

industries in Canada in the development of policy and the improvement of relations. In this connection also I welcomed the British proposal at the Conference that such industrial groups be established on an international basis.

The other item of importance with which we were called upon to deal concerned social security. A recommendation remarkable for its detail was adopted almost unanimously by the Conference with some half-dozen employers' delegates expressing opposition. It outlines a scheme as comprehensive as those propounded by Marsh or Beveridge. Its acceptance by an international assembly is a significant event in the world's social history. The social security recommendation was accompanied by a well-worked-out scheme for a public medical service, offering alternative techniques of health insurance or of socialized medicine.

All in all, the Conference was productive both of brilliant sweeping generalizations, and of minutely-planned details. It would be vain, I suppose, to overrate

the importance of international agreements which remain to be ratified by member states. On the other hand it would be ridiculous to underrate them. The fact that these texts are on record in the sight of all the peoples of the world as recognized international standards of what needs to be done, will grow and grow in significance. I mentioned earlier the remarkable increase in stature of the I.L.O. during war-time. This will continue. The I.L.O. will steadily work on the imagination of mankind, until it becomes dangerous for any government to ignore the standards it lays down.

In Canada, the Dominion and the Provinces are learning more and more the necessity of co-operation and joint action in their overlapping spheres of interest. I venture to prophesy that this trend will extend to our relationship with the I.L.O., and that the time will not be long in coming when Canada will take her place with the countries that have the proudest record in support of this world-wide march towards human betterment.

## Employment After the War

By GEORGE LUXTON and W. F. RYAN

WHILE it is necessary at the present time to consider post-war employment policies, it must not be forgotten that the existing manpower problem is serious. We should not be concentrating on the future to the extent that we interfere with present action to meet existing problems. At the moment the manpower demands of the armed forces, agriculture and war industry are heavy; there is no doubt that over the coming months pressure will increase. The impact of developing military operations on the labour market will be sharp; it is not possible to measure its ultimate effect. Reinforcements for the armed services, the urgent needs of the munitions factories and auxiliary plants, the prospect of a large harvest—

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all these will tax our ingenuity to the utmost and serve to emphasize that our most pressing problems at the moment are concerned with the requirements of the immediate situation rather than with formulating plans to meet post-war contingencies. This is not to say that the future should not be considered now. It simply means that *most* of our energy must be devoted to the problems of the present; there must, however, be some left over for evolving plans to meet the problems of the future.

### Full Employment

There can be no question that our leading post-war problem will be the provision of full employment. By "full employment" we do not mean that everybody will be put to work without reference to type of work or to hours and other con-

ditions of work. We mean rather that all those willing and able to work will be employed—except for temporary unemployment while moving from one job to another—(1) at their highest skill; (2) in accordance with national social objectives, including the provision of a national minimum standard per head of the essentials of life; and (3) at activities which would involve the optimum use of our material resources.

As to the last condition, the optimum use of our material resources, one qualification must be made. In Canada, a federal union, it is necessary to view the problem of full employment from a *regional* as well as from a *national* point of view. Peak employment efficiency from a purely national standpoint measured by straight economic standards is not necessarily socially or politically desirable to the same extent. A policy which might result in increasing national *per capita* income but which would be disastrous to one province, Saskatchewan or Nova Scotia for example, would not be justifiable. In the last few years, hundreds of thousands of Canadians have left certain provinces for work in others. This was a war necessity. In peace-time, however, a national policy liable to cause large net emigration from one province to another should be scrutinized most carefully. Considering the heavy overhead investment in transportation, other public utilities and governmental services in the province subject to emigration, no stone should be left unturned to see if, as an alternative, new industry could not be located in that province. In a federal union, when national policy is being formulated, measures must be embodied to meet the peculiar problems of each region even at some sacrifice of over-all national economic efficiency. Regional claims based upon attachments to local institutions or traditions must not be brushed aside simply because they may be somewhat "uneconomic" according to a strict interpretation of that term.

Post-war employment policies may be considered under two general headings: transitional period; normal post-war

period. In the transitional period, we will be primarily concerned with the demobilization of the armed forces and of war industry. In the normal post-war period, it will be necessary to undertake long-range economic planning to guarantee optimum employment by smoothing out the trade cycle at a high level. The character of the peace economy will, of course, be conditioned by what is done during the transition. Transitional policies must, therefore, be formulated with a view to what is ultimately desired. However, although interwoven, the problems of each period are sufficiently different to warrant separate treatment.

### Transition Period

*Statement of the Problem.* At December 1, 1943 there were 769,000 persons in the armed forces, and 1,104,000 in war industry and in industries directly related to war production; 1,834,000 persons were employed in non-agricultural civilian industry and there were 935,000 men on the farms. It is probable that by the end of the war the number of persons in the armed forces and war industry will be even larger. The central problem immediately after hostilities cease will be to place in jobs the men and women in the armed services and in war industry and at the same time to maintain civilian employment. Despite the factors which will tend to ease the strain of demobilization, the problems of transition from a war to peace economy will nevertheless be difficult and complex. Plans must now be made and machinery placed in readiness to cope with the task.

*Role of the Employment Service.* The employment service is a key machine on which the burden of re-employment will be loaded. It will be the duty of the employment service to place in jobs men returning from active service; to provide for the orderly transfer of large groups of workers moving from war to civilian production; and to cope with temporary layoffs during plant conversion. At the moment it is impossible to predict the extent to which the service will be

assisted in these tasks by the continuance of controls over the labour market; the most that can be said is that, as the I.L.O. has pointed out, it is unlikely that all manpower controls can be abandoned as soon as the war is over. In the final analysis, however, the degree of employer-employee utilization of the offices will depend on the efficiency with which they do their job, rather than on the maintenance of nominal controls.

As a result of experience gained in the administration of the selective service regulations, the employment service is in a much better position to meet the problem than it otherwise would have been. The emphasis during the transition will, however, be quite different than it was during the war. Instead of being faced with a multitude of jobs and a scarcity of persons to fill them, there may well be a surplus of applicants over jobs available; this will certainly be true in particular industries and regions. Moreover, under pressure of meeting urgent calls for labour, much placement activity is conducted by rule of thumb method; a great deal is yet to be done in developing up-to-date placement techniques and in training personnel in their use. We must recognize that, despite its present deficiencies, the employment service is an indispensable condition of smooth transition from a war to a peace economy.

*Conversion of War Plants.* It is not sufficient to have a placement organization ready; an employment service is of little value if jobs are not available. It is necessary to develop specific plans to convert war plants to civilian production so that they can provide jobs as quickly as possible, and to provide for the temporary employment of persons who cannot be absorbed immediately by private industry. Concrete plans must be made by government and business, acting in co-operation, to effect a rapid conversion from war to peace production. This type of planning involves technological considerations; predictions as to markets; formulation of government plans as to post-war fiscal and trade

policy, etc.: it requires knowledge on the part of government of the intentions of business regarding types of production planned, probable employment, etc. All this implies the necessity of down-to-earth studies of the specific problems of particular industries. Surveys undertaken by government designed to assist in plant conversion and to provide for adequate supplies of labour when and where needed would no doubt receive the utmost co-operation of business; studies undertaken by particular industries, by business associations or by trade unions should be made available to public agencies; as between government, industry and labour there should be a pooling of information and a co-ordination of effort to the end that reconversion may be accomplished with a minimum of dislocation.

*Public Works.* Despite the fact that private business will provide the bulk of employment, even in the transition period, it is probable that there will be a gap between the number of persons wanting to work and the number of jobs made available by private employers. At that time the wisdom of having Unemployment Insurance with a sizeable fund built up during the period of peak employment will be apparent. Unemployment Insurance in itself is, however, no answer to the problem; the only answer is the provision of jobs for those who desire them. The responsibility of government in this respect is clear: provision of a shelf of public works to absorb the unemployed and to stimulate other sections of the economy is now accepted as a "must" by every important element in the community. Moreover, it is no longer seriously argued that public works must be completely innocuous in the sense that they must in no way impinge upon the sphere of private enterprise. Attention should be directed to a national housing programme to be undertaken by municipalities and by quasi-public organizations; public works should be planned such as will assist in the development of basic industries; there is need for power developmental projects, etc.

A national public works programme must spring from the requirements of communities in every part of the country; it should be a crystallization of hundreds of programmes developed by hundreds of communities from coast to coast; only if it is this, will it meet the real needs of the nation as a whole.

### Normal Post-war Period

The problems of the transition period will revolve about the question of demobilization; it will be a matter of providing jobs as quickly and efficiently as possible for men and women coming out of the armed forces and leaving war plants. Looking to the normal post-war period, however, long-range plans will have to be made to establish maximum employment on a stable basis. In practical terms, this objective places upon government the responsibility of guaranteeing that, at all times, the gap between the number of jobs offered by private industry and the number of persons desiring and available for work is kept closed.

*Basic Determinants.* There is little doubt that our economy will continue to be based on the private enterprise system; thus realistic government planning must be predicted on this assumption. By the continuance of the private enterprise system is meant that by and large the entrepreneurial function will continue to be vested in private hands; the rate and character of capital investment will be determined in most industries by decisions of private concerns, based on estimates of future profits measured against the rate of interest. This does not imply a return to "laissez-faire." We are a mixed economy; an economy in which business corporations, operating to a considerable extent under conditions of monopolistic competition, make major economic decisions, but in which government is playing and will play a vital complementary role.

Our domestic policies will, of course, be affected by the level and nature of our foreign trade. National planning will be enormously aided by a stable international

order and by a high level of international trade, stimulated—negatively, by the modification of tariff barriers and other discriminatory measures, and positively, by measures such as the deliberate development and capitalization of backward regions. A return to cutthroat competition for world markets, devices such as the blocked exchange, widespread subsidization of export industries, use of sweated labour, etc., would interfere materially with Canadian living standards through their effect on export industries; full employment could still be achieved but only with exercise of much more stringent government controls and at a much lower level of real income per head. It is thus clearly in the best interests of the nation to give all-out support to international bodies and agreements designed to preserve order and to stimulate trade.

With these basic determinants clearly in mind, government planning may be proceeded with, designed to establish specific policies, first, to keep the employment gap closed, and second, to give such guidance to private business as will encourage the maximum amount of private investment and employment.

*Fiscal Policy.* The basic instrument of government planning is fiscal policy. Through the medium of public spending, taxation, borrowing, and indirect control over the volume of money and credit, the government can go a long way in the direction of stabilizing the national economy at a high level of employment. If this instrument is to be really effective, it is necessary to develop fiscal programmes on a long-range basis rather than merely from year to year. Also, in working out the national budget it will be necessary to take into consideration a great many factors other than the narrow needs of the federal government: estimated volume of private investment and saving, maintenance of consumer purchasing power, the budgeting of provincial and municipal governments, etc., are all relevant considerations. In other words, a budget of national income and expenditure is needed, not merely a

budget of the federal government's income and expenditure.

What, in general, should be the content of a government spending programme designed to achieve these objectives? The first and most obvious item is public works. As has already been noted, there has been a very considerable change of attitude over the past few years with respect to the role of public works expenditures. Up to 1930 Canadians were always prepared to see governments spending hundreds of millions on public utilities of all kinds. It is now generally recognized that such expenditures may also be employed as part of a full employment programme, no matter whether the government is running current deficits or surpluses; it is accepted that public investment need not be confined to purely non-competitive types of construction; the value of power development, and projects of a similar nature, as aids to and stimulants of private industry is fully understood. Public works planning in the normal post-war period need only be a continuation of the programme developed to meet transitional requirements; the shelf should be kept well stocked with worthwhile projects which can be picked off at a rate which varies with movements in the business cycle. It should be obvious, however, that public works alone cannot provide jobs for the diversity of skills, especially those developed as a result of war training, which may be seeking them.

There is great scope for enlarging and improving upon many of the ordinary services provided by government, health and education for example. The extension of social security along the lines of stabilization, by increasing the efficiency of the individual worker and by making it possible for over-aged, less efficient, workers to withdraw from the labour force on a decent income. Unemployment insurance, health insurance, old age pensions, family allowances all tend to ease the impact of any falling off in investment by providing a substantial fund of consumer purchasing power even when industrial activity begins to slow down.

The sense of security which would flow from a real social security programme designed to maintain minimum standards of living would add to that feeling of confidence which is part and parcel of national prosperity. Consideration might also be given to the provision of certain of the basic necessities of life, such as protective foods at very low prices—made possible by subsidization if necessary.

There is also room for much larger government expenditure on scientific research, particularly on the application of new scientific developments to Canadian resources: research in food and food processing; on the industrial use of agricultural raw materials; on agricultural methods; on wood products, including plastics, etc. In addition to national research, a great deal could be done by the provinces, possibly in co-operation with the universities and with federal financial assistance, to stimulate research on local industries.

In addition to direct government expenditures, business, especially small business, can be stimulated by the provision of low cost credit made available through government agencies.

It is not possible to discuss in detail the precise techniques which should be used to finance this programme: the proportion of government income from taxation as compared with borrowing, desirable at various levels of economic activity; the advantages and disadvantages of deficit financing, etc. It should suffice to say that there are advantages in keeping the debt load at the minimum consonant with an adequate fiscal programme. Given fairly stern direct taxes, there would be reason to expect balanced current account budgets when full employment is being enjoyed.

*Government and Business.* Apart from fiscal measures, government may influence the level and efficiency of employment by exercising such supervision over business as is necessary to discourage restrictive practices and to encourage socially desirable types of private investment.

Undoubtedly government will continue

to regulate many of the activities of business through statutes such as the Combines Investigation Act and the Patent Act and through executive and administrative orders. However, the complexity of the problems with which the State will be required to deal must force the development of more precise techniques than broad legislative sanctions or the somewhat arbitrary rules and regulations issued by officials who cannot be fully aware of the exact nature of conditions with which they are dealing. Techniques will have to be worked out to enable representatives of the public interest to watch the operations of key industries and services on the basis of an appreciation of their detailed practices and problems. Prof. Schumacher has suggested that the State might be able to influence the prices and business methods of both producers and retailers by channelling the wholesale distribution of certain commodities through public institutions.<sup>1</sup> In the report, "Employment Policy and Organization of Industry after the War," prepared by business men, economists and others who attended Nuffield College conferences in England in 1943, there is the suggestion that each industry which occupies a key position in the economy should have an Industrial Board for the formulation of general policy; that each Board should consist mainly of representatives of the industry, including labour representatives; but that it should be presided over by a chairman appointed and paid by the State and should also have at least two other State appointed representatives of the public interest.

No matter what types of control are decided upon, it must be remembered that what is desired, is not to kill the goose that lays the golden eggs but to get the goose to lay the largest eggs of the finest gold.

To sum up: In the post-war period it will be the responsibility of government to guarantee optimum employment by an adequate fiscal programme designed

to take up the lag between private employment and total potential employment; to help private enterprise to eliminate restrictive policies aimed at creating artificial scarcities, and to encourage socially desirable forms of private investment.

### The Maritime Region

Turning to the problems of demobilization and long-range planning as they affect the Maritime Region in particular, it is only possible to make one or two general suggestions as to the type of planning that might usefully be done to meet the problem of full employment within the Region.

The future of the Maritime economy is bound up with the future of the Canadian economy as a whole. It will not be possible for the Maritimes, or any other region for that matter, to solve their problems by attempting to go their own way. Full employment in the Maritimes, as in all other regions, must depend in the last analysis on the success of plans developed by the federal government acting in close co-operation with provincial and local authorities.

Obviously there are certain broad matters of policy over which the Maritimes, as a region, will have little control: international trade policy; national social security programmes; national fiscal policy, etc. There are however, many questions with respect to which the Maritimes can plan. These provinces can, in co-operation with the federal government, develop those basic and secondary industries in which they have a peculiar advantage and for which they are especially suited. They can make effective within the Region such national policies as are determined upon to provide full employment.

There is great scope within the Region for intensive scientific, social and economic research. The desirability of a national scientific research programme, financed in large measure by the federal government, has already been mentioned. The Maritimes would of course participate in such a plan. Particular interest

<sup>1</sup> *An Essay on State Control of Business, Agenda, February, 1944.*

would be attached in these Provinces to research in the development of wood products and in fish, apple and other food processing. Certainly there should be a tie-up between scientific research and the development of important secondary industry based on the products of the forest.

As for economic and social research, the potent nucleus of a Maritime Economic Research Council exists in the Institute of Public Affairs. Thought might be given to establishing such a council and to coordinating its studies with those of parallel organizations in the New England States. The Maritimes and New England are both part of the "geographic province of the Atlantic seaboard"—they have similar problems, and much in common in history and

tradition. Such a relationship ought to be abundantly fruitful to both parties. An example of this kind of co-operation is the joint work which is being done by the Universities of Manitoba and Minnesota in studying the post-war problems of that region. This study was undertaken at the request of the Provincial Premier and the Governor of the State, and has already been productive of information of great value.

In order to develop Maritime resources and to determine the true interest of the Region, it is clear that much hard-headed study and research is needed. The best way of doing this is to undertake a research programme on a regional basis; uncoordinated provincial studies would almost certainly be inadequate.

## Britain's Plan for a National Health Service

By SIR ARTHUR S. MACNALTY

**PUBLIC** health organization in Britain is not merely a collection of scientific knowledge applied mechanically to the maintenance of health and the prevention of disease. It throbs with life, understanding and human sympathy. Often the work has been initiated by the voluntary efforts of philanthropists; otherwise, without this popular appeal to the imagination and the hearts of men, it could not have achieved its victories in a democracy like Britain's.

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During the war heavy additional work has devolved upon the Ministry of Health and the local authorities in Britain. They have organized an emergency medical service for the treatment of air-raid casualties; and also the evacuation scheme—which included the transfer of school children, expectant mothers, young children, cripples and blind persons—from urban centres to safe areas. Meanwhile the national health has remained on the whole remarkably good, as the following table of the chief vital statistics for England and Wales for the war years up to 1942 shows:—

Year	Death-rate	Infant Mortality Rate	Maternal Mortality Rate	Tuberculosis Death-rate per million Population	
				Respiratory	Non-Respiratory
per thousand population					
1939.....	2.	50	3.10	520	98
1940.....	4.0	56	2.60	571	108
1941.....	12.9	59	2.76	570	121
1942.....	11.6	49	2.47	506	110