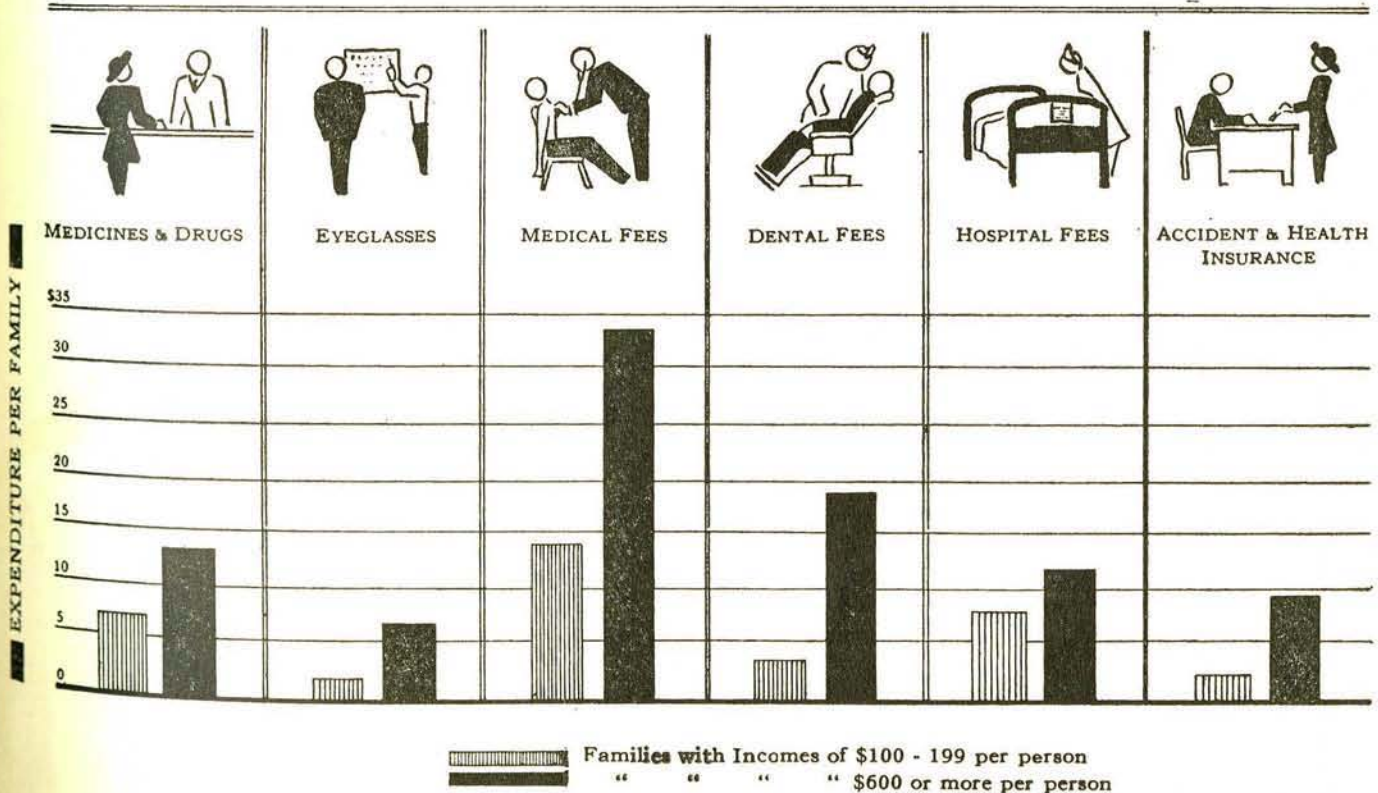
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Expenditure of persons on different income levels for health maintenance.



See Article: Improving Canada's Health, page 200

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Uniformity of Legislation in Canada

By JOHN WILLIS

The problem and the key to its solution

THE country, that in real life is Canada is in law divided into nine separate compartments with nine separate legislatures, and nine separate sets of courts and has, as a necessary consequence, nine separate and potentially divergent systems of law. In 1867, when travel was restricted and business local it did not much matter if the law in one province differed from the law in another province, but in 1942 a diversity of laws that was once one of the main recommendations of a federal system has become just another of those inherent defects of our federalism that we try to mitigate as best we may. Now, no one even wants to undermine the traditions of French Canada by bringing the law of Quebec into line with the laws of the other eight common law provinces, but the ordinary layman who travels, does business, owns property or has any dealings outside his own province does expect the law in all the "English" provinces to be the same. To-day it is merely absurd that a motorist on a tour of the Maritimes changes the degree of his responsibility to his passengers directly he crosses the national border between Nova Scotia and New Brunswick, that a Montreal dealer in bakery ovens on credit is able to protect his security in Ontario but not in Nova Scotia, that an informal will made by a man in Saskatchewan passes his lands in Saskatchewan but not his lands in Nova Scotia. How then can we remove these absurd divergences between the laws of the common law provinces?

The key to uniformity is centralization; centralization in the making of law and centralization in the administration of law. Our common law, the judge-made law, is uniform throughout Canada. Why? Because it is made centrally and administered centrally. Our judges and lawyers are in the habit of treating the English common law as their own, and

the common law of each of the eight provinces is therefore in effect made in England. No provincial court of appeal has the last word in applying this common law to the cases which arise in the province, for over it stand two courts of appeal common to all Canada, the Supreme Court in Ottawa and the Privy Council in London and the common law of each of the eight provinces is therefore in effect administered either in Ottawa or in London—in practice Ottawa, for the Privy Council only hears one or two common law cases a year from Canada while the Supreme Court hears about fifty. Administration from Ottawa is the product of deliberate design; the Supreme Court, "the General Court of Appeal for Canada" envisaged by Section 101 of the B.N.A. Act, was brought into being by a Dominion statute of 1875 for the express purpose of preserving uniformity of law and that court still regards the preservation of uniformity as its main function. That all the eight provinces look to England for their common law is, on the other hand, entirely unplanned; if you trace this habit to the fact that the Privy Council is their court of appeal and they are therefore legally bound to take their law from it, it is only a political accident that the Privy Council has always presumed to treat the law of England as if it were automatically also the law for the whole Empire; if you trace it to the fact that every Canadian lawyer relies more on English digests, English text books and English cases, than he does on his own, the explanation is economic—there is no money to be made in Canadian legal literature and so there are very few Canadian law books and what there are very often are neither helpful nor reliable. Whatever the explanation, the judges and lawyers of each of the eight common law provinces have in fact a habit of taking their common law from a single source, England, and the

administration of that law is in fact supervised by a single authority, the Supreme Court of Canada. In matters of common law, therefore, the centralization is perfect and the result is perfect uniformity.

The ordinary law affecting the ordinary man in his every day life and business, by lawyers called "private law", used to consist almost entirely of common law and so, whether it remained stationary, or was developed by the courts to meet new conditions, it automatically continued to be uniform throughout Canada. Any lack of uniformity was—and still is—the product of legislation. For the past twenty or thirty years however the eight provincial legislatures have been pouring out statutes. They have been adapting the principles contained in the common law of nineteenth century England to the conditions of twentieth century Canada by means of such changes in private law as Workmen's Compensation Acts, Motor Vehicle Acts, Conditional Sales Acts, Landlord and Tenant Acts and the like. They have been regulating business by such measures as Public Utilities Acts, Securities Acts, Fair Wage Acts, Marketing Acts and so forth. They have been taxing by Income Tax Acts, Corporation Tax Acts and Succession Duty Acts. Because this vast increase in legislation threatens ordinary law with a host of provincial diversities, we must now consider how and to what extent uniformity of legislation has been secured in the past and how and to what extent it may be secured in the future.

The controls applicable to judge-made law have, of course, no relevance to the output of a legislature and yet uniformity of statute law in the topics just mentioned is no less desirable than uniformity of common law—indeed, to anyone but a lawyer the distinction between the two sorts of law is without meaning. To secure uniformity of statute law it is necessary to resort to deliberate controls.

Reservation of subjects to the Dominion Parliament

Once again, the key to uniformity is centralization. Translated into the lang-

uage of the process of legislation in a federal system, this means that the wider you make the list of subjects reserved to the Federal legislature, the more uniformity you will have in your statute law. If the founding fathers of the Canadian constitution could have foreseen the growth of a national way of life and the development of national business, they would have made their federal list much wider than it is. Under the B.N.A. Act as it stands most of the law that affects the ordinary citizen is in the hands of the provincial legislatures. There are however exceptions and the list of federal subjects is much wider in Canada than it is in the United States. Criminal law, bankruptcy, banking and bills of exchange are Dominion subjects, have actually been dealt with by the Dominion, and so are uniform throughout Canada, even in the civil law province of Quebec. A company may incorporate either under Dominion charter or, if its business is to be purely within one province, under the laws of that province; in quantity of business done Dominion companies exceed the provincial; in number, however, provincial companies far exceed the Dominion and in practice it is with provincial companies that the average lawyer is concerned, but, sad to say, the provincial company statutes are far from uniform. Marriage and divorce is also a Dominion subject, but because the matter is controversial and regarded as one for local settlement the Dominion does not exercise its powers except upon the request of a province concerned, and the marriage laws are therefore diverse and confusing.

One can only regret that the founding fathers did not make the list wider, for to widen it now is to invite the charge of laying rude hands on the sacred constitution. Potentially an ideal method of securing uniformity over a larger range of topics, it is therefore in practice utterly useless and we must rest content with the list we have.

To preserve the pristine uniformity produced by federal statutes the courts have deliberately singled them out for

special treatment. Although a provincial court does not normally regard the decisions of a court of appeal in a sister province as binding on it, it recognises a duty to give a uniform interpretation to Dominion statutes and to that end follows the interpretation given to them by the highest courts of the other provinces even though there may be reasons for not agreeing with it—for “the law is in fact the same in all the Provinces and . . . it is unseemly for the Courts to declare it is not so, where there is a higher court that can correct any error with propriety and Parliament is equally able to do so,” *Re Peters*, 1937 2 D.L.R. 786. This rule does not apply where the other decision is “clearly wrong” and there are therefore some sections in Dominion statutes on which provincial interpretations are not uniform; this is most noticeable in the much interpreted Criminal Code. Very little harm is done, however, for in criminal matters the provincial Attorney-General Departments and the Committee of the Canadian Bar Association on Criminal Law are in constant touch with the Department of Justice at Ottawa and serious conflicts are resolved by amending the Code.

Adopting statutes from some common source

A possible substitute for a wider federal list is a habit of adopting statutes from a common source. It has already been noted that we owe our uniformity of common law not merely to the centralized machinery of common courts of appeal but also to a habit of lawyers with an incidentally centralizing effect—the habit of looking to England for their law. In the field of common law this habit is so unconscious that it has acquired a binding force. A similar habit, though not a binding one, may be observed in the more self-conscious process of legislation. Many of the basic statutes dealing with private law have been taken over from England and enacted, almost word for word, into the law of most of the provinces; still more of them have been re-enacted in a consolidated form and in slightly changed

language; there is even a marked tendency to copy contemporary English legislation. In the case of provincial legislation that has not any counterpart in England, e.g. mechanics’ liens, testator’s dependents’ relief the provinces have borrowed freely from one another and in many instances every one of the provincial Acts can be traced ultimately to some common source, e.g. mechanics’ liens (New York), testator’s dependents’ relief (New Zealand). The result has been that we have, in a certain limited sense, a “common law of legislation” in Canada. But “in a certain limited sense” only—for the sources are too diverse and the individual adaptations too extensive to result in any great degree of uniformity. Therein lies the difference between the common law habit and the legislative habit—the common law is taken over from one source only and taken over as it stands—and this difference is vital in any method of securing uniformity.

Adopting Model Uniform Acts

Why not take advantage of this existing habit, give it the precision it lacks and render it binding by agreement among the provinces? This is the underlying idea of the Conference of Commissioners on Uniformity of Legislation in Canada. The Conference exists for the purpose of securing uniformity of legislation relating to private, and in particular commercial law. It drafts model Acts in the hope that they will be adopted as they stand by every common law province in Canada and inserts in each model statute a clause requiring courts to give a uniform interpretation to its provisions. Once again crop up the two pre-requisites of uniformity—centralization in the making of law and centralization in the interpretation of law.

The Uniformity Commissioners consist of representatives from each of the common law provinces and representatives of the Dominion Government. They all have a legal training and are mostly lawyers in private practice. They are appointed by and receive their travelling expenses from the governments concerned but neither they nor the conference itself

have any official standing or any power to bind any of the provinces. From 1918 to 1939, the date of the outbreak of the present war they met in annual conference for five days each August; their main work, however, the selection of likely topics, the consultation with provincial Attorneys-General, practising lawyers and business men and the preparation of draft Acts for discussion by the Conference is carried on during the year by individual commissioners nominated by the Conference.

It is obvious enough that this machinery is only a second best. How much more satisfactory it would be to extend the list of Dominion subjects, or to use the Dominion's power of disallowance as a lever to secure the co-operation of the provinces—but these are pipe dreams that leave out history and practical politics. For there is one grave obstacle to the success of this device for securing uniformity. No province is obliged to adopt any of the model statutes drafted by it. Unless each of the eight provincial governments voluntarily co-operates, all the labour spent on a model Act has gone for nothing. This means, in practice, that a conference of experts must do its best at being politicians; before it begins work at all, it must induce each of eight governments to recognise in principle the desirability of replacing its present legislation with something devised and drafted by outsiders; after it has finished the Act, it must induce each of eight governments to enact the uniform Act into law without change. And remember that unless all of them do so, there is still no real uniformity.

This fundamental difficulty must always be borne in mind when assessing the success of the Conference. It explains the narrow range covered by the model Acts which the Conference has adopted; there is not a taxing or a regulatory Act among them. Of course tax laws ought to be uniform—if they are not, the inevitable result is complexity, discrimination and sometimes double taxation, but provincial governments are desperate for revenue and so far are they from being willing to co-operate that they actually

compete with each other, the Dominion and the B.N.A. Act for shares in the taxpayer's dollar. Of course regulatory legislation ought to be uniform—if it is not, some of it cannot be put into force at all and the rest of it by its diversity gives unnecessary jobs and fees to the lawyers of every national business—but this is a matter of high policy upon which each province feels that it is entitled by the traditions of federalism to take its own independent line. It also explains why in the tiny and wholly non-controversial field to which the Conference has usually devoted itself—ironing out minor variations in statutes that are substantially common to all provinces—it has met with its greatest success, and why in its occasional incursions into a mild variety of law reform e.g. the model Acts dealing with contributory negligence and foreign judgments it has run into difficulties.

What then has the Conference achieved? Its greatest success is in insurance law—the Acts relating to fire and life insurance were drafted by it and are in force in all common law provinces; but here, and this is very significant, they acted in collaboration with the Association of Superintendents of Insurance of the Provinces of Canada, a semi-official body with persuasive powers over provincial governments, for it consists of the government insurance-supervising officials of the several provinces. The Automobile Insurance Act, another uniform Act, is the product of the Superintendents of Insurance alone. Outside the field of insurance the labours of the Conference have been out of all proportion to the amount of uniformity in fact achieved. During the twenty-one year period of its active existence the Conference has produced about twenty other model Acts of which the following have been adopted in four or more provinces:—Legitimation Act (seven provinces), Warehousemen's Lien Act (six provinces), Reciprocal Enforcement of Judgments Act (five provinces), Intestate Succession Act (five provinces), Assignment of Book Debts Act (seven provinces), Conditional Sales Act (four provinces), Bills of Sale Act (four provinces). The other statutes

have not been widely adopted, although it is often suggested that their effect on provincial legislation may have been greater than at first sight appears. At the present moment the Conference has run out of the wholly non-controversial material in which it has met with its greatest success and has before it a few measures of mild law reform viz. evidence, interpretation, central registration of liens on motor vehicles, the rights of the owner of a chattel after it has been affixed to land.

Conclusion

Of the two pre-requisites for the attainment of uniformity of legislation among the common law provinces of Canada, centralization in the making of law and centralization in the interpretation of the law so made, we already have one, a centralized court system. If we cannot somehow achieve the other, the flood of provincial taxing laws, regulatory laws and laws amending the common law by which our Society is trying to adjust itself to the conditions of to-day is going to turn our comparatively uniform laws into ever increasing diversity.

How then are we going to achieve it? The technically easy way is to attack the problem head on and widen the list of subjects on which the Dominion has the exclusive power to make laws, but the technically easy is, as so often, the politically difficult. Short of changing the constitution the only other method is to attack the problem sideways by the method of agreement—to have the eight provinces, retaining formally unimpaired their power to legislate on a topic, agree to adopt legislation from some central source and enact it into law as it stands. Unfortunately we have the experience of the Uniformity Commissioners to shew us what an unsatisfactory method this is. They have found that even in their chosen and non-controversial field of private law—they have never touched tax law or regulatory law—they have been unable to secure any real agreement for the adoption of their Acts to eliminate verbal or trivial diversities, far less for the adoption of their mild Acts of reform. Somebody, someday, somehow is going to have to attempt the politically difficult.

Public Administration To-Day

By LLOYD M. SHORT

THE rapid expansion of governmental activities, the increased proportion of national incomes required to finance such activities, and the rapidly growing number of persons necessary to administer them, all attest to the truth of such observations as "administration has become the heart of the modern problem of government," made by Leonard White and "government today is largely a matter of expert administration," contributed by Pendleton Herring.¹

EDITOR'S NOTE: Lloyd M. Short is Professor of Political Science at the University of Minnesota, Minneapolis.

1. White, L.D., *Introduction to the Study of Public Administration*, (1st. ed.), p. 6; Herring, E.P., *Public Administration and the Public Interest*, p. 23.

A detailed analysis of the process of public administration in a democracy will reveal an almost unlimited number of specific problems that deserve and command attention, but for purposes of summary treatment we may group them under two main headings, namely, the conduct of the several activities with the greatest amount of satisfaction to the citizenry and with the least expenditure of human and material resources, and secondly, the achievement of efficiency and economy of operation without sacrificing the principle of responsibility. A concerted attack upon both of these problems is imperative and calls for the combined efforts of practicing administrators and students of public adminis-

tration. They may be modified by the exigencies of war and national defense, but they cannot be ignored.

EFFICIENCY

Marshall Dimock has stated aptly that "the competence of administration sets the limits of popular rule and democratic effectiveness."² The trend, observable in all democratic countries, toward collective action through the instrumentality of government in meeting the problems resulting from the combined factors of technology, industrialization, and urbanization imposes a tremendous responsibility upon public administrators. As President Roosevelt's Committee on Administrative Management put it, "without results we know that democracy means nothing and ceases to be alive in the minds and hearts of men."³ In an earlier day the citizens of a democracy, concerned primarily with keeping government under control, looked to the ballot, the legislature, and the courts for protection. Today, while still concerned lest government become irresponsible and arbitrary, those citizens are equally concerned with administrative performance, with getting the job done expeditiously and effectively.

What evidence do we have that public administrators and students of public administration have recognized this responsibility and that they are taking steps to meet it? Space permits brief mention of only a portion of that evidence.

In a number of countries, professional associations devoted to the advancement of the art and science of public administration have been organized. Beginning with the British Institute of Public Administration, established in 1922 "for the development of the Civil Service as a recognized profession and for the promotion of the study of Public Administration," such organizations have been formed in the United States, Australia, and New Zealand with the avowed purpose of bringing together

practicing administrators and students of public administration interested in the discovery of principles of public management. Committees appointed by these associations are endeavoring to stimulate and encourage research in the field of administration. Contributions to knowledge are circulated through the media of journals, special reports, and annual conferences.

Associations of public officials serving particular areas of government, or engaged in the administration of particular functions of government, also have increased in number and effectiveness. They provide a medium for the exchange of information and practice, and frequently undertake research projects. Particularly significant in this direction are the several organizations whose secretariats are housed in the attractive and spacious building given to the University of Chicago by the Spelman Fund for the purpose, and which are affiliated with the Public Administration Clearing House. The utilization of the results of research and accumulated experience is facilitated through the Public Administration Service which undertakes surveys and installations in administrative organization and procedure.

Universities are developing programs of training for present and prospective public administrators and are cooperating with associations of public officials in the prosecution of research projects. The Committee on Public Administration of the Social Science Research Council in the United States, with financial assistance from The Rockefeller Foundation, not only has sponsored some significant researches in public management through its own staff, but it is continuously engaged in the encouragement of research both within the universities and in government agencies. The series of case reports published by this Committee and contributed by practicing administrators is a significant contribution.

Writers in specific fields of governmental activity are devoting increasing attention to problems of administration. Recent additions to the literature of this type include studies in public health

2. Dimock, M.E., *The Study of Administration*, A., Pol. Sci. Rev. 31:30 (Feb. 1937).

3. Report of *President's Committee on Administrative Management*, with Special Studies, (1937), p. 1.

administration, public welfare administration, the administration of labor legislation, agricultural administration, the administration of public recreation, and public works administration.

Finally mention may be made of the establishment within government departments and agencies of management research divisions which are charged with making continuous studies of administrative organization and procedure in order to secure greater efficiency and economy.

RESPONSIBILITY

Thoughtful administrators and citizens in democratic countries are concerned about how we may utilize expert knowledge with reference to administration and the technical tasks of government without sacrificing the principle of popular control. As the Report of the Machinery of Government Committee in Great Britain submitted in 1918 was followed by the Report of the Committee on Ministers' Powers in 1932, so the Report of the President's Committee on Administrative Management in the United States submitted in 1937 has been supplemented by the Report of the Attorney General's Committee on Administrative Procedure in 1941. Bar associations, organizations of public officials, and students of public administration and administrative law are devoting ever increasing attention to the problem of keeping bureaucracies responsible.

Three rather well-defined approaches to this problem of administrative responsibility are discernible in the current literature on this subject. One effort is in the direction of maintaining and strengthening the controls, especially legislative and judicial, which are more or less traditional to democracy. As Herman Finer states them, "the devices for securing the continuing responsiveness of the official are, of course, the law courts, the procedure of criticism, question, debate, and fact finding, and parliamentary control of the purse within the assembly, and, in the U.S.A., the election of executive or administrative

officials and their recall."⁴ This approach does not overlook the necessity of adjusting the relationships between legislative assemblies and administrative agencies in the light of the increasing need for administrative initiative and advice in the formation of public policies, nor between the administration and the judiciary in view of the rather obvious advantages of administrative adjudication in certain types of cases. Rather, it seeks to utilize administrative competence to the best possible advantage while preserving the essential principle of responsibility to agencies external to administration.

Related to this approach are the recommendations of the U.S. Attorney General's Committee on Administrative Procedure which call for more precise separation of the prosecuting and judicial functions of administrative agencies, and more definite legislative determination of standards of fair procedure and the availability and scope of judicial review.⁵

A second approach, cognizant of the limitations involved in the attempt to make effective legislative and judicial control over professional and expert administrators and technicians, seeks a solution in another direction, namely, in the development of internal controls and the growth of a sense of professional responsibility among public administrators in a democracy. John Gaus envisions a "rich future in which the public servant will be responsible to American society in part through his responsibility to the ideals and achievements of his own profession."⁶ Carl Friedrich observes that "throughout the length and breadth of our technical civilization there is arising a type of responsibility on the part of the permanent administrator, the man who is called upon to seek and find the creative solutions for our crying technical needs, which cannot be effectively en-

4. Finer, H., *Administrative Responsibility in Democratic Government*, Public Administration Review (U.S.), 1:339 (Summer, 1941).

5. *Administrative Procedure in Government Agencies*, S. Doc. 8, 77 Cong., 1st Sess. (1941)

6. Gaus, J.M., *The Responsibility of Public Administration*, in Gaus, White, and Dimock, *Frontiers of Public Administration*, Ch. III, p. 44.

forced except by fellow-technicians who are capable of judging his policy in terms of the scientific knowledge bearing upon it."⁷

Still a third approach is the effort to stimulate and institutionalize citizen and group participation in administration. Informal conferences between administrators and interested persons or organizations, group representation at hearings called to consider proposed administrative policies and regulations, popular referenda, and advisory councils reporting public reaction to administrative performance and conferring relative to new activities and measures, are some of the specific methods suggested for furthering this method of making administration responsible. Pendleton Herring sees the problem as a twofold one, namely, "to keep the bureaucrat responsive and uncorrupted, and to join the citizen with the administrative process in order to utilize

his particular expertness or to gain the sanction of his consent." He goes on to point out that "even though the public service is directed by honest men endowed with *esprit de corps*, inflexibility and unimaginative routinism threaten when contacts with the public outside cease to be close and sympathetic."⁸

These several attempts to solve the modern problem of administrative responsibility in a democracy are not mutually exclusive. They can and should be prosecuted simultaneously. Public administrators who are committed to the democratic ideal will find numerous ways by which these several types of control may be extended and implemented. They will agree with Finer that "administrative responsibility is not less important to democratic government than administrative efficiency," and that "it is even a contribution to efficiency in the long run."⁹

7. Friedrich, C. J., *Public Policy and the Nature of Administrative Responsibility*, in *Public Policy*, Yearbook of the Graduate School of Public Administration, Harvard University, (1940), Ch. 1 p. 14.

8. Herring, E. P., *Public Administration and the Public Interest*, pp. 20, 21.

9. *Op. cit.*, p. 335.

Progress of the Youth Hostel Movement

By WALTER HARDING

YOUTH hosteling, once an exclusive treasure of the youth of Europe, has now definitely opened its opportunities to the youth of the Americas. For years educational leaders on this side of the Atlantic admired and envied the progress made by the hosteling movement in Europe in developing in its young people those essential qualities of leadership, self-initiative and dependability. Then in 1933 two New England school teachers, Munroe and Isabel Smith, spent some months abroad studying and there, becoming intimately acquainted with hosteling and its leaders, determined to bring it to America.

Searching carefully over the United States for the best location for their first hostel, they finally settled on central New England where within a short radius were large populations, numerous colleges and many places of scenic beauty. The first American hostel was opened in 1934 in Northfield, Mass., in the Connecticut River valley, just a few miles from the junction of the states of Massachusetts, Vermont and New Hampshire. That first hostel was only a few rooms in the basement of Schell Chateau, the picturesque annex of a fashionable summer hotel. But the movement spread rapidly. Within a few months, a second hostel was opened thirty miles down the river at Mount Holyoke College, the oldest and one of the most outstanding woman's colleges in the country. By 1935, there

EDITOR'S NOTE: Mr. Harding is connected with the American Youth Hostel Headquarters at Northfield, Mass. Information on the Canadian Youth Hostel Association which is contained in the article has been furnished by Mr. P. E. Tyas, the National Secretary of the Canadian Association in Toronto.

were thirty-five hostels, and so it has continued to expand until today there are 253 in twenty-four states of the Union. With the growth of the movement, it has been necessary to increase the size of national headquarters until now it takes three buildings to house the offices and the staff.

Youth hosteling in the United States is directed from these national headquarters in the little New England village of Northfield, Mass. Here all applications for membership are received and all passes are made out. Here the AYH KNAPSACK, its quarterly magazine, and the yearly AYH HANDBOOK are edited and published. And here all the sponsored tours are worked out.

The country is divided into eight regions with full-time executives in charge to direct the particular needs of the movement within the region and to develop hosteling further there. The individual hostels are sponsored by committees within the communities in which they are located, and after inspection and approval are chartered by the national office.

Executive directors of the AYH are the founders, Monroe and Isabel Smith. National sponsors include an executive committee and board of some of the most distinguished educational and youth leaders of the country, headed by Dr. Mary E. Woolley, President Emeritus of Mount Holyoke College.

Closely cooperating with its bigger American brother is the Canadian Youth Hostel Association (C.Y.H.A.). Its headquarters are located in Toronto and there are regional committees in Halifax, Moncton, Montreal, Toronto, and Vancouver. Working under them are local divisions at Ottawa, Hamilton, London, Kitchener, High River and other places. Youth hostels have developed most rapidly near large centres of population where many young people are found eager to get into the country and enjoy the road.

At present there are a few hostels in Nova Scotia and New Brunswick, a complete chain running from Montreal down the Gaspé Coast, another route from Montreal south-east through the

Eastern Townships to the Vermont border with various alternative routes all through the district. Another chain runs up the Ottawa valley to the Capital, and a splendid hostel has recently been opened in the lovely Gatineau Hills for the benefit of Ottawa hostellers. In Ontario routes radiate from Toronto through Muskoka district and Algonquin Park and as far north as North Bay. South-west from Toronto are hostels linking Hamilton, Kitchener and Niagara Falls with those established by groups in London and Windsor and carrying the chains to another American border point. Alberta has a chain through the foothills from Calgary to Banff with many optional routes and in British Columbia there are hostels up and through the Fraser Valley and loops on Vancouver Island.

The majority of the hostels are located in farmhouses where the owners reserve space for the use of hostellers and act as house-parents. The Association owns only about four buildings outright.

The total membership today is well over 1000 and the number of hostels is 94. Even under war conditions the association is making steady progress.

Although hosteling is open to everyone from "four to ninety-four" it is most popular among the youth of high school and college age. Educators, realising the appeal and the education value of the work to young people, have been eager to assist its growth. Many of the colleges have built hostel bunk-rooms on their campuses and have included hosteling as a regular part of their curriculum. Student-organised outing clubs use the hostel circuits as a handy and inexpensive method of getting their members out-of-doors for hiking, biking and ski-trips. Now, within the last year or two, and with New York State taking the lead, high schools, realising the great value of cross-country tours, are beginning to organize hosteling trips for their vacation periods and are giving their students diploma-credit for taking them.

Enrollment in the Youth Hostels is made as simple as possible for the young people. They need only fill out one short application blank and file it with one

dollar (two dollars if they are over twenty-one) for their yearly pass which gives them the right to stay overnight in any hostel in the country. After studying the handbook published by the AYH, which lists the whereabouts and accommodations of the hostels, they plan out their own itinerary and budget, mount their bikes and start off. They usually find the hostel a made-over barn or a few extra rooms in a community center or parish house. Separate bunk-rooms and washrooms are provided for boys and girls, cooking facilities for their meals, and a recreation room. When they arrive at the hostel, they check in with the houseparents, paying their 25c overnight charge, and getting their blankets and fuel for the stove. Consulting a chart posted in the kitchen telling the whereabouts of the nearest groceries and farmers willing to sell their products, they go out to buy their food supplies. Often working and sharing with the other hostellers around the stove, they prepare their meal, setting aside whatever non-perishable left-overs there are for the use of the next hosteler along the trail. The evening they spend in folk-dancing, community singing, or story-telling around the fireplace or they record notes of their adventures for the day. By ten o'clock everyone turns in for a good night's sleep to be ready to rise at sun-up in the morning. After preparing and eating breakfast, they spend a little time putting the hostel in good condition for the next fellow and checking out with the houseparents start along the way toward the next hostel. If the region is particularly interesting to them they may stay for several days in one hostel, going out each day for a tour of the neighboring countryside. But usually they continue along to the next hostel, spaced a convenient day's bike journey along the circuit. These circuits are created in scenic sections throughout the country. The largest and best developed is the original New England circuit enabling the hosteler to travel from Cape Cod to the Quebec circuit or from the mouth of the Connecticut to Mount Washington always being within a few hours bike-ride of a hostel. Other circuits are operating through the

Middle Atlantic States, in the Carolina Smokies, around the Great Lakes, in the Missouri Ozarks, and along the West Coast.

In the summertime, the hostellers hike through the national parks and monuments to places of historical interest and scenic beauty, stopping along the way for swimming in the ponds and flat-boating and canoeing in the rivers. They climb the mountains and hike through the forests. In the winter they go skiing, snowshoeing and tobogganing. So great has been the popularity of the winter sports program that more and more of the hostels have been made over with good warm winter quarters.

If the hostellers want to go on longer trips, special group tours are arranged through the national or regional offices. These groups set off in rolling hostels which are railroad cars made over with bunk rooms, cooking and washing facilities, and racks to store bikes. The cars, attached to express trains, are carried along to some scenic spot where they are put on a siding and the hostellers go off to explore the region on their bicycles. In this way, thousands of miles are covered in the few months of vacation from school. The American Youth Hostels plan such trips across the continent and back, to the larger national parks, along both coasts, around the Great Lakes and to the Maritime Provinces.

For those who want still further adventure, international tours are planned. Before the war, large groups went to many European countries each summer to tour the international circuits there. Now to help foster inter-American friendliness tours through our neighboring countries are emphasized. Each year a large group takes a hike, bike and train trip through Mexico. Even more popular is a twelve-week South American tour, exploring the west coast and making a special trip over the Andes to visit Buenos Aires. The biggest thrill of this trip is skiing in summertime, for since it is across the equator, it is their cold season down there. Still other adventure tours have been taken to the Canadian Rockies and through Alaska.

All of these sponsored trips are taken under the direction of specially trained leaders. Regular hosteling methods are used along the way, with members of the group planning and cooking all of their own meals and staying in hostels wherever they are available. When travel by boat or train is necessary, they travel the most inexpensive way, either third class or tourist. In this way they not only save money but they also have the opportunity of mixing with the masses of common people, better understanding them and winning their friendship. E. St. John Catchpool, International President of the Youth Hostels, has said that if hosteling had been started thirty years earlier, the present war might have been averted. Hosteling now is going ahead to promote international friendship to prevent still another war after this one. Race and national hatreds cannot survive when the youths of various countries hostel together and learn to appreciate the good points of the other fellow.

One little-publicized contribution of youth hosteling is its effort toward creating and preserving the folk-lore of the countryside. When evening recreation time comes around the hostel fireplace, everyone joins in country square-dancing and the hostellers know all the calls for the Portland Fancy or the Darling Nellie Gray as well as any Kentucky mountain

fiddler. Not only are they learning the old dances, but they are creating new and intricate square dances of their own, based on the folk tunes they pick up through the countryside. Many hostellers are good musicians and pack their harmonicas or their flutes in their knapsacks as one of their most essential pieces of equipment.

Handicrafts of all sorts create much interest and enthusiasm in the hostel circuits. Many of the hostels are hand-decorated in a rural spirit and filled with ingenious labor-saving and fun-making devices, the inventions of visiting hostellers. Houseparents keep in their repertoires a good supply of local legend to pass along in story-telling hour. Even though the movement is only eight years old in America, already the amount of legend that has gathered is amazing. Many thoughtful people have complained that the American with their new civilization seriously lacked the mellowing influence of a great folklore. Hosteling is fulfilling that need.

Hosteling has come to America to stay. It is getting our youth out-of-doors, filling him with a zest for the simpler yet more important things of life. It is tying together more closely and more firmly the youth of a nation and the youth of all nations. Its rapid expansion is ample proof that it is fulfilling a long-felt need.

Canadian Universities and Colleges in the Second World War

By SADIE A. FEELEY

THE gigantic task of mobilizing Canada's resources to meet the demands of the second World War proceeds with increasing scope and tempo. Within the larger picture of national co-ordinated action are many "invisible items" that have contributed no small measure to the degree of Canada's participation in the

war. One such item is the contribution made by the universities and colleges of Canada to all phases of war activity.

At the outbreak of war the institutions of higher education pledged their support and assistance to the Government in the national emergency and an examination of their activities during the past thirty months presents a story of loyalty, cooperation and sacrifice relatively commen-

EDITOR'S NOTE: Miss Feeley is on the staff of the Dominion Bureau of Statistics, Education Branch.

surate with that of any section of the national effort.

Staff: Their first major contribution was from staff personnel. In conformity with democratic practice and with an earnest desire to avoid the repetition of certain difficulties that developed during the last war, the Government called in economists, psychologists, and specialists in political science, international law and public welfare, for advice on the methods of regulation, control and mobilization of the country's resources for war. As legislation advanced and new administrative departments and bureaux were established key advisory positions were filled by men from the university ranks. Such positions as the economic adviser to the War-time Prices and Trade Board; the Secretary of the same Board; Special Adviser in Economic Warfare, British Embassy, Washington; Director of Canadian Hygiene Service; Director-General of Army Engineering Design; Chairman Associate Committee on Medical Research, are illustrative of the advisory and co-ordinating positions filled by men from the staffs of Canada's universities.

A similar situation occurs on the technical front. The National Research Council of Canada as co-ordinating agency for war-time research and inventions, the Department of National Defence, and War Industry, have taken their toll from the university laboratories and executives. The positions of Acting President of the National Research Council, Assistant to the President and Superintendent of Chemical Warfare Research, Executive Assistant to Minister of National Defence, Chairman of Explosives Division of the Allied War Supply, are representative of executive technical appointments from the staffs of scientific education in Canada.

Within the defence forces there are more than two hundred and fifty of the teaching staffs of the universities engaged in some form of active service. When war broke out staff members who were officers in the Reserve Army were called in for duty; other members sought commissions in the medical, chaplain or other

specialized services of the forces; still others, often veterans of the last war, sought any form of active service in the present conflict. Altogether at least ten percent of full-time male teachers have gone to other duties "for the duration", and the proportion is constantly increasing.

Research Projects: Of necessity little may be said descriptive of research projects associated with war weapons and defence, but under the sponsorship of the National Research Council the university laboratories across Canada have been allotted secret research projects in chemistry, physics, engineering and applied science. A small army of students is engaged on them under the direction of practically the entire scientific staff. Mention may be made also of the work undertaken by the universities at the request of local industrial organizations. Problems relating to thermodynamics, substitute materials and the innumerable little technical "kinks" common to highly specialized and standardized war production have been ironed out for the industrial firms by the local university staffs.

With their ranks depleted by many loans of staff to governmental agencies the social scientists of the universities are studying the far-reaching economic and social changes involved in the country's war effort. In some cases the initiative has been with individuals, in others with institutions, as in the case of a study of the effects of the war on the Maritime economy under the auspices of the Institute of Public Affairs. More recently the Dominion Government's Committee on Post-War Reconstruction has mapped out a comprehensive series of investigations in which various university specialists have been asked to participate while remaining at their teaching posts. The eventual return to a peace-time economy will involve readjustments of scope comparable with those that have been made in preparing for effective participation in the war; against the problems that will then arise the social scientists perhaps more than any other group are obliged to fortify themselves. After the war has been won it is to them especially

the public will look to win and retain the peace.

In the field of medical research the studies undertaken appear to the lay mind as miracles of mercy and rehabilitation. No expense or effort has been spared to train doctors, nurses, psychiatrists, and other related professionals to cope with the casualties of aero and chemical warfare. Brain surgery, facial surgery, war wound infection, burns, gas contamination, and neurology, are but a few of the special research subjects. Endocrinologists are studying the effects of shock, fatigue, altitude, acceleration and sea-sickness; and tribute must be paid to the university students who act as "guinea-pigs" for these studies. Tropical medicine and disease has a new vital interest for Canadian bacteriologists, entomologists and medical schools; specialists in mental health and psychological testing are busy developing and administering the plans for the "sorting out" of enlisted personnel in the armed forces.

War Training: Compulsory military service presented the universities with a special problem of integration of military training with the scholastic programme. At conferences held between representatives of the Canadian Universities' Conference and the Department of National Defence it was decided to extend the system of Canadian Officers' Training Corps to those universities formerly without one and to establish within all institutions an auxiliary battalion for the training of eligible male students.

Most of the institutions allowed no exemption from this form of training except on grounds of physical incapacity but it was found in some cases that students in the clinical years of medicine could not be on duty or on call and continue the required one hundred and ten hours of military training. Those students have now been excused from parades and drills on condition that a physical training regime is continued. Only one or two institutions have given any substantial academic credit for war

training; a few have allowed a bonus credit.

The college woman has entered upon a programme of war work training and relief services comparable with that of the male student. Within the larger institutions a Red Cross University Detachment has been established with a very high standard of training which includes a knowledge of the general organization of the navy, army and air force, military drill and exercise, St. John's Ambulance certificates, and specialized training for one of four sections—transport, nursing auxiliary, office administration and food administration. A typical training period for women students consists of a physical fitness programme of two hours per week; training for emergencies, first aid and survey courses covering fire, A.R.P. work, gas decontamination, food, nutrition, housing and medical emergencies. Three of the institutions have made this sort of training compulsory, others retain the voluntary selective system; but it is recorded that most of the seventeen thousand university women enrolled in full-time courses are engaged in some form of war work, including the parties and entertainment from which they obtain some of the \$20,000 or more contributed by the universities to war relief—not to mention the hours of knitting, sewing and other forms of practical assistance.

New Courses: Modern warfare requires an unlimited supply of highly trained scientific and technical fighters, as well as machines and weapons. To help meet this demand the universities have undertaken to provide advanced courses for the navy, army and air force in navigation, meteorology, short wave radio, optics, aerial photography, ballistics, acoustics and electrical engineering—to mention just a few. Classroom and laboratory accommodation has been provided by the universities and entire residences have been turned over to the defence classes as living quarters. The lectures are given by, or under the supervision of, members of the regular staffs of the universities.

Budgets, Registration and Equipment: The effect of the war on registration has a direct bearing on the income of the universities. Student fees have provided a decidedly increased proportion of university revenues for several years. In the Maritime Provinces, where except for one or two cases, "fees" are the main source of income, the enrolment has been falling consistently since war was declared. The large composite institutions have not experienced much change in total enrolment. But it is significant that all institutions report a slight falling-off in the sophomore year, probably for enlistment. There is a decided change in the enrolment by faculties. Registration in schools of Engineering and Applied Science has increased; there is some increase in Medicine; Dentistry remains about the same; but there is a material decrease in such schools as Law, Education and certain less specialized courses.

These fluctuations in enrolment, the need of additional equipment for new courses, and the adjustments in staff estimates necessitated by resignations, leave of absence and subsidized public service salaries have added considerably to the budget difficulties of the governing bodies.

Extension Departments: The Extension Departments are doing their part on three fronts, *viz.*, citizen morale, community defence and co-operation in the educational courses for members of the defence forces. Radio broadcasts, forums and lectures containing information on current events, public welfare, war-time economics and other related subjects calculated to sustain the morale of the civilian population are a regular part of the extension programme. Evening classes under qualified leadership for instruction in fire-fighting, emergency training, shelter tactics and public health

problems are held under university auspices within vulnerable areas.

The directors of Extension Departments have given assistance and support to the comprehensive correspondence courses designed for members of the defence forces. The position of Chairman of the Canadian Legion Educational Services, nationally, and in most cases regionally, are filled by these men. In addition to their assistance in the elementary and secondary courses for the service men the colleges with correspondence courses leading to degrees have made them available to service men overseas or in Canada at reduced fees and in some cases free.

General: To facilitate enlistments the larger universities have formulated generous terms covering leave of absence for the staff members. Cases are considered on individual merit and where possible a subsidy is granted to men serving in essential positions at greatly reduced salaries and their re-instatement is ensured at the expiration of their war service.

Leave is also arranged for the men called to the Capital for consultation, or for part-time service in the many auxiliary activities and national surveys which accompany national mobilization.

No phase of relief or civilian participation in war finance has been neglected by the university group and considerable assistance has been given to such activities as the re-establishment of refugee intellectuals and care of the evacuated children of British professional men and women.

The part played in the national war effort by the Canadian institutions of higher education may not be so obvious as the roles of finance, war industry and labour, but these schools and colleges are guarding the future of Canada by training the scientists and economists necessary for defence and the era of reconstruction after the war.

Price Control in Germany

By ERNEST DOBLIN

EDITOR'S NOTE: This is the third in a series of articles dealing with Price Control. It was started in the Winter issue by Stewart Bates' article "Canada Erects a Price Ceiling" and continued in the Spring issue by Jules Backman with a discussion of "Wartime Price Control in the United States, 1940-1942".

GERMAN price control has gone through three stages. The first was the period of the "price stop" beginning at the end of 1936. After the outbreak of war renewed pressure was exercised on prices by the "war economy law". The third step is an experiment introduced in 1941 and still under way: the "profit stop" which tries to enforce price reductions through limitation of profits.

Price control is merely one of many forms of state intervention in German economic life. It is even doubtful whether it is the most important measure among them. It is supplemented by thorough rationing, allocation of raw materials and labour, taxation to absorb surplus purchasing power, dividend control, wage control and many other devices to regulate output and consumption and to allocate resources. The following observations, which are limited to price control in the proper sense, are thus necessarily onesided. German price control can be appraised only against the background of the whole control system.

The basic principle of the "price stop" is similar to its Canadian counterpart. A ceiling is established on all prices with October 17, 1936 as reference date. The control is exercised over commodity prices in all stages of production including retail prices, trade margins, services, rents and also prices of property such as real estate. Prices of agrarian produce—which from 1933 ceased to be influenced by the ordinary forces of the market and were determined by a system of compul-

sory cartels acting under state supervision—are very definitely under the rule of the price commissioner. He incidentally is now called commissioner for price formation, in contrast to the commissioner for price control of a former period, in order to indicate his much more extensive functions and powers. Wages are regulated by another agency. Share prices are not under the jurisdiction of the price commissioner, and a very few other prices (export prices, sea freight rates) are exempted. By and large, however, the price commissioner has by law every possible price under his control, and only minor items, such as stamps and objects of fine art have in practice defied regulation.

The price stop date was in general not unfavorable to producers. The year 1936 was a period of marked recovery in most branches, and during the months preceding October price increases had been quite frequent; in fact they were the reason for the introduction of the price stop. Reasonable profit margins prevailed in the majority of the industries. Moreover full use of the nation's capacity of men and materials had not yet been reached so that expansion of output under prevailing prices tended to improve the profit situation still further.

Price stabilisation applies to the individual firm rather than to an industry as a whole or to a product. Variations in prices with respect to quantity and type of customer are permitted. Regionally fixed prices of cartels and similar organizations continue to be regulated on an industry-wide basis. The authorities have again and again acknowledged the advantage of having at their disposal these private price-fixing agencies with their smooth-working machinery. They have become tools of the price commissioner facilitating the general price control enormously.

Serious difficulties arise in instances

EDITOR'S NOTE: Dr. Doblin is on the research staff of the New School of Social Research in New York, the college of scholars in exile which is headed by Alvin Johnston.

where no transactions occurred at the reference date. In these cases the price commissioner goes back to "comparable" prices, either prices of the same product at dates near to the basic date, or probable cost of that product at the reference date. A great deal of legal controversy centres around the problem as to which features characterize a "comparable" product, and what "partners of equal standing" are. A very detailed cost computing device was introduced in 1938 to determine prices in general contracts referring to articles of a special character which have no market price. It disregards some cost items entirely, limits other costs arbitrarily, and establishes profits as a yield on the "necessary capital" equal to the yield on government bonds plus a limited premium for the risk involved. The system was revised early in 1942 when fixed prices were established at the basis of the costs of an *efficient* concern, computed according to these rules and independent of the actual costs of the individual tender.

For products with significant seasonal price variations the corresponding prices of the previous year may be substituted for the price of the basic date. There is however a strong tendency to get rid of seasonal price differentials. The rigid agrarian price regulations contain many provisions to that effect. Seasonals are either abolished or substantially reduced, or replaced by some device that will take care of storage costs; the price at the beginning of the harvest period is increased week by week and the scale of rising prices determined in advance. It goes without saying that the auction method of disposing of produce is in direct conflict with the basic principle of price stabilization—in the agrarian field even more than otherwise since agrarian prices as a rule are rigidly protected against changes in either direction. Auctions are either completely eliminated or firmly controlled within narrow limits.

The role of the price commissioner is not confined to price stabilisation. He is responsible for the active formulation of price policy. From the outset he has exercised his influence to reduce prices

if possible below the October 1936 level, partly by persuasion, partly by decree. He has on the other hand the power to approve an upward revision if the prevailing price should prove to be uneconomical for the industrial establishments affected by it. He will not act unless he is satisfied that all reasonable steps have been taken to reduce costs and to work on an economical basis, and he will intervene only in favour of industrial establishments which are "necessary" according to the standards of the Four Years Plan. He has never granted price increases merely on account of growing scarcity of a product.

Thus prices are not absolutely rigid. Nothing prevents the average producer from offering his product below the price prevailing at the basic date if he feels that market conditions warrant this decision, although the authorities did not have any illusions as to the probable scope of voluntary price reductions in a period approaching boom conditions. In a great number of instances the price commissioner has reduced prices if the profit situation seemed to justify the step and general economic considerations called for it. Whenever a price cut occurs, in one stage of production, the consecutive stages are forced to transfer the gain to the final consumer. It has been claimed that sufficient information has been collected to decide in advance to what extent price decreases for an important product would affect the costs of other products in all succeeding stages down to the retail trade.

Price increases of more than local importance may be granted by the price commissioner after the application has been sanctioned by the "group"—the self-governing body of the industry concerned of which all firms in the industry have to be members. The fact that the production of a given commodity does not yield a profit is no reason for a price increase as long as the firm produces other products on a profitable margin and thereby compensates for its losses. This principle of "social price averaging" has been officially stressed over and over again.

Successful price fixing, naturally, re-

moves by itself the source of major increases in cost. The main remaining items which had to be dealt with were price increases in imported raw materials, use of higher priced substitutes, higher wages, and changed utilization of plant capacity. The last point was, as a rule, a reason for price reduction rather than for price increases. Wage rates were, as already mentioned, kept stable. Higher wages could originate only from a change in the composition of the employed labour; or from payment of wages above the fixed rates. This did happen: however the method was discouraged by the authorities and could hardly be harmonized with the principle of economic management. Higher prices of substitute materials constituted a legitimate claim for a price increase so far as the higher costs could not be absorbed by profits or by economizing. The most important sources of cost increases have been price changes in imported material.

Price control thus establishes a system of not completely, but preponderantly, stable prices. Some of the reactions of entrepreneurs to the control are summed up below:

1. Deterioration of quality. This occurred to a large extent, often for reasons other than the price control, as for instance the use of substitutes. Such behaviour undoubtedly violates the law regulating prices on the basis of a given quality. Yet changes in quality are often difficult to discover and complaints were frequent. As a result, price fixing decrees have more and more tended to classify the prices for commodities according to quality. Consumers, on the other hand, began to show a marked preference for commodities of higher quality and this has constituted a major danger since 1940. Growing scarcity of raw material compelled the manufacturers, especially in the textile industry, to restrict production to better classes of merchandise. The buying public, too, preferred that kind of product since money income is high and under rationing the prospects of replacement are

very limited. Ultimately, preference in allocation had to be granted to producers of standard quality.

2. Black markets. That they exist is indicated by newspaper items, occasional remarks in official speeches, circular letters of the price commissioner and actions of the local police. There are, moreover, obvious discrepancies between the price index figures and published individual price changes in the building industry and elsewhere. However, there seems to be agreement among the critics that the black markets are by no means as numerous and important as during the last war. The punishment is incomparably heavier and the control of all phases of production makes outright lawbreaking on a large scale far more risky.

3. Joint sales. "Combination" sales are the easiest reaction to *partial* price control. If *all* prices are fixed there is less obvious advantage in making the sale of one product dependent upon the sale of another product. Since however the profit margins on various goods are not necessarily equal, sellers can even apply this technique to good advantage under a comprehensive system of price control. The price commissioner has fought a steady fight against it. Joint sales are against the spirit of the price stop decree, they have been definitely outlawed in the food trade and are officially frowned upon in other fields.

The tendency to reduce prices got a new impetus by the war economy law according to which prices have to correspond to the "necessities of an economy devoted to the war effort", which simply means that prices should be reduced wherever profits permit any such reduction, no matter what the ceiling prices are. These rules were combined with new regulations with regard to cartel prices. The main complaint of long standing against cartels referred to their supposed practice of basing their prices on the costs of their weakest member. According to the new law cartel prices are to be fixed on the basis of the costs of an establishment of average efficiency—the representative

firm rather than the marginal unit that is able to survive merely because of the industry concerned exploiting a monopolistic position.

The "profit stop" of 1941 is the direct outgrowth of the war economy law. Instead of the previous attempts to reduce prices here and there in a rather haphazard way, a comprehensive *system* was established aiming at a concentrated attack on all prices at the same time.

Technically the "profit stop" is a tax measure designed to do away with "excess profits". However its purpose is neither equalitarian nor fiscal, but definitely price reduction. The tax yield is a by-product. Connected with the tax payment is the duty to reduce prices in the future to an extent which would prevent a recurrence of these surplus profits. The tax form was chosen with regard to past profits of 1940 simply because prices charged in the previous year could not be reduced.

The technique is highly complicated. "Excess profits" are established by a method which corresponds roughly to the average profit method or the invested capital method of the American Excess Profits Tax. It differs from the American practice in that the choice between the two methods is not left to the tax-payer and that the forms which he has to fill are far more detailed and elaborate. This is particularly true for the manufacturing industry. The permitted capital yield is partly a percentage of the "necessary capital", partly a percentage of the value of sales. It varies from industry to industry and even from firm to firm according to their efficiency, and is to that extent, a matter of bargaining between price commissioner and the firm in question. The problem of price reduction is solved in an even more arbitrary manner. It is up to the business man in his month-to-month decisions to see to it that he keeps prices so low as to earn not more than the permitted standard profit.

The profit stop was generally disliked from the outset, not only because of its radical nature but also on account of its arbitrariness. It has already been changed substantially in the short time

it has been in existence. In November, 1941, the permitted basic profits were generally reduced by 10 to 20 per cent. Some months later, however, profits arising from governmental orders were totally exempted from the profit stop and brought under special control—the beginning of the disintegration of the all-round profit stop rule. Very recently the price commissioner who was in office since 1936 and who was instrumental in introducing the profit stop, was dismissed. The step seems to indicate a turn in the economic policy towards less drastic procedures, and a reduction of the profit stop tax rate, decreed a short time thereafter, apparently confirms this view.

Little is known as to the actual size of price reductions under the profit stop. It seems that they were modest. From the long term point of view the whole experiment from 1936 on proved rather successful as the following table of price indices shows, even if interpreted with the necessary qualifications. In fact quite a number of individual prices—such as the highly important steel prices—have remained completely unchanged since 1936. But again it must be emphasized that the result was due to the functioning of an elaborate coordinated system of economic controls rather than to price fixing as an isolated measure.

PRICE INDICES

	Wholesale 1913 = 100	Cost of Living 1913-1914 = 100
Annual Average:		
1936.....	104	125
1937.....	106	125
1938.....	106	126
1939.....	107	126
1940.....	110	130
1941.....	...	...
Monthly Average:		
January.....	112	132
February.....	112	132
March.....	112	132
April.....	112	133
May.....	112	134
June.....	112	136
July.....	112	136
August.....	112	133
September.....	113	...
October.....	113	...
November.....	113	...
December.....	113	...
January, 1942...	114	...

How Successful Have We Been in Fighting Cancer

By ETHLYN TRAPP

THE vital statistics of all civilized countries show cancer to be the second most important cause of death. As the average life span increases so does cancer. Public Health, after protecting the infant from the dangers of birth, the child from the ravages of infectious diseases and the adult from such previously devastating plagues as typhoid fever and pneumonia, now leaves at least one in ten of those who live to be over forty, to die of cancer. It has been maintained that cancer is not a Public Health problem because it is dangerous only to the individual who suffers from it; but any disease which carries off such a large proportion of the population at the age of greatest usefulness, is a public health problem. If it is not attacked on the humanitarian basis, it should at least be dealt with for economic reasons. Not only is the productive work of such individuals lost but the great majority of them become a public charge and must be cared for through weeks and months of suffering and destitution. It would be much better and cheaper to prevent this disease or to treat it in its early stages when there is a reasonable hope of cure. Even though the cause of cancer is not known we have at our disposal to-day sufficient knowledge to reduce its mortality by fifty per cent and adequate research would soon find means of lowering it still further.

Since cancer has been called the medical mystery of the ages, a backward glance should be of help in assessing the present position of the disease. The historical view is always important. It has been truly said that "people will not look forward who never looked backward." First, then, what is cancer, this disease which Hippocrates, the Father of Medicine, named for the crab, because

it stretched its tenacles in all directions? Boyd, a well-known Canadian pathologist, defines it as follows: "A cancer is a mass of new cells which proliferate without control, and which invade the surrounding tissue spaces and in some cases the lymphatics and blood vessels. All other biological processes have a meaning; cancer has none. Every ordinary cell has a two-fold object, function and reproduction. In cancer the idea of reproduction replaces that of function. There is a purposeless and never-ending cell division. Cancer cells may be termed the gangsters of the cellular community."

It has been said that cancer is a disease of civilization, but far from such is the truth. It is a disease older than man himself. Tumours in the fossil bones of extinct animals were first recognized among the cave mammals in Europe, who inhabited the earth twelve million years ago. The further evidence of bone cancer is found in every succeeding geological period. Its ravages may be seen in the bones of Egyptian mummies dating back 3000 years before Christ. The first mention of it in medical writing is in the earliest medical document yet discovered, the Ebers Papyrus, which was written about 1500 B.C. In the development of medicine through the succeeding centuries we find the problem of cancer compelling the attention of the leaders of medical thought. Indeed, one of the many interesting things about cancer is the enormous number of earnest students who have worked on the problem; since the time of Hippocrates each century has produced original theories on cancer and its treatment. Galen, an early Roman physician, even stressed the importance of early diagnosis.

Great Britain made important contributions in the late 18th and early 19th centuries. The great English surgeon, John Hunter, was responsible for the

EDITOR'S NOTE: Dr. Ethlyn Trapp who practises medicine in Vancouver is a well known student of the cancer problem.

formation of the first society for investigating the nature and cure of cancer. It comprised a company of the most outstanding physicians of the day. This society was, however, about one hundred years ahead of its time and dissolved through lack of co-operation. Shortly before this the first cancer service in a general hospital was established, when some unused wards in the Middlesex Hospital were appropriated for patients with cancer, there they might remain "until either relieved by art or released by death."

During the 19th century cancer was being treated by surgery and various caustic pastes. Many theories were advanced as to its cause and great progress made in the description and classification of the disease. The great German pathologists came to the fore at this period and we have such names as Müller and his famous pupil, Virchow, whose book "Cellular Pathology" might well be considered the most important single work in the history of medicine. However, the modern era of systematic and scientific research only began about 1900, shortly after the discovery of X-ray by Röntgen and of radium by Marie and Pierre Curie. It is within the last forty years that the treatment of cancer, as we know it to-day, has developed.

In 1902, the Imperial Cancer Research Laboratories were opened, and institutions formed on similar lines have been established in all civilized countries. After the last War the formation of the Cancer Commission of the Health Committee of the League of Nations was a great impetus to cancer work throughout the world. Incidentally, the accomplishments of this Health Committee are one of the bright spots in the history of the League, largely because the scientific representatives approached their problems with a truly international outlook, the lack of which has caused the work of its political representatives to come to such tragic failure.

THE TREATMENT OF CANCER

Cancer is a lethal disease, no matter how innocent it may seem. If it is not

eradicated, it will eventually kill the patient. It is the only disease which does not tend to cure itself; unfortunately its early stages are painless and delay is all too easy. Treatment of any kind to be successful must be early and must also be adequate.

At present the three methods of treatment at our disposal are, surgery, X-ray and radium. Often a combination of the three is required. Surgery has been used since the days of ancient Egypt. X-ray and radium are discoveries of the last fifty years. The work of the first decade of the 20th century proved them to be radical additions to cancer diagnosis and treatment. Tage Sjogren, treated the first skin cancer with X-rays in 1899 and shortly after, radium was successfully used for the same purpose. These two new physical agents were at first hailed as the answer to the cancer problem but it was soon found that they were no more successful with advanced cancer, than was surgery; it was also learned that great harm could be done by the unskilled use of these new weapons. Too large a dose might cure the cancer but leave the patient to an even more miserable death; while too small a dose left the cancer to renewed activity. Thus it was only through a long series of trial and error that the most effective methods of treatment were evolved. In England, at least, radium and X-ray for therapeutic uses passed through a period of disrepute because of mistakes inherent in this method of evolution. Now, thanks to the work of the physicists, accurate and controlled dosage for both radium and X-ray are used in cancer centres throughout the world.

During the 19th century improvement in the surgical treatment of cancer advanced together with the increase in knowledge of the organs and tissues of the human body and their functions. The 20th century has brought the two new methods of treatment already mentioned and their development in conjunction with the time honored method of surgery. It has also brought the development of physical and biological research and this has been responsible

for the great improvement in radium and X-ray treatment in the past two decades.

In thinking of X-ray as a therapeutic agent one is apt to overlook its significance in the diagnosis of cancer; the discovery by X-ray of an early cancer of the stomach, for instance, is no less a life saving procedure than the early diagnosis of cancer of the breast. Cancer of the stomach comes outside the field of irradiation treatment, but if recognized early can be successfully removed by the surgeon. As early as 1906, Max Otter successfully diagnosed cancer of the lung by X-ray; at that time this could only be verified by autopsy. Here the picture has also changed and increasing numbers of successful operations are being performed every year.

The present era marks the convergence of all the different trends in cancer control to an unprecedented concentration on the subject. Research centres and special cancer hospitals have been established all over the world. Thanks to the League of Nations, cancer is now recognized as an international problem; congresses are held every three years; the last was in Atlantic City in September of 1939. Scientists and practicing physicians were present from all parts of the world. Those whom the outbreak of war prevented from attending, were represented by their papers. Recent research work as well as new methods of treatment were reported and discussed. Further such international meetings must await the coming of peace. In the meantime it is interesting to note what Great Britain is doing in spite of war-time conditions. The 18th annual report of the British Empire Cancer Campaign has just been published and demonstrates what can be accomplished in the face of great difficulties. The various research centres of Great Britain are continuing their work and no important investigation has had to be abandoned or seriously curtailed. Lord Horder, in moving the adoption of the report says,—“there is one aspect which is particularly pleasing to us as Britishers, viz,—that this docu-

ment demonstrates again the lead we are giving to the whole world in cancer research.” The study of cancer-producing and cancer-inhibiting subjects is predominately a British study and is a point of justifiable pride for British medicine. The clinical research commission of the Campaign has also been active and some 10,000 cases of cancer have been followed up at the London Hospitals in the past year. This is a great achievement when one considers the severe damage suffered by so many of these institutions during the blitzes. Lord Horder concludes his address as follows: “I think you will agree with me that a careful perusal of the whole report will strengthen the belief which we all feel that we are slowly approaching the solution of this great problem.”

Sweden probably has the most efficient cancer control organization in the world. It began in 1913 when King Gustav gave his million dollar Jubilee Fund to the Radiumhemmet in Stockholm and now all cancer cases in Sweden are being treated in two large centres. The United States accepted cancer as a federal problem by the passing of the National Cancer Institute Act in August of 1937. This set up a national advisory cancer council and a national cancer institute for the purposes of the initiation and co-ordination of research, the lending of radium, the training of cancer workers and the co-operation with State health agencies in the prevention, control and eradication of cancer.

In Canada there is the Canadian Society for the Control of Cancer and the Department of Cancer Control of the Canadian Medical Association. There are branches of each of these two societies in every province. These were made possible by the King George V Jubilee Cancer Fund and are purely educational in purpose. Several of the provinces, notably Ontario, Manitoba, Saskatchewan and Alberta have initiated programmes for the treatment of cancer. Each has a scheme designed to meet local requirements. In all four provinces, the government accepts the responsibility for

the treatment of the indigent. Alberta and Saskatchewan are working toward a scheme of free diagnosis and treatment for all. Canadian universities have research centres of their own and investigate detached problems as local interests dictate and funds permit; but there is no co-ordination of this work. The Federal Government has not yet taken an active part in cancer control.

Much remains to be done; research requires funds; hospital facilities are inadequate; diagnosis is too often delayed; and public apathy must be overcome. The proper diagnosis and treatment of cancer require groups of specialists and expensive equipment. Only centralization can provide these. The present trend is toward such group specialization, thus making possible the pooling of knowledge and skill.

What part can Canada take in this great campaign? It has been pointed out that centralization is the keynote to both treatment and research. From a practical point of view a good deal depends on our pending Health Insurance. Whatever form it eventually takes, it has been planned as a post war procedure. The problem of cancer is too urgent to be so postponed, surely the groundwork for a national scheme could be laid without detracting from our war effort. We have the glowing example of Great Britain carrying on and expanding this work in spite of the actual bombing and destruction of cancer treatment and research centres. What justification has Canada to lag behind? Although it must be granted that our procrastination has put us in a position to learn from the experience of other countries.

The State of Massachusetts has a cancer programme second to none on this continent. Wisely it has been developed around the family physician. Some similar programme modified to suit our own particular needs could well be used in Canada. Our National Research Council might suitably initiate and control such work in collaboration with one of the larger treatment centres such as the Ontario Radiological Institute.

Research is an important part of any scheme for cancer control and should include research on the medical, social and economic aspects of the disease as well as scientific investigation. Provincial cancer clinics should be maintained to serve every section of the population. These might be administered as they are in Massachusetts, by committees appointed by the local medical associations and they should provide at least diagnostic and follow-up services.

Facilities for X-ray and radium treatment are expensive and could only be made available in the larger centres. Arrangements would have to be made to bring patients to these centres. Standardization of X-ray equipment and the accurate physical measurement of both X-ray and radium dosage are essential. These require the services of a physicist. The National Research Council some years ago made available such service for the measuring of X-ray output. This service has not been widely used and it must be made compulsory, if the public is to be protected from the dangers of uncontrolled X-ray and radium dosage.

The Canadian National Research Council might suitably set up a committee similar to the National Advisory Cancer Council of the United States, a Federal project which co-relates the work done in the various States. The functions of such a committee might well be:

1. To conduct, assist and co-ordinate research;
2. To give advice on the setting up of cancer diagnostic clinics and treatment centres;
3. To set up a minimum standard of requirements for such centres and provide uniform records.
4. To require the services of a physicist in all centres using X-ray and radium.
5. To provide for the regular checking of X-ray equipment.
6. To provide for travelling clinics similar to those in tuberculosis control.

7. To provide for the post graduate training of suitable doctors in the diagnosis and treatment of cancer.
8. To arrange for fellowships in cancer research.

Any satisfactory scheme must provide hospitalization. It must also include the care of incurable patients. There should be a free tumour diagnostic service where any physician or hospital may have suspicious tissue examined to determine the presence or absence of cancer. This service would also be used by pathologists who desired confirmation of their own opinions.

Until we have found the cause of cancer and while the successful treatment depends so much on its early recognition, the education of the physician must remain the paramount factor in the control of this disease. Actually, as Ewing, the renowned pathologist of New York's Memorial Hospital, has so often reiterated—"There is no one cause of cancer. There are many causes, often preventable, and the public should ac-

quaint itself with the nature of these causes. Every community owes it to itself to support cancer control and to provide the means, the organization, and the moral support that will make it effective."

In conclusion, though cancer still remains one of the great problems of the age, we have at our disposal, means by which approximately one-half of the sufferers may be cured if diagnosed early and treated adequately. This still leaves one-half to be cared for through weeks and months of suffering. Research must eventually solve the problem and the annual report of the British Empire Cancer Campaign gives reason to hope that the time may not be too far off. At least a few more truths have been added to the whole body of truth—"dark hints may be; but who groping about in the greyness can picture plainly the glory of the rising sun?" So in this, as in other fields man fulfills his destiny, which is, as Pascal has said, the seeking of Truth.

Science Aids the Fisherman

By D. LEB. COOPER

EDITOR'S NOTE: The flakes covered with drying codfish which have been typical of many fishing communities in Nova Scotia will gradually disappear as the method of artificial drying discussed in this article is being accepted. Our fishing villages will lose in romance but gain in prosperity. Dr. Cooper at present associate professor of Chemistry at Dalhousie University is among those who have been instrumental in devising this new method.

THE purpose of this article is to describe, and discuss the effects of improvements in the method for the preparation of "dried salt cod".

The terms "salt cod" or "dried salt cod" include a number of products manufactured from the fresh fish with the object of producing an edible food capable of transport to, and use in, such localities that fresh fish would spoil. Other

methods of preservation are either impractical, too expensive, or unsuitable for markets accustomed to use the salted dried material.

A number of methods, or variants of a single method of preparation are in use. Common to most is a part in which the fish are salted, followed by a period of drying. Salting preserves the fish until the later treatment by drying is complete, for salting alone will not prevent deterioration in temperate climates. When natural means of drying are employed, it is clear that the locality in which the fish are prepared will, among other things, determine the proportion of salt that is used. Cool situations with dry winds will require less salt than warm, humid, localities. Excepting the northern

section of New Brunswick, and the Gaspé peninsula, the majority of dried fish prepared in Eastern Canada is heavily salted. Names given to the final products may vary, for example "hard salted kench cure", "hard salted pickle cure", and "Bank Fish" indicate types which may show individual physical differences but which are nearly indistinguishable chemically. Procedures outlined below refer specifically to "Bank Fish" but it can be assumed that the improved methods of drying will apply to all.

That an improvement has been effected will be clear by comparison with the common method of treatment of which the following is one description.

Fish, brought into one locality, are caught on outlying banks and salted in vessels. Since the latter remain at sea from four to seven weeks the fish are heavily salted in kench, which means that they are cleaned and interlayed with dry salt in such proportions that the resultant product will have taken up nearly all the salt it is capable of holding. Reaching home port, this cargo is "sold" to a local dealer subject to delivery, dried. The vessel carries the fish to skilled tradesmen along the coast who, for a fixed sum per unit, do their best to dry the fish left with them in trust. When the fish are sufficiently dried they are delivered to the "original" purchaser who pays only for the amount received.

The climate of Nova Scotia is a variable one. Days of fog follow hours of sunshine. Salt fish cannot be dried in hot sun, for they "burn". Atmospheric humidities greater than seventy-five per cent prevent all drying, and a commercial rate is reached only when the humidity is below approximately sixty per cent. Cut out all days above sixty per cent relative humidity, and all days of brilliant sunshine below that, and the problem of the "fish maker" is a serious one indeed. For in warm weather the fish must be dried quickly or spoil. But the fish maker takes no responsibility, the loss falls to the fishermen.

The amount of loss by spoilage or deterioration during this section of the

production is difficult to gauge, and nearly impossible to substantiate. Apparently no records are kept. The manufacturer is concerned mainly with the amount of fish delivered, the fisherman with the amount caught. Any loss that does occur reduces directly the income of the fishermen who are paid by a plan sometimes known as 'sharing with the vessel'. Estimates of loss vary from twenty to twenty-five per cent. Complete loss of full cargoes have been mentioned. This is possible when hot humid weather follows their delivery to the 'makers' and seventeen days of consecutive high humidity have been reported. Any means by which these losses can be reduced will aid the fisherman, and it was with this in mind that investigations were commenced.

The vision was somewhat as follows. Suppose the fish could be kept in condition in the vessels, landed in condition at central drying plants, dried independently of climatic conditions, stored in controlled rooms until they could be sold, then the section of greatest loss would have been eliminated. The product will be standardized, and improved, and the fishermen will benefit.

Investigation followed this plan.

Drying equipment is expensive, and cannot be allowed to remain idle, and the fishing season is short. It was necessary therefore to prepare for storage of large quantities of fish under such conditions that they would not spoil. This section of the work caused no trouble, and the results of the short investigation needed were later substantiated on a commercial scale. Salt fish, undried, can be stored for long periods of time without deterioration in rooms maintained at a temperature below about thirty-four degrees, and a relative humidity as close to seventy-five per cent as possible, for at seventy-five per cent the salt fish are in moisture equilibrium with the air.

Drying was the difficult problem. Consider what may occur when a block of salt fish is dried. Under certain conditions water is vaporized at the surface and removed by the air. More water from the regions of higher concentration near the

centre will seek to replace that evaporated. A migration of liquid from the centre of the fish towards the faces will persist. But the liquid in salt fish is not pure water, it is a saturated solution of common salt in a liquid which contains also small amounts of dissolved protein, making it in effect a solution of heavily salted glue like liquid. Salt is carried with the liquid as it migrates from the centre to the outside and on evaporation the salt may be left on the surface of the fish in the form of a heavy crust. Appearance and texture are spoiled, and the fish is not marketable. Natural drying under suitable conditions does not produce this "salt face", but attempts to dry fish free from it in artificial driers always ended in failure. The problem was to determine why this occurred, and under what conditions it could be prevented.

The simplest commercial method is to design driers which would reproduce the atmospheric conditions of "a good drying day". This is quick, but for obvious reasons, very unsatisfactory. Such methods for example tell nothing of the possible efficiency of such driers. Therefore a more comprehensive study was attempted.

Previous investigations on slow drying materials had shown that in certain cases the rate at which water could diffuse to the surface was much less than the rate at which it could be removed. It was postulated that in these cases the plane of vaporization receded into the interior of the sample. The effect of this subsurface vaporization would be this. If through the layer nearest the surface only vapor diffuses, the salt will remain in the body of the sample for it is carried by the liquid medium. Fish is slow drying material, and preliminary investigation showed that salt face could be prevented by increasing the air speed, and reducing the relative humidity both of which increase the rate of removal of moisture from the surface, or in technical terms, increase the drying potential of the air. This was an indication that the theory of subsurface vaporization could be applied to salt fish and experiments were continued

until the limit was fixed. At this point a fixed rate of drying was observed. All attempts to increase the rate above this by further increase in drying potential ended in partial failure. In other words, once the limit for crust formation is passed, increasing the drying potential of the ambient air has little effect on the rate of drying of the fish as a whole. Water, in whatever form, can be removed from the surface only as fast as it can reach the surface.

The laboratory results were applied directly to the design of commercial equipment calculated to produce about 700 quintals of dried fish per week. This plant has been in operation a sufficient length of time to estimate its effect on the trade as a whole, and the fisherman in particular. Each stage of production has had its separate influence.

Green fish landed direct from the vessel are accepted and paid for at once. All fish are gauged for quality as they are landed. Practice has demonstrated that this gauge of quality on the raw product over which the fisherman has direct control, instead of on the same product which has passed through the process controlled by the fish maker, has resulted in an improvement in the quality of the fish landed. Assuming that many vessels prefer to land at a point of immediate payment, and that only first grade fish is accepted at this point, all vessels tend to improve the quality of their catch.

The inspectors, known as "cullers" in the vernacular of the trade, pass the fish to the cold holding store in which they await their turn to be dried. As the drier calls for fish they are removed from the cold room and washed either by hand or machine. Great care is taken to remove all traces of dirt and scale. Previously, washing was part of the contract of the fish maker. Sometimes it was neglected. With the certainty that every fish can be dried, and all are potentially first grade the great care taken in the artificial drying plants has forced the fish maker to conform, for the maker must now compete with the fish delivered from the plants. And an improvement in product means

improved conditions even for those fishermen who prefer to follow the older methods.

From the washer, the cleaned fish may be pressed for a short time, and are then passed to the drier proper. The design of the latter may vary according to personal preference but the conditions of the moving air used in the drier must be such that the drying potential is sufficiently high to prevent the formation of salt crust. One such drier consists of two eight foot axial fans one above the other. Fish are arranged about these fans in circles, and the turntable holding the racks of fish can be rotated to permit removal of fish at specified intervals. Necessary fresh air is driven through the drier as required by a system of auxiliary fans and an air conditioning unit. The latter, used only in summer operation, works on the principle that the quantity of moisture in the air can be reduced by blowing wet air through a solution of salt the vapor pressure of which is below that of the air. Banks of sprays, using nearly saturated lithium chloride solution, remove the water from the air. The diluted solution is returned to a regenerator in which its strength is raised to a fixed constant value, and, passing through a cooler, is reused in the sprays. The action is automatic. This maintains the air in the drier at a constant potential just

above that required to prevent salt face, the axial fans increasing the air speed to the required value.

Fish may remain in the drier from eight to twelve hours, and may be re-dried if necessary. Experience has shown that re-drying is more economical if a second or subsidiary drier is used. The conditions inside the latter can vary within wide limits, for once drying has taken place without the formation of crust, a re-drying is not likely to cause it.

Every fish placed in the drier can be dried in any chosen manner, and to any degree without spoiling. All fish caught can be sold, for every fish can be dried. Within the limits of the equipment, artificial drying can deliver fish in the amount and at the time required irregardless of atmospheric conditions. And finally the expense is not greater than drying by natural means.

The fisherman wastes no effort, and the manufacturer controls the product with the certain knowledge that he can satisfy any market demand for quality, and type, within the limits of production.

For both, there is the satisfaction of seeing produced a quality product sold in markets hitherto closed to Nova Scotian fish because satisfactory products could not be manufactured by natural means.

Do not burn or destroy this publication. Sell it or give it to a salvage organization. It is needed for victory.

Family Budgets of Wage Earners in the Maritimes

By EDITH BLAIR

EDITOR'S NOTE: Under the above title a comprehensive report has just been issued by the Institute of Public Affairs. It contains the findings of a survey undertaken by the Institute in co-operation with various Maritime universities last year. Miss Blair's article gives a brief summary of the report.

AS the trend towards total war creates scarcities of goods and services, the needs of consumers become a major national responsibility. The cost and availability of food, clothing, shelter and other things required to keep people working efficiently cease to be personal problems and become the basic factors in the war economy. Any comprehensive plan of war strategy must take into consideration human needs, the adequacy with which they are being met, and the percentage of the national income which can be diverted from personal consumption to war purposes by taxation or government borrowing.

Up to the present time efforts in this direction have been mainly concerned with preventing a general increase in the cost of living by means of price fixing. As more and more of our industrial capacity is converted to war production and as scarcities develop other measures will have to be taken. The most likely is widespread rationing of consumer goods and for this purpose a knowledge of the needs and spending habits of Canadians will be essential—the norm, if it is to be a generous ration, and the minimum consistent with health and efficiency if it is to be stringent.

The generally accepted method of obtaining information of this sort is a family budget survey. With war-time problems in mind, the Institute of Public Affairs at Dalhousie University in co-

operation with Maritime universities and the Dominion Bureau of Statistics, has conducted such a study in the Maritime Provinces. The only other comprehensive information on family budgets and cost of living in the Maritimes has been the index published by the Dominion Bureau of Statistics¹ and their survey conducted in Canadian cities in 1937-38.² To keep the findings of the two surveys comparable and supplementary the Bureau's methods have been closely followed with the exception that this survey was mainly concerned with small towns of less than 3,000 inhabitants, Sydney being the only exception, while the D.B.S. survey covered Charlottetown, Halifax and Saint John.

The towns studied had the following populations, according to the 1941 census: Wolfville — 1,910; Antigonish — 2,142; Sackville—2,449; and Sydney, the only city—28,081. Three of the communities, Wolfville, Antigonish and Sydney, are situated in Nova Scotia and the data collected are therefore more representative of Nova Scotia than of the Maritime Provinces as a whole.

FIELD WORK

Actual selection of the sample and field work in each community was carried on by the universities—Mt. Allison in Sackville, Acadia in Wolfville, and St. Francis Xavier in Antigonish and (through its Extension Department) in Sydney. The Department of Economics in each university assumed responsibility for the survey and was voluntarily assisted by faculty members, students and interested persons in the community. Public interest was aroused in the communities by announcements in the press and at public

EDITOR'S NOTE: Edith Blair M. A.; Public Administration, now on the staff of the War-time Prices and Trade Board at Ottawa, was, up to the spring of 1942, research assistant at the Institute of Public Affairs at Dalhousie University. She took a leading part in conducting the survey of Maritime Household Budgets, the results of which are being discussed in the above article.

1. Shortened: D. B. S.

2. *Family Income and Expenditure in Canada, 1937-38* Dominion Bureau of Statistics, Ottawa 1941.

meetings and the families interviewed were, for the most part, cooperative.

THE BUDGET

Two records were obtained from each family, a budgetary record of all income and expenditures for one year and a record of food used for one week. The food budget was left with the housewife and daily entries were to be made of all food used by the family. In the case of the yearly budget the field worker made the entries during personal interviews with the housewife. The period covered was the year ending March 31, 1941, and the budget forms were those used by the D.B.S. The yearly budget form provided a detailed list of expenditure items, classified according to such general headings as clothing, fuel and light, household operation, health care, etc. This detail proved helpful to the field workers, not only as an aid in classifying items, but also as a reminder to the housewife of many small purchases. A complete record of income from all sources was obtained and it was the task of the interviewer to balance income and expenditures as a check on the accuracy of the housewife's estimates.

For practical reasons the budgetary record covers one year. This period is chosen because it includes seasonal purchases and seasonal price changes and because some recurrent expenditures are made annually (e.g. taxes, insurance premiums, membership fees, etc.).

The families studied were selected on the basis of certain characteristics which, in a preliminary survey, the Dominion Bureau of Statistics had found to be typical of urban wage-earner households. These characteristics were:

1. All families were to be of the wage-earner type with husband and wife living together as joint heads.
2. All families were to have from one to five children living in the home, with not more than one additional lodger or domestic.
3. Family earnings during the survey year were to range from \$450 to \$2500 and all families were to be self-supporting during this period.
4. All families were to be living in a self-contained dwelling unit, not sharing any living amenities with other families

The sample of 97 families which is described was distributed among the four communities as follows: Wolfville 23, Antigonish 21, Sackville 24, and Sydney 29 families. Average family size ranged from 4.2 persons in Sydney to 6.0 in Antigonish; average earnings of employed family members ranged from \$1,036 in Wolfville to \$1,532 in Sydney. The occupations of the male family members in Sydney no doubt account for the higher income; many were steelworkers who, as a result of the war-time expansion of this industry, have had their earnings augmented, while in the other towns there was a greater variety of occupations, none of which consistently provided high earnings. Gross annual income, which includes not only earnings but also return on investments, credit, loans, reduction in assets, etc., averaged \$1,509 with 66 per cent of the families having incomes between \$1,000 and \$1,800 per year.

The expenditures of the survey families have been compared with the averages for Canadian cities as reported by the D.B.S. survey, among the four communities, and according to income and number of children. In the case of comparisons between the two surveys or between different communities individual budget items show interesting variations, while in the income and family size comparisons the expenditure pattern as a whole differs. Other conditions being equal, income and number of children are the joint determinants of the purchasing power available for each member of the family and the percentage distribution of income over the various budget groups varies with income per person. Briefly, the percentage of total outlay devoted to necessities, such as food, shelter, fuel and light, declines as income rises and a larger portion is devoted to the amenities of life (education, recreation, travel, etc.) and to savings or investment. To show these trends clearly and with sufficient accuracy for comparing rates of increase and decrease it is necessary to have a very large and homogeneous sample, because a multiplicity of varying conditions distorts the general picture. On the whole,

comparisons have been made only when the number of cases warranted an average and when there was no apparent distortion of the expenditure patterns.

SUMMARY OF FINDINGS

The most significant difference between the expenditure patterns of the families reporting in the Maritimes and those included in the Dominion Bureau of Statistics survey are in the outlays for food and shelter. The average annual expenditure for food among the Maritime families was \$503 (35.9 per cent of total expenditure) and for shelter was \$189 (13.5 per cent) while the Canadian averages were \$443 for food (31.3 per cent) and \$270 (19.1 per cent) for shelter. For fuel and light, clothing and home furnishings the differences in expenditure were slight but in the miscellaneous group of expenditures, which includes health, personal care, transportation, recreation, etc., the Maritimes' families reported a much higher outlay—\$448 as compared with \$359. A summary comparison of the complete budget patterns is presented in the following table:

The higher food expenditure in the Maritimes is rather surprising—in view of the fact that small town families usually have gardens and buy more of their fresh foods direct from farmers than do residents of large cities. However, though a large percentage of Nova Scotia's population is rural the production of food falls far short of the needs of the local market. Meats, dairy products, native fruits and vegetables, as well as many things which for climatic reasons could not be grown locally are imported into the Province. The costs of storage, transportation and handling will, therefore, account for at least a part of the higher food cost. The percentage of total living expenditure devoted to food is, roughly, an indicator of the standard of living since rising income is associated with a larger outlay for non-essentials. Among the Maritimes' families food costs decrease from 38.6 to 23.9 per cent of total family expenditure as income per person rises from \$100 per year to \$500 and over.

Shelter costs proved to be much lower in Wolfville, Antigonish and Sackville than in Sydney or the three cities included

Urban Wage-Earner Family Annual Living Expenditures

Budget Group	Maritimes Average 1940-41 Survey		Canadian Average ¹ 1937-38 Survey	
	Expenditure Averages	Percentage Distribution	Expenditure Averages	Percentage Distribution
Food	\$503	35.9	\$443.0	31.3
Shelter	189	13.5	269.5	19.1
Fuel and Light	112	8.0	90.5	6.4
Clothing	178	12.7	165.8	11.7
Home furnishing	139	9.9	125.7	8.9
Miscellaneous	279	20.0	319.4	22.6
Health	69	4.9	60.8	4.3
Personal Care	25	1.8	23.9	1.7
Transportation	50	3.6	79.3	5.6
Recreation	84	6.0	82.1	5.8
Life Insurance	51	3.7	73.3	5.2
TOTAL	\$1400(a)	100.0	\$1413.8(b)	100.0

(1) Source: *The Labour Gazette*, October, 1940, p. 1079.

(a) This total includes only the comparable items, other miscellaneous expenditures brought the total outlay to \$1569.

(b) Directly represented in the index. Other miscellaneous outlay brought total family living expenditure to \$1,453.8.

in the D.B.S. survey. A higher percentage of small town families owned their own homes and this factor plus the lower tax rate on real property may largely account for the small shelter outlay. The minimum expenditure for any particular quality of housing is usually determined by local building conditions which do not respond very quickly to demand and shelter expenditure, particularly for short periods, is not likely to respond to changes in income. The survey showed that as income per person increased from \$100 to \$500 per year shelter's share of total family outlay increased only from 19.5 per cent to 21.6 per cent, indicating that the portion of housing expenditure which might be regarded as "luxury" is very small.

Clothing expenditure per person was highest in Sydney where it averaged \$48, while for the three small towns the average was approximately \$33. The percentage of total family living expenditure devoted to clothing varied only slightly among the four communities—which suggests that the Sydney families spent more on clothing, not because they preferred clothing to other things, but because the families reporting had higher incomes and fewer children. Clothing, generally, regarded as a necessity and therefore liable to occupy a position of declining importance in the family budget as income rises, does not, as a rule, follow a distinct trend. It is usual for clothing expenditures to increase rapidly with rising income in the lower brackets, but as income reaches a point where clothing needs can be adequately satisfied, the increase tapers off. In the D.B.S. survey, among the families of British origin, there was no considerable or steady change in the percentage of living expenditure devoted to clothing (families with \$100-\$199 and \$600 per person both spent 10.0% of total outlay). In the present survey there is a decided downward trend as income per person changes—14.4 per cent at the \$100-\$199 level and 9.5 per cent at the \$500 and over level. Clothing costs per family and the percentage of total living expenditure both increase with the number of children, but the outlay per person decreases.

Total outlay for fuel and light varied widely among the four communities from \$134 per family in Antigonish to \$99 in Wolfville and the type of fuel used differed showing a relationship to distance from coal mines. In Sydney coal and coke were used almost exclusively, Antigonish families spent about three and a half times as much for coal and coke as for wood and in Wolfville and Sackville expenditures for the two fuels were almost equal. The average cost of electricity in all four communities was between \$21 and \$29; fuel oil was very rarely used and gas not at all. Fuel and light, which might be expected to require a smaller portion of the family's funds as income increases, accounts for 8.8 per cent of total expenditure at the \$100-\$199 per person level and only 5.7 per cent at the \$500 per person year level.

Household operation costs, which includes purchases of furniture and equipment, upkeep of gardens, and such services as telephone, laundry, domestic help, etc., ranged from \$101 in Wolfville to \$190 in Sydney. While prices of these goods and services probably vary among the communities, it is impossible to judge the extent from such a small sample when almost every family buys a different assortment of furniture, silverware, linens, electrical equipment, and services. The high expenditure in Sydney is largely for household furnishings (\$164 of the total \$190) and it may be that this sample included an unduly large number of families who bought expensive items of furniture and equipment during the survey year, as a result of suddenly increased incomes.

Expenditures for health maintenance, which indicate only the amount of money paid out and neither the quantity nor quality of health care received, vary from \$91 in Sydney to \$53 in Antigonish. The largest items in this group are hospital fees and doctors' fees which together constitute over half of the total health expenditure.

Personal care, which includes barbers' fees, cosmetics and similar items is a small part of the household expenditure—

accounting for only 1.8 per cent of the total.

Transportation costs, excluding purchases of motor cars, averaged \$49.7 per year for the entire sample. This sum, which includes current operating costs of motor cars, bicycle purchases and repairs, and railway, bus and other fares, is lower than the average (\$64.3) for the families of British racial origin reporting in the D.B.S. survey, perhaps because fewer people in the small towns use a bus, tram or private car to reach their work or for shopping. Transportation costs increase strikingly as income rises—from \$26 per family per year in the income group between \$1000 and \$1199 to \$86 in the \$1800-\$1999 group, and the percentage of total family living expenditure spent on transportation increases correspondingly from 2.2 to 4.3 which suggests that a fairly large percentage of travel costs can be regarded as non-essential.

Expenditures reported for such forms of recreation as reading material, movies, tobacco, radios, sports, were highest in Sydney where the average family spent \$112 and lowest in Wolfville, \$53. Recreation expenditure varies directly with income per person, increasing from \$47 per family per year in the \$100-\$199 group to \$118 in the group over \$500, and from 3.8 per cent of total family living expenditure to 6.2 per cent. Expenditures listed in this group are definitely recreative but the total figure would be considerably larger if it were possible to ascertain what portion of the outlay for such things as radios, club memberships, clothing and even food used for entertaining should properly be classified as recreation expenditure.

Expenditure for education for both children and adults averaged \$12 per family in Wolfville and Antigonish, \$13 in Sackville and \$15 in Sydney. These sums exclude the largest item devoted to education—taxation for educational purposes—but since it is impossible to segregate this from the total tax bill, it is only possible to ascertain the extent to which the survey families supplement public expenditure. "Community welfare, gifts and contributions," which includes compulsory outlays for taxes as well as voluntary contributions to churches, clubs, charities, or to other individuals outside the family unit is a minor item in the family budget, ranging from \$30 in Wolfville to \$76 in Sydney.

There are many other interesting aspects of the family budgets, for instance, how many families balance income and expenditure, how many buy their own homes, what savings are made at various income levels and how they are invested, etc. In any one family personal habits and tastes are an important factor but in a large group these variations average out and it is found that very few families stray far from the typical expenditure pattern for their income and family size groups. There are of course, geographic and cultural differences which would make any comparison impossible—these budgets would for instance be incomparable with budgets of Eskimo families in the North West Territories. Within these obvious limits it is possible to paint a fairly accurate statistical picture of how people spend their money and in what quantities they buy the many goods and services which, in normal times, are offered in abundance

Industrial Relations and Social Security

Improving Canada's Health

By L. RICHTER

WHAT is wrong with the health of the Canadian people? Didn't they pride themselves not so long ago on being a pioneer nation, a race of strong physique, a people sturdy and enduring? To those indulging in this rosy optimism the results of the physical examination to which all recruits for military training are subjected, will have been a very unpleasant surprise. Only 55.9 per cent of the recruits were deemed to be specimens of complete physical fitness and rated by the examining doctors class A, while no less than 17 per cent of the group found themselves in the lowest grade, E. Quebec and Nova Scotia were even below the average, but the showing for the whole Dominion was certainly bad enough.

The recruits for military training are as a rule in the prime of life. They represent an age group that is conspicuous for the absence of illness. If their physical condition is found so badly wanting, it is safe to assume that their families will be in even worse shape as older people as well as children are more subject to illness than young men between 20 and 25. This is what gives to the findings of the medical examiners an even greater significance. They indicate that in a large section of the Canadian people health conditions are below standard. This section comprises mainly the low income groups from which the majority of the recruits are taken.

Students of Canada's social problems have been aware of this situation long ago. They have also known that while depressed wages, bad housing and insufficient food are partly responsible for the evil, a major contributing factor has also been the inadequacy of health services available to these people. Compre-

hensive studies undertaken before the war have shown that 25 per cent of all Canadians did not get the medical attention they needed. But nobody at that time seemed to care about it. Now when it has become apparent that through this neglect the country's preparedness for defence has been impaired public interest, nay public indignation, is aroused. Speeches are being made, editorials published, and rumour will have it that even the Dominion government will take energetic steps in spite of the fact that the maintenance of health is a provincial responsibility. The evil is recognized: what can be done to remedy it?

COSTS OF ILLNESS UNEVENLY DISTRIBUTED

Before the war it was a common complaint that we could not get the goods and services which we needed, not because they were not available, but because our economic system was organised in such a way that producers and consumers often did not meet. We had an acute shortage of houses, while the construction industry was lying idle; a surplus of farm products, while city children were underfed. Doctors and patients are exactly in the same position. Those who are in urgent need of medical care must go without it and doctors well trained in their profession are not fully employed as, owing to a faulty organisation, they cannot give their services to those who should have them.

Constructive measures to improve this situation are not facilitated by a good knowledge of the conditions as they prevail in the field of health. Only in recent years have economists and sociologists given some attention to these problems. Industrial engineers can figure out by dollars and cents what it costs to produce a certain commodity or to keep a machine in good repair. But no science of human engineering has yet been devised to tell us what it costs to provide good health services for the community and to keep the individual fit—that is to give

EDITOR'S NOTE: A shortened version of this article written by the Editor of PUBLIC AFFAIRS, appeared some time ago in *Saturday Night*, the editor of which has been good enough to authorize the publication of the full text in PUBLIC AFFAIRS.

The drawing on the cover is by Mrs. Rita Allen, Toronto.

him so much in medical care that he will remain healthy. We are just beginning to ascertain facts and figures which will throw some light on these questions. Only in the last ten years have some major surveys been made in the United States and their results may be used to supplement the findings of a few studies so far undertaken in Canada.

It is not true, as many people think, that the doctors charge too much, that the costs of medical care are too high. They amounted in the United States before the war to \$123 a year per family, and this sum included doctors' fees, as well as the cost of hospitals, drugs and nursing. This was revealed by a nationwide survey undertaken by the Committee on the Costs of Medical Care.

Such averages, however, are very deceptive. They include the millionaire as well as the unskilled labourer. It is more important to see that in Canada a group of urban wage earners, making from \$800 to \$2400 a year the average yearly income of which was \$1400, spent for health maintenance per annum between \$46 and \$83 per family, or between four and five per cent of their total income. The drawing on the cover of this issue shows clearly how greatly even in such a comparatively homogeneous group the outlay for health maintenance varies between persons on different income levels. We are indebted for these findings to the Dominion Bureau of Statistics which in 1938 surveyed 1,135 British and 211 French families in the larger cities throughout the Dominion.

If expenditure was limited to sums such as just mentioned, they could easily be absorbed in the family budget. But once more averages prove to be rather meaningless, for unfortunately charges for health maintenance are not evenly distributed over the population. They depend upon frequency and duration of illness in a family and figures for both fluctuate violently. According to the American surveys, nearly half of all families had no illness at all in the course of a year; but in every third family there is one case of illness, in every eighth family two cases, in every twentieth family three, and so

on. Nobody knows in advance to what extent he may be affected. One can therefore not budget for illness as one does for rent.

The poorer the family the more frequent is illness. Infant mortality, for instance, was five times as high in families with incomes of less than \$500 than in families with \$3,000 income. Moreover, nearly all surveys have disclosed that illnesses in low income families are of longer duration. That again is natural. A person who has to economize in food and fuel is easy prey for infection, and if a family can't afford to give the proper attention to the sick, it takes them longer to recover.

Families with a small income also received, as one would expect, less in medical care than families of greater wealth. The difference between the highest and the smallest income group surveyed by the Committee on the Costs of Medical Care was fifty per cent in the days of hospitalization and forty-one per cent in the number of calls from physicians.

There are two types of families which suffer under these conditions more than others: those with frequent illnesses and those with so-called expensive illnesses, that is illnesses requiring operations and hospital treatment. In both cases the family budget may be entirely upset and a thrifty family thrown into debt. The consequences will be that these families, as far as they do not go on relief, do not receive proper care or that they do not pay for it. In a survey in California it was found that 25 per cent of all medical services was unpaid and the contribution of many a young Canadian doctor to charity will be considerably higher. In the absence of reliable figures for Canada it may be mentioned that in the United States one-third of the physicians had a net income of less than \$2,500—and that in the boom year of 1929.

A POSSIBLE SOLUTION: SICKNESS INSURANCE

If all members of a group are exposed to a risk but only a few of them are likely to be actually affected, the way out of

the dilemma is to spread the risk over the whole group by means of insurance. Why has this method not been tried long ago for the risk of sickness in Canada where more insurance is carried proportionately than in any other country? What are the objections and how valid are they?

The main drawback is that the scheme cannot very well be operated on a voluntary basis. If everybody was at liberty to join or not to join, it is probable that many persons in good physical condition, especially young people, would stay out, while a great percentage of men and women with doubtful health and in the higher age groups would be attracted. The scheme would be overloaded with "bad risks" and might soon get into financial difficulties. This indeed has been the experience of several European countries which have experimented with voluntary sickness insurance on a nationwide scale. In order to avoid this danger two devices can be used which are quite customary, for instance, in life and automobile insurance: bad risks can be made subject to higher premiums or they can be excluded altogether. It is mainly the second method which is employed by voluntary sickness insurance schemes operating in this country. Policies are refused to applicants who on account of poor physique or former illness are likely to become a burden on the fund. In that way the financial stability can be well safeguarded. But the usefulness of sickness insurance as an instrument of social policy is impaired, for it leaves those unprotected who need medical care most, who would favourably respond to preventive measures and could be improved by an early treatment of their ills. There is no difficulty in including them without any examination in an insurance scheme which is compulsory. If the whole working population of a country, as is the case in Great Britain, or maybe all inhabitants of a town, or all the workers of an industry, or even of a big plant, are contributors, the law of large numbers comes in and solves the problem. That majority of the population which has no or few

illnesses throughout the year will easily make up for the comparatively few with an excessive demand for medical care.

A compulsory system for the same reason can easily extend its protection to the families of the wage earners. It need not grade the premiums according to the size of the family as a voluntary scheme must. It will either employ a small additional premium for persons with dependents, or, better still, will introduce a uniform premium for everybody large enough to take care of wives and children. By means of such a device unmarried and childless persons help to maintain large families in good health. That is what a "compulsory" system will do. One should perhaps call it a system based on solidarity.

COSTS OF SICKNESS INSURANCE

A good many people, while admitting the beneficial results of sickness insurance, will contend that the cost involved would mean too heavy a drain on Canada's financial resources, especially during or after a world war. A number of questions are being raised by this argument such as: Do expenditures for building up the people's health constitute a financial burden, or are they essential costs in the same way as costs of maintenance in a railway system? Are improved medical care and preventive services not likely to reduce the outlay for relief and poor-houses? We must leave these questions unanswered, but we may point out that according to a study in Illinois, sickness was a cause or an accompanying condition in from one-third to one-half of all charity cases. We challenge, however, on financial grounds the contention that sickness insurance would mean an additional burden upon the Canadian people.

We referred previously to the fact that Canadian families with an income of between \$800 and \$2400 used four to five per cent of it for health maintenance. If this rate of spending was maintained under an insurance system, if instead of being a statistical average, it was made the basis of a levy, a sort of insurance premium, it could certainly not be said

that sickness insurance would cause new expenditures. It is true that the burden would be distributed among the wage earners in a different and, as we think, in a more just manner than before. It is also likely that employers and government would help them to carry the load. But if the levy does not exceed five per cent of the wage earners' income—and according to European experience this is altogether feasible—no new costs would be imposed on the Canadian economy which could hamper its competitive efforts in the world markets. Just in passing it may be noted that our chief competitors, England and the United States, have gone much further in imposing social insurance "burdens" on their economy than Canada.

ATTITUDE OF THE MEDICAL PROFESSION

The idea of compulsory sickness insurance has met with the strongest opposition, not from the workers and their unions, not even from manufacturer associations, but from the organised medical profession. It is no over statement to say that if it had not been for the fight put up by the American Medical Association, the Congress of the United States would have added sickness to the contingencies of old age and unemployment covered in the Social Security Act. Likewise the medical organisation in British Columbia is said to be not altogether blameless for the failure of the province's sickness insurance plan.

For Canada as a whole the situation is somewhat different. The Canadian Medical Association, more progressive than her American counterpart, has long recognized the principle of compulsory health insurance and has laid down the rules and conditions which in the Association's opinion are essential for its effective operation. This official stand of the organisation reflects probably the attitude of the medical profession throughout the country. Opponents are mainly to be found among specialists and older physicians with a secure practice, while the younger generation of doctors appears to be overwhelmingly in favour. This as well as

the position taken by the Canadian Medical Association are most valuable factors: for a harmonious cooperation of the medical profession is an indispensable prerequisite for the success of any compulsory scheme.

What the physicians are afraid of is regimentation of the insurance doctors by a government bureaucracy and reduction of the medical income. The first danger which seems not very menacing could be well met by using the experience of other countries in the administration of social insurance schemes and adapting it to the special conditions prevailing in Canada. The preservation of the people's health is a responsibility of the government as well as of the medical profession and an arrangement agreeable to both parties should find no insurmountable obstacles.

More serious is the second objection. The insurance scheme will undoubtedly have some influence on the scope and composition of the doctors' practice. If once more we look abroad for enlightenment, we may expect a certain redistribution of patients in favour of the younger doctors. It will not go very far if the scheme is limited, as it should be, to those who cannot very well take care of themselves, that is to the lower income groups. If, in addition, the previous expenditure of this group for the services of physicians and surgeons, expressed in a percentage of the family income, is used as a basis for the doctors' remuneration, if further government grants could be made available for specified cases, the medical profession as such would not incur losses, though the individual doctor may make more or less than hitherto out of his "poorer" cases.

Unquestionably health insurance will mean certain changes for doctors as well as for patients. Friction may be unavoidable until both parts have got accustomed to the new conditions. England's doctors have had their fights with government and insurance funds at the time the scheme started. But when a few years ago Dr. Douglas Orr, a Chicago 'psychi-

atrist went to England to interview the man in the street, as well as the panel doctor and government officials on the subject of health insurance he heard many critical opinions, many proposals for improvement, but—as he tells us in his interesting book—he did not encounter anybody who thought that the English people could do without health insurance. It has become an integral part of England's social life.

HEALTH SERVICES IN RURAL DISTRICTS

Sickness insurance is a device meant mainly for wage earners and is most easily applied in urban districts. The premiums are deducted from the insured person's wages and transmitted to the insurance fund in the form of stamps or otherwise. All doctors and hospitals in the districts can if they like cooperate in the scheme and the patient has the right to choose among them.

Such a scheme leaves the farmer—as well as other non-wage-earners of small income—unprotected, and would need considerable modification in order to be operated in rural areas. But the underlying principle, the idea of providing by means of cooperative efforts services which the individual member of the group could not afford is in the country of even higher value than in the city and town. This is especially true for thinly populated areas with unfavourable communications. They do not easily attract doctors as the performance of medical service is difficult and time-consuming and the reward meagre. Where in addition the population is poor, it might be altogether impossible for the doctor to make a living if he had to collect his fees from every patient.

It is in areas of such a character in Saskatchewan and Manitoba that the principle of cooperative medicine or social insurance, still hotly contested in other parts of the Dominion, has been put into practice for a good many years. It is not known as insurance: government officers and farmers refer to it as "the municipal doctor system" and they speak about it with great pride. It makes

available to the inhabitants of a rural municipality which chooses to adopt the system free services of a medical practitioner who is appointed and paid a fixed salary by the municipality. He devotes his full time to curative and preventive work without making charges except in a few meaningless cases. Hospitalization is also free under the scheme. The necessary funds are raised by a special levy on all ratepayers and collected together with the municipal dues.

The municipal doctor system has met with remarkable success and has served as a model for many similar organisations throughout the American continent. It is one of Canada's most noteworthy contributions to the progress of social medicine.

In a recently published report about the Manitoba scheme it was pointed out that as a result of its operation the areas concerned boast of fairly complete immunization programs against diphtheria and smallpox and that their death rates for mothers and children are more favourable than for the rest of Manitoba. One is reminded of the Chinese doctor who, according to the story, was paid only as long as his "patients" did not get ill.

Another interesting feature of the scheme is its remarkably low cost. To provide a population of 15,000 persons with medical and hospital services (without drugs) amounted in Manitoba to \$75,000 a year of \$5.00 per person.

THE TIME FOR ACTION

The final question arises: should health insurance be introduced as long as the war is on?

Weighty arguments seem to speak against it. The number of available doctors which even in peace-time is hardly adequate in proportion to Canada's population has been further reduced by the demand of the armed forces. The public authorities who will have to play their part in organising the new services are overburdened with other duties and not in a position to give the necessary attention to such an important new task. The constitutional problem needs clari-

fication, as under the B.N.A. Act matters of public health come under the provincial government, thus barring the way for an active participation of the Dominion.

Not to start operation while the war is on does not mean to be idle. Nothing would be more wrong. The soldier coming home from the battle front, the men and women who have devoted all their energies to the war effort are not likely to acquiesce with the conditions as they prevailed hitherto. They may put up with certain inequalities of opportunity, with an uneven distribution of wealth, but they will demand equality in the use of the essential health services, they will contend that safeguarding the people's health is no less a sacred obligation of the state than the protection of property.

It will help the war effort and strengthen civilian morale if people know that this is not a pious hope. All the necessary preparations should be made now during the war so that the plan can be put in operation as soon as peace comes.

Owner-Worker Co-operation In War Industries

Employer-employee relations in Canadian industry must be improved for the sake of increasing and accelerating war production if for no other reason. This was the gist of a remarkable address delivered at the annual convention of the Canadian Manufacturers' Association by Mr. Elliott M. Little, Director of National Selective Service and in private life General Manager of the Anglo-Canadian Paper Company. This speech may mark a turning point in the history of industrial relations in Canada. Hardly ever before has the right of labour to organize in a union of their own choice and to meet employers on a basis of full equality been stated so bluntly by a representative of the Canadian Government. So direct and uncompromising was his declaration that—to quote a leading Montreal newspaper—"to some (of his audience) it came evidently as a shock and a surprise." Some of the chief

passages of the address may be repeated verbatim:

While the Government could do much to help in such ways as finding and training workers, "we cannot regulate the efficiency in your plants", Mr. Little declared. "But all the minutes that are wasted in our plants are minutes donated to Hitler. Those minutes must be salvaged," he insisted . . . "The answer is in getting your employees to help you run your job," . . .

"You must go actively after their advice and the full use of their experience. They have intelligence and more than you give them credit for. Use it."

"Employer-employee relations can and must be improved. Without them maximum efficiency cannot exist. . . To those who don't want good relations or don't appreciate their value, I say the country cannot afford to have you as an employer at any time, particularly in the war time. You must change your ways.

"The suggestions which come from the men in the plant must not be shelved. The man on the machine or at the bench is just as resourceful, ingenious, more often than not, as the man who hires and fires him. Such co-operation is simply a matter of asking your men to accept some of the responsibility for seeing that a job is done." . . .

Asserting that the problem of personnel relations was a job for management, Mr. Little declared that "employers and employees have got to quit acting like foreigners to each other." He professed indifference as to whether a plant set up a production committee, a plant council or some other management-employee plan, but declared that management must be sincere and labor must be given equal representation, elected by secret ballot. In case of deadlock, final decision rested with the management, he said.

"This co-operation must not be made the tool of either labor or management," he warned. "I would remind you that the Government of this country has endorsed the principle of collective bargaining. You cannot use the sincere co-operation of labor to erect a barbed wire fence against trade unions. And unions must not use your co-operation as the open door to a closed shop." . . .

Settlement of Labour Disputes in Newfoundland

Labour relations have offered hardly any problem to Newfoundland in peace time but since the Old Colony has become a strategic point of such importance, since garrisons have been established there and fortifications and airfields, built in various parts, this picture has changed and the Newfoundland government has been obliged to issue a number of regulations for labour. They are very similar to those issued in the United

Kingdom under the Emergency Powers (Defence) Act.

Strikes and lockouts are forbidden in connection with any trade dispute until twenty-one days after the dispute has been reported to the Commissioner of Public Utilities. Only if the Commissioner in the meantime has not referred the dispute to settlement is the right to declare a lockout or to take part in a strike revived. For defence workers still stricter rules apply. Disputes between them and their employers which cannot be otherwise settled must be submitted to a Trade Dispute Board of three members. The award of the Board is binding upon employers and employees and may be made retroactive.

The Commissioner of Public Utilities is also given power to direct any person in Newfoundland to perform such services in that country as he considers a person capable of performing. The terms and conditions are to be fixed by the Commissioner who must have regard to the usual rates of pay for the performance of these services.

Unemployment and Health

It has been repeatedly stated that health conditions in Great Britain are, in spite of food shortage and other war conditions more favourable than before the war. According to an address given by Sir Alexander Macgregor, the Medical Officer of Health for the City of Glasgow, this is largely due to the absence of unemployment. Speaking before the Society of Medical Officers of Health in London, Sir Alexander explained that unemployment was generally recognised to be a fertile source of sub-normal health or of actual mental or bodily ill-health. Where social conditions were such that work and wages were plentiful,

a reduced incidence of these ill-defined mental and physical disorders that were apt to be engendered by an aimless life might confidentially be expected. The evidence available supported this view. If to these social advantages be added a high purpose in life, the general effect was such as to afford an explanation of the fact much commented upon, namely, the surprisingly small incidence of neurosis in spite of conditions that might have been expected to produce them in considerable volume. Present-day conditions had, in fact, greatly reduced the prevalence of these ailments, especially among the male population. What this experience meant was that progress towards social security was progress towards better health.



Do not burn or destroy this publication. Sell it or give it to a salvage organization. It is needed for victory.

What Municipalities Are Doing

Contributions from Municipalities to this Column will be most welcome

Municipal Convention in Glace Bay

The 38th Annual Convention of the Union of Nova Scotia Municipalities will be held in Glace Bay from August 25th to 28th. An interesting program is being prepared and a number of prominent speakers have been invited, among them Mr. A. J. B. Gray, Deputy Minister of Municipal Affairs for the Province of Ontario and Dr. Carl H. Chatters, Director of the International Finance Officers' Association in Chicago.

The Short Course on Municipal Administration which is regularly held by the Institute of Public Affairs at Dalhousie University following the Convention will this year probably form part of the Convention program itself in order that a greater number of municipal officers may have an opportunity to attend. Another innovation will be that the Course will be sponsored jointly by the Institute of Public Affairs and the International Association of Financial Officers. Problems of municipal finance will play a large part in the program. Dr. Carl Chatters, the Director of the above mentioned Association, will introduce the discussion on Budgeting, while Mr. A. J. B. Gray will open up the subject of Assessment. A further topic will be the Administration of Poor Relief. It will be introduced by Mr. R. C. Levy, Clerk of the Municipality of Chester. The Course will end with a session devoted to legal problems affecting the municipalities.

Uniform Financial Reports For Canadian Municipalities

A Manual of Instructions for the preparation of Municipal Financial Reports has been prepared by the Finance Statistics Branch of the Dominion Bureau of Statistics and will be made available shortly to every municipality throughout Canada. Included in the Manual are schedules for reporting assets, liabilities, revenues and expenditures, and other

supporting data, to which the instructions refer.

The uniform schedules were adopted at a Dominion-Provincial Conference on Municipal Statistics held in December, 1940, following a long period of study and research by municipal authorities throughout Canada. Preparation of a Manual of Instructions, explaining the context of the forms, was undertaken by the Finance Statistics Branch of the Bureau at the request of the Conference, so that a common understanding would be established of the terms, expressions, and nomenclature of balance sheet and other accounts in the published financial and other municipal reports. It is also the intention of the Conference that this Manual should in future form the basis of reporting by municipalities to the municipal authorities of the Provincial Governments, who in turn will likewise use it as a basis for their published reports on Municipal Statistics.

The complete text, containing approximately 50 forms and 100 pages of explanations, including a standard classification for distribution of revenues and expenditures, both for general municipal activities as well as for utility operations and other local enterprises, will serve as an invaluable guide to municipal officials in general financial practice and reporting procedure.

In conjunction with the Manual of Instructions, the Bureau also undertook to have printed for distribution to municipal officials a uniform Terminology for Municipal Accounting, which was also adopted at the same Conference.

Consolidating Municipal Units in Alberta

An interesting experiment in municipal re-organization is being carried out in the Province of Alberta. Under legislation passed last year, the provincial Government is authorized to consolidate municipalities which have proved to be

incapable of properly fulfilling their functions. Making use of these powers, the Minister of Municipal Affairs has issued orders by which seventeen municipal councils have been wiped out and five large units established in their place. This is a development in some ways similar to that of the larger school units in Nova Scotia and New Brunswick, except that the new unit in Alberta will take over *all* functions previously exercised by the dissolved municipalities. Temporary administrators have been appointed by the Department of Municipal Affairs, all of them inspectors of that Department.

Consolidation of municipal units has also been discussed in Ontario where a progressive Minister of Municipal Affairs assisted by an able deputy minister—the latter was reeve (warden) of Ontario's largest county—wants to make local government fit for the important tasks awaiting it in the post-war period.

The committee of the Union of Nova Scotia Municipalities which has been set up to study provincial-municipal relations in Nova Scotia will have to pay careful attention to these developments.

Medical Care For Indigents

For the last few years the town of Yarmouth has employed one of the resident physicians part time to care for indigent persons. Results have been very satisfactory according to a report made by the physician and supplemented by the mayor at the Short Course on Municipal Administration in Yarmouth last summer (*PUBLIC AFFAIRS*, Vol. 5, p. 94). In the discussion following the report keen interest was shown in the plan and it seems not unlikely that other towns may adopt similar schemes. There are, indeed, good reasons to establish such a policy. We have become more "health conscious" than we were some years ago. It is now generally agreed that the essentials of life which the poor law is supposed to provide for indigent persons include health maintenance as well as food and shelter. If that is so the local government and the overseers of the poor can no longer rely on charity from physicians

in giving free services to indigent persons. Nor can the doctors be expected to carry that load much longer if the work involved should further increase.

But leaving humanitarian considerations aside for the moment, it seems doubtful whether the present system is even good financial policy. While the local authority or the poor district need not pay a doctor who treats an indigent person at his home, they are liable for the expenses incurred if this person is transferred to a hospital. Such hospital bills are a heavy drain on municipal finance. Complaints have been made not only from local government officers, but also from the hospitals that quite a few of the indigent patients who are at present hospitalized do not need that form of treatment but occupy beds which are more urgently needed for more serious cases. It is not unlikely that this situation might be remedied to a certain extent if doctors were authorized by the local authorities to treat indigent persons in their home and if they were paid for their services.

This, however, is not the only saving which might be anticipated. Ill health is one of the most frequent sources of destitution. In a survey conducted in a large American city it was found that fifty per cent of all the relief cases were due to that cause. There is no better way to reduce that number than quick and competent treatment of the incipient illness and the application of preventive measures. It is not only in keeping with modern principles of social policy, it also pays!

The province of Ontario has, for a number of years, successfully applied these principles. Indigent persons are given medical care under provincial regulations, 75 per cent of the cost being borne by the province and 25 per cent by the municipality. The patient has his choice among the physicians practising in the district and the medical side of the scheme is being supervised by the Medical Association. Quite recently this system has been extended to recipients of old age pensions and mothers' allowances.

Current Public Affairs

Municipal Court for Bicycle Traffic Offenders

With the shortage of gasoline the use of bicycles will become more common in our cities and towns. More attention will have to be given to accidents caused by careless cycling. Arrangements made in the town of Cloquet in Minnesota are therefore worthy of mention.

In 1935 the police chief after starting a bicycle club suggested the formation of a bicycle court which was authorised by resolution of the city council. A patrol was organised to include two lieutenants and six patrols, all of them children of between twelve and fifteen years. It is their duty to see that all regulations issued by the police for the safety of cyclists and pedestrians are enforced and to apprehend violations. Offenders are given a bicycle traffic ticket and instructed to appear on a certain day before the bicycle court. The type of the offense is checked on the ticket which lists the following: 1. Two on a bicycle; 2. failure to stop at stop sign; 3. no headlight; 4. no reflectors; 5. failure to signal at intersection; 6. wrong lane; 7. miscellaneous.

The bicycle court consists of one judge and a clerk selected from or by the Club. The member of the patrol who issued the ticket appears at the hearing. The court hears the case and imposes a penalty, which is to suspend use of the bicycle from one week to a month, depending upon the seriousness of the charge. The bicycle patrolman then places a tag on the handle bars and the bicycle is stored in the city hall until the period of suspension has expired. The public is very cooperative in as much as no police record is made of the violations.

Fire Losses in Nova Scotia

Loss of human life owing to fire hazards showed a sharp increase in 1941 compared with the previous year. 37 persons including 13 children died in flames compared with only 20 in 1940. In addition

18 naval ratings lost their lives when a ship was burned and wrecked off the Nova Scotia coast. The basic cause of practically all the tragedies on land was, according to the Nova Scotia Fire Marshal's report, faulty building construction which has made possible a rapid spread of the fire. There has also been, according to the same source, much carelessness in the handling of inflammable oils and gases and smoking materials and there has been parental neglect in leaving children alone in dwellings where matches and fires were within their reach.

Property losses present a more favourable picture. Damage amounting to \$1,038,000 was caused by 1,501 fires—about the same amount as in the previous year. More than two-thirds of the losses were covered by insurance, a significant sign to what a large extent fire insurance is carried in the province.

Music To Speed Production

The influence of music in speeding work has received considerable attention in American defence industries. According to an American trade journal some 5,000 plants and factories in the United States are now utilising music to help make the operations smooth and efficient. The Buffalo plant of the Curtiss-Wright Corporation, the well known airplane makers, has an installation of about 600 loud speakers and the musical system is on a twenty-four hour basis. Men working on the construction of the battleship Alabama hear six concerts daily from phonograph records played through an amplifying system. At the Bristol-Myers Company, Hillside, N.J., four hours of swing music and opera are provided through a newly installed system. Westinghouse Electric have had similar arrangements for a long time.

A psychologist who has made a special study of the subject found that when music is employed in industrial shops, stores and factories it speeds up production, improves morale, pacifies labour

unrest, lessens labour turnover and reduces error.

So far our American source. It seems difficult not to make some reservations.

Reconstruction in Rural Areas in Britain

Lord Reith, the British Minister of Works and Buildings has, according to the *Municipal Review of Canada*, set up a special committee to consider post-war reconstruction in rural areas. This particular committee will be concerned with building and planning in the countryside. The terms of reference are: "To consider the conditions which should govern building and other constructional development in country areas consistent with the maintenance of agriculture, and in particular the factors affecting the location of industry, having regard to economic operation, part-time and seasonal employment, the well-being of rural communities, and the preservation of rural amenities".

Electric Voting System

The National Parliament of Sweden has an electric voting system which is described in *The Municipal Review of Canada*. It makes it possible to count accurately the votes of the 150 members of the Senate in 20 seconds, and those of the 230 members of the House in 30 seconds. On the desk of each member are two buttons, one for voting "Aye" and the other for "Nay". On one wall is a chart, indicating the seat and name of each member. Above the name are four lamps: green for "Aye"; red for "Nay"; white for non-voting; and a smaller red one standing for "Absent". Flashed on this panel, each vote can be seen clearly from any part of the room. When the voting is finished, the speaker presses a button, making further voting or changes impossible. He then touches another button, and almost instantly the result,

automatically tabulated, is shown in electric lights. A permanent photographic record is made of each vote.

Increase of Old Age Pensions Demanded

The Dominion Government has committed itself to a policy of cost of living bonuses which assure to wage-earners in Canadian industry an increase in their wages or salaries proportionate to the rise of the cost of living index. This measure does not, of course, apply to persons who are not in the wage-earner class but derive their income from other sources. If they are unable to increase it, rising prices will mean for them reduced standards of living. The smaller their income in normal times the greater will be their difficulties now.

Among the groups for which this situation is a great hardship are the recipients of old age pensions and mothers' allowances. Their pensions were even in peace time not meant to cover more than the bare necessities of life. At present they are in many cases insufficient to meet even these needs. Since the Dominion Government which bears seventy-five per cent of the financial burden has so far not raised the maximum pension of \$20 a month, some of the provinces had to come to the assistance of the old people and widows. British Columbia and Alberta have recently increased the old age pensions by \$5 a month at a yearly cost of \$700,000 and \$600,000 respectively, while Saskatchewan has raised mothers' allowances by twenty-five per cent. Such a general increase applicable also to pensions for old people and blind persons and to be financed entirely by the Dominion has been demanded in an impressive resolution which the Canadian Federation of Mayors and Municipalities has passed at its recent annual convention.

The Bookshelf

MOBILIZING CANADA'S RESOURCES FOR WAR by A. F. W. Plumptre. Toronto. The Macmillan Co. of Canada 1941. \$3.00.

CANADIAN WAR ECONOMICS edited by J. F. Parkinson. Toronto. University of Toronto Press. 1941. \$1.75.

WAR ECONOMICS edited by Emmanuel Stein and Jules Backman. New York. Farrar and Rinehart Inc. 1942. \$4.00.

The title of Professor Plumptre's book describes properly the purpose and contents of all the three works under review; how the resources of a country which is devoted to peaceful pursuits can be mobilized quickly for total war. We have now a better understanding of the problem than a year ago. Cost of living bonuses, restriction of industrial output and, most recently, consumer rationing, have brought home to us that every phase of our national life is permeated by the war effort.

Plumptre and Parkinson's books—the latter a symposium—deal with the Canadian scene. It is a story of efficient organization and great achievements which is ably told by Professor Plumptre and every Canadian can be proud of it. Possibly Plumptre is sometimes a little over optimistic and inclined to overlook shortcomings. Parkinson has edited ten papers given during the winter of 1940-41 at the University of Toronto by practical administrators and university teachers covering the whole field of the Canadian war economy and dealing with organisations such as the Wartime Prices and Trade Board, the Foreign Exchange Control Board, etc.

Professors Stein and Backman, the latter known to readers of **PUBLIC AFFAIRS** by his article on price control, have brought together a number of experts who describe the American scene. Six of them are members of the staff of New York University and one an officer of the United States Department of Commerce. The value of the book is increased by two appendices, the one giving the text of the main acts and orders-in-council, the other containing an outline of the administrative organisation.

FEDERAL ADMINISTRATORS by Arthur W. MacMahon and John D. Milet. Columbia University Press. \$4.50.

Professor MacMahon is one of the pioneers in the science of Public Administration. In the book under review he and his collaborator have also developed a new method of writing about it

and interesting the public in its problem: through biographical studies of individual high ranking officers in Washington departments they have given to the reader an introduction to the problems of government management. The purpose is to examine the two phases of departmental leadership—the political and the administrative. But their manifestations and interrelationships are explained not by theories and definitions but by the example of living personalities.

THE NEWSPRINT PAPER INDUSTRY: AN ECONOMIC ANALYSIS by John A. Guthrie. Harvard University Press, Cambridge. 1941. \$3.50.

Mr. Guthrie, a Canadian economist residing in the United States, describes in his book the development of the North American newsprint industry during the last twenty years. The first part of the book which supplies an economic and technical background includes such points as a trend in newsprint consumption, the present and future supply of suitable pulpwood, government regulations in Canada and the United States, the possibility of using substitutes and the factors which determine prices. The second part is an analysis of the cost of making newsprint in the principle producing areas on the continent.

The book will be of considerable interest to Maritime readers, not only because of the important role which the newsprint industry plays in the Maritime—and especially in the New Brunswick—economy but also because several of the large companies operating in Nova Scotia and New Brunswick are being discussed and analysed.

FEDERAL CROP INSURANCE IN OPERATION by J. C. Clendenin. Wheat Studies of the Food Research Institute, Vol. XVIII, No. 6 Stanford University Press. \$1.25.

The valuable study of the Food Research Institute evaluates the results of the federal all risk wheat crop insurance which has been in operation during the last three years. The study will be of considerable interest to all those wishing to improve the conditions of the farmer.

MEN IN KHAKI: FOUR REGIMENTS OF MANITOBA by Roy St. George Stubbs. Toronto. The Ryerson Press. \$1.00.

A well written story of four Canadian regiments by a gifted young lawyer from Winnipeg.

Legal Department

LEGAL QUESTIONS OF INTEREST TO MUNICIPALITIES

At the course for municipal officers held by the Institute of Public Affairs at Dalhousie University a session was devoted to the discussion of legal problems affecting the municipalities. Municipal officers throughout the province had submitted such questions to the conference committee which had made provisions for having them answered by competent authorities. Some of these questions which it is thought will be of general interest to municipal officers, are given here together with the answers offered at the course.

Question:

Has the town council of a town any authority to refuse to grant a permit for the erection of a house, to cost say \$1200 in a district where the existing houses are in the \$5000 class, because the members of the council feel that it is an undesirable addition to the district?

Answer:

Clause (61) of Section 239 of The Towns' Incorporation Act authorises the making of by-laws regulating the erection, construction, alteration and repair of buildings and prohibiting the erection, construction, alteration and repair of any building.

Apart from this by-law making the power a town council would not seem to have the right to require a permit for the erection of a dwelling or to refuse to permit any dwelling to be erected. Possibly the council could by by-law prohibit the erection in a particular neighbourhood of any house at a cost less than a specified sum of money but in the absence of any such general regulations it would seem that the town council cannot refuse a permit to erect a dwelling because the members of the council felt that it was an undesirable addition to that locality.

A by law is ultra vires if it is discriminatory unless discrimination is authorized by the legislature, and unless there is a valid by-law or other prohibition against the erection of

a \$1200 house in a neighbourhood where most of the houses are of the \$5000 class, it would not seem to be within the power of the town to withhold a permit for the erection of such a \$1200 building.

Question:

The town of A. built a new building to house all fire fighting equipment and no longer had use for an older building formerly used for that purpose. Has the town power to lease this building to a third party and if so, is there any restriction on the term on which the lease has been made and is the consent of the Minister of Municipal Affairs required?

Answer:

The general section of The Towns' Incorporation Act dealing with the corporate powers of the town is Section 21 which provides in ss. (3) that with the consent of the Minister a town may mortgage or lease any real estate or personal property or may sell and convey the same when no longer required for the use of the town.

Before the consolidation of The Towns' Incorporation Act at the 1941 session of the Legislature the powers of the town were limited to mortgaging property or selling or conveying the same when no longer required by the town.

Since the coming into force of Chapter 3 of the Acts of 1941 on June 30th an incorporated town has power to lease real estate or personal property owned by the town, but prior to that time it would not seem there was any power in the town to make a lease.

If the land was purchased by the town at a tax sale, it may be leased by the town for a period not longer than twenty-one years pursuant to the provisions of Section 165 of The Assessment Act.

The situation now seems to be that if the property was acquired at a tax sale a lease may be made for a period not exceeding twenty-one years and if the town property was not so acquired at a tax sale a lease may be made without restriction as to term, but that in either case the consent of the Minister of Municipal Affairs is required before the lease may be made.

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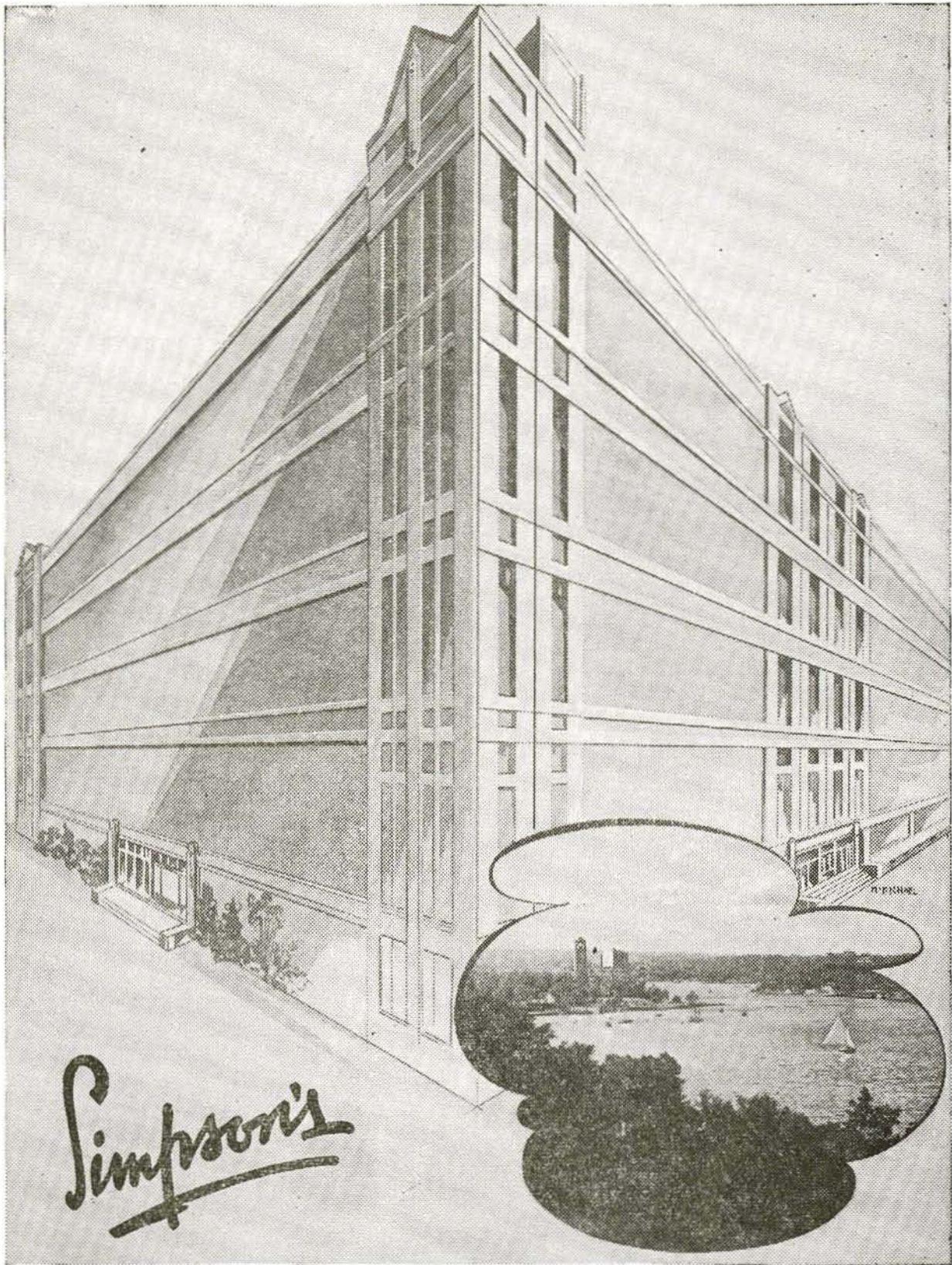
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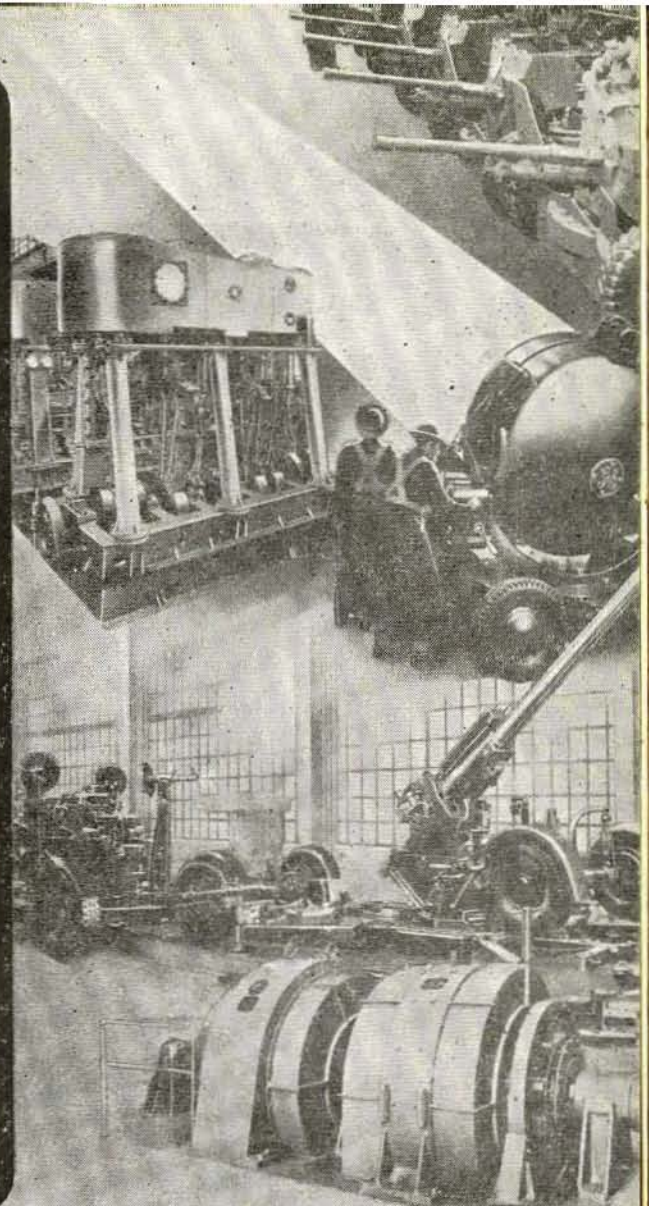
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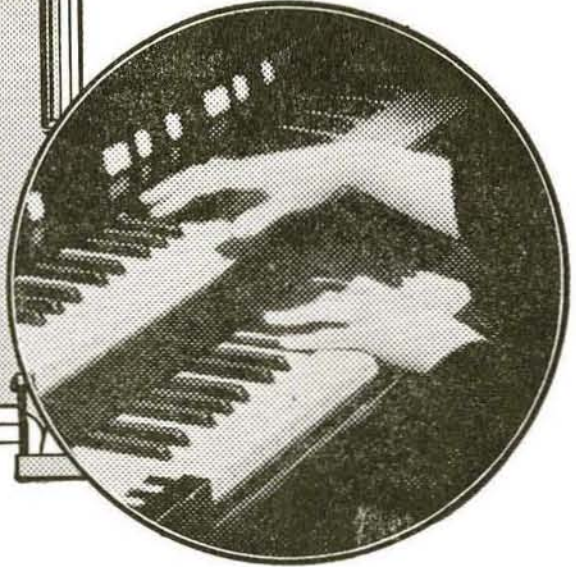
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