

# Report of the Annual Meeting

## Rapports annuels de la Société historique du Canada

Report of the Annual Meeting

### The Growth of Government Activities in Canada, 1914-1921

J. A. Corry

Volume 19, numéro 1, 1940

URI : <https://id.erudit.org/iderudit/300204ar>

DOI : <https://doi.org/10.7202/300204ar>

[Aller au sommaire du numéro](#)

Éditeur(s)

The Canadian Historical Association/La Société historique du Canada

ISSN

0317-0594 (imprimé)

1712-9095 (numérique)

[Découvrir la revue](#)

Citer cet article

Corry, J. A. (1940). The Growth of Government Activities in Canada, 1914-1921. *Report of the Annual Meeting / Rapports annuels de la Société historique du Canada*, 19(1), 63-73. <https://doi.org/10.7202/300204ar>

All rights reserved © The Canadian Historical Association/La Société historique du Canada, 1940

Ce document est protégé par la loi sur le droit d'auteur. L'utilisation des services d'Érudit (y compris la reproduction) est assujettie à sa politique d'utilisation que vous pouvez consulter en ligne.

<https://apropos.erudit.org/fr/usagers/politique-dutilisation/>

**é**rudit

Cet article est diffusé et préservé par Érudit.

Érudit est un consortium interuniversitaire sans but lucratif composé de l'Université de Montréal, l'Université Laval et l'Université du Québec à Montréal. Il a pour mission la promotion et la valorisation de la recherche.

<https://www.erudit.org/fr/>

## THE GROWTH OF GOVERNMENT ACTIVITIES IN CANADA 1914-1921\*

By J. A. CORRY  
*Queen's University*

The War of 1914-18 began as a military war in the old style and then developed fairly rapidly into an economic war as well. In this economic war, governments assumed the role which the general staff and commander-in-chief occupied in the military war. Governments mobilized the economy and gave it comprehensive and detailed direction. Canada, however, probably made less use of this technique of direction by the central government than any other major belligerent. This was partly due to our distance from the struggle and the character of our participation. More important factors were the condition of the Canadian economy and the prevailing attitude about the place of government in the whole scheme of things.

In 1914, Canada was still primarily a staple-producing and export economy. The war intensified the demand for our exports and called for expansion along the earlier lines of development and not for the intricate and difficult adjustments which generally demand the intervention of government. Although concentration of control had made rapid progress in the Canadian industrial structure in the decade before the war, large sectors of Canadian industry, particularly those concerned with consumers' goods, were still predominantly small scale and decentralized. The records kept by a multitude of small units in an industry are often unreliable and never uniform, thus making it immensely difficult for a government to secure the essential knowledge required for successful direction of the economy as a whole. Indeed, large sectors of business activity must first have centralized themselves before the situation is ripe for centralization under the government. Large-scale organization had already made great strides but it had not yet settled down to a bureaucratic routine. It was still flexible, controlled by the resourceful men who had built it up, and who were easily attracted to the adventure of producing war supplies. In short, the Canadian economy in 1914-18, because of its character and the character of the men who had the largest share in its operation, was not amenable to central direction and at the same time, it was so disposed as to give an impressive response to the usual incentives of a free enterprise economy. These incentives were provided by the financial policy of the government.

Most important, however, was the conviction, almost universally held, that free enterprise was part of the order of nature. That the government should—or even could—direct the daily lives and activities of the people was scarcely dreamed of and if it was, it was explained as nightmare. Canadians, in general, believed that the less they were governed the better they were governed. Of course, it was believed that the government should assist the development and economic expansion of the country in every

---

\*Mr Corry's paper was delivered at a joint session of the Canadian Political Science Association and the Canadian Historical Association. A paper presented at the same session by Mr J. J. Deutsch, Queen's University, on "War Finance and the Canadian Economy, 1914-1921" will appear in the November issue of the *Canadian Journal of Economics and Political Science*.

possible way. It should assist the building of railways and distribute homesteads and timber limits with a lavish hand. Once having opened paths for the enterprising individual, it should efface itself and leave him with his superior drive and efficiency to wring from the opportunity everything it offered.

This had been the settled view of the appropriate sphere of government throughout the half-century of Canada's existence. Because the government had not been concerned with ordering the vital activities of the community in this peaceful era it had never collected the data necessary to provide a comprehensive picture of the economy. In the course of the activities it carried on before the war, the Dominion government had accumulated accurate statistics on imports and exports. Its intimate connection with railway development provided it with adequate knowledge of railway facilities. It knew fairly well the state of development of western agriculture. Through the decennial census, it had a record of the population and its distribution among various occupations. Since 1910, it had been collecting statistics on wholesale and retail prices of a number of commodities whose cost determined the cost of living. Its interest in manufactures, however, was limited to taking a census of production once every five years. Its regulation of the western grain trade was concerned only with orderly marketing and its legislation for controlling trade combines had not resulted in the collection of the data necessary for an attempt to enforce the legislation. Thus the knowledge possessed by the federal government was fragmentary. Little was known about total production and consumption and almost nothing about the structure and costs of various industries or about the inter-relationships of different parts of the economy. It was not until the later years of the war after the income tax and business profits war tax had been imposed and various government controls devised that this information began to be available.

Before the war, the civil service had been engaged mainly in a limited number of routine operations. It was small and until 1908 nothing had been done to shield it from the manifold vices of the patronage system. The career service so vital to the manipulation of a complex economy had not been built up. There were able men in the service but not in sufficient numbers to undertake great tasks with inadequate data and techniques. And the use of them for such purposes was hampered by the prevailing assessment made of the relative merits of government action and private enterprise. The civil servant was generally thought of as a person who plodded through a routine in a leisurely and unimaginative way. Where initiative, vigour, and resourcefulness were needed, Canadians in the early years of the war, at least, turned almost instinctively to the heroes of the preceding period of expansion—the business men, bankers, and politicians who had built up the country. These were precisely the men who had boundless faith in private enterprise and they were not disposed to select methods of fighting the war which would magnify the office of government.

It is true that most of the federal departments at Ottawa were, in some measure, expanded and brought to bear on the war effort.<sup>1</sup> The Department of Militia which had to raise, train, equip, and supply an

<sup>1</sup>For the way in which the war affected the internal economy of the federal Civil Service, see *The Civilian* (special issue, 1916, entitled *Two Years of War*).

army of half a million men, expanded enormously. The Department of Agriculture, to take only one of the departments concerned with civil matters, intensified its developmental work and diversified its material assistance and exhortation to farmers for the increase and improvement of production. But in each of these cases, the steps taken followed familiar lines and did not involve novel forms of action. The Dominion government did not move into new spheres of action until the later period of the war.

At the beginning of the war, whenever something of an unusual character which did not fit the traditional pattern of government activities had to be done, reliance was generally placed on eminent men in private life rather than on civil servants. The Shell Committee formed in 1914 to launch and co-ordinate shell production was composed of Canadian industrialists along with expert advisers on ordnance. When, in 1915, unfit and wounded men began to return to Canada in numbers, there was no organization for restoring them to health and civil occupations and the Military Hospitals Commission was appointed. Headed by Senator Lougheed, then Minister without portfolio in the Borden government, it was predominantly composed of private citizens with some official representation from the Department of Militia. Although linked to the government in this way, it was not merely a branch of the government. It was a hybrid organization; a fusion of charitable and official action. It sought to raise a disablement fund by voluntary contributions and it secured the loan of large private residences as hospitals. It included representatives from the provinces who could bring local knowledge and assistance to the problem of re-establishing these men in civil life. Its mixed character plus the fact that it was dispensing both medical and educational services to the same men at the same time led to internal dissensions<sup>2</sup> and it ultimately gave way in 1918 to the Department of Soldiers Civil Re-establishment with centralized and complete control. The Military Hospitals Commission is typical of the methods and attitudes which prevailed early in the war. Care of the sick and injured, vocational training, and the finding of a place in the life of the community were charitable, if not individual, responsibilities. Canadians were not yet familiar with the concept of a social service provided collectively for individuals under the management of the government. Yet the public obligation to the disabled soldier was acknowledged. The result was a compromise type of organization.

Other bodies designed to wrestle with problems posed by the war were similarly formed in the early years. A Natural Resources Commission was appointed in 1915 to investigate questions of production, transportation, and internal trade. It was composed of business men, farmers, and labour leaders and not of civil servants.<sup>3</sup> The Canadian Wool Commission set up in 1916 to consider ways and means for remedying the wool shortage and to distribute the limited allotments of Australian wool among Canadian industries, drew its personnel from the ranks of private citizens.<sup>4</sup>

Other illustrations of individuals rather than the government leading in action on behalf of the community can be given. Voluntary enlistment

<sup>2</sup>*Preliminary and Second Report of the Special Committee of the House of Commons on the Care and Treatment of Returned Soldiers*, 1917, no. 24195-1.

<sup>3</sup>*Canadian Annual Review*, 1915, 265.

<sup>4</sup>*Ibid.*, 1917, 378.

in the overseas forces was paralleled by individual offers to raise and equip battalions, field batteries, and machine gun sections. The Patriotic Fund raised by voluntary contributions was to supplement, in case of need, the allowances made by the government to the dependents of men in active service.<sup>5</sup>

During the greater part of the struggle, Canada's contribution did not require the exercise of many unusual powers by the government. Recruiting did not cause a serious drain on the labour force till 1917. The huge crop of 1915 postponed the coming of the food shortage. The transportation system was able to carry the additional burden and actual scarcity of essential commodities did not appear until the later years. The central problem of how to gear the Canadian economy to the Allied war machine was solved largely by indirection. The major adjustments which this feat involved were brought about by the application of two powerful stimuli which operated with increasing intensity as time went on. First, the general demand for war supplies and the lucrative contracts at the disposal of the Imperial Munitions Board provided strong incentives for adjustment in a free enterprise economy. Secondly, the inflationary financial policy of the government began to take a marked effect in 1916 and created boom conditions. Rising prices stimulated activity everywhere. The contracts of the Imperial Munitions Board diverted operating plants to war purposes, reopened obsolete, antiquated factories, and built new ones, gave an impetus to a host of subsidiary industries and brought the mining and refining of non-ferrous metals into their own.<sup>6</sup> The economy was geared to the war machine, not by the detailed planning and central direction of the government but by the "invisible hand"—ably assisted by the hand of Sir Joseph Flavelle.

Toward the end of 1916, however, there were a number of indications that the automatic adjustments of free enterprise responding to effective demand would not suffice in all circumstances. The labour force was fully employed and recruiting slackened. Uncontrolled competition between the farm, the factory, and the army for man-power could not go on much longer. There had been a short wheat crop in 1916 and a world shortage of foodstuffs threatened. When Britain centralized all her buying of wheat under a single agency, the normal mechanisms of the grain exchange ceased to function satisfactorily. The domestic inflation and the rush of resources into the supplying of war demands caused a steep rise in the cost of living which was met by a popular outcry. Labour unrest followed and there were intermittent strikes during the winter of 1916-17 in the coal mines of western Canada, aggravating the fuel shortage brought on by the curtailment of American supplies. The war had cut off the Scandinavian supplies of newsprint from American newspapers and their demands were focused on Canada. Such an extraordinary rise in the price of newsprint ensued that the government felt compelled to fix prices for Canadian consumers early in 1917.

The natural working out of the general policies of the government in the circumstances of the time was beginning to produce ominous results at certain points in the social and economic structure, and the government was

<sup>5</sup>*Ibid.*, 1914, 222-8.

<sup>6</sup>See generally D. Carnegie, *The History of Munitions Supply in Canada, 1914-18* (Toronto, 1925).

obliged to attempt drastic specific measures where difficulty or danger threatened. Late in 1916, the National Service Board was appointed to register and classify the man-power of the country—the last effort to achieve the desired results on a voluntary basis. Concretely, it accomplished little, but probably was a necessary preliminary to conscription. The famous Order-in-Council designed to curb hoarding, profiteering, and unjustified advances in the cost of the necessities of life, soon followed.<sup>7</sup> For over a year, the government had been urged from various quarters to fix prices, but they shrank from it because it ran counter to all conceptions of what governments should do and because of the alarming difficulties of organization and control involved.<sup>8</sup> However, the pressure became too strong. The Order-in-Council forbade all combines designed to limit supply or competition or to raise prices. It forbade the hoarding of necessities and required those who held excess stocks to sell them at reasonable and just prices.

No machinery existed for enforcing these sweeping provisions and it could not be rapidly improvised. The lack of specialized machinery for enforcement had been one of the reasons why previous Canadian legislation against combines had been quite ineffective. An enormous staff of inspectors would have been necessary to ferret out hoarders across the country. The determination of reasonable and just prices will probably always be a hopeless adventure. At the very least, it would have been necessary to have had full statistics of the costs of manufacturers and of wholesalers and retailers. These did not exist. It would have required, also, a staff of highly trained economists and cost accountants who were not available and, even then, the upward speeding of costs on all sides would have prevented any very close calculations. In truth, the attempt to hold down prices in an inflationary period by manipulating the system of distribution is to misjudge the nature of the problem. It is as if one tried to shut off the garden hose by sitting on the sprinkler instead of closing the tap. It ignored the fact that the government really had little choice but to keep the tap wide open.

However, the government was obliged to make a gesture to allay popular feeling. An officer of the Department of Labour was charged with enforcement of the Order, authorized to investigate combines and the costs of manufacturers and distributors of the necessities of life. He had power to require information bearing on these points and where the report was unsatisfactory, to conduct an investigation himself. Municipalities also were authorized to make investigations and to submit their findings to the Minister of Labour for his pleasure. He, in turn, had no power to launch a prosecution but could only transmit the record and a recommendation to the Attorney-General of the province for his pleasure.<sup>9</sup>

This cumbrous procedure was, of course, unsatisfactory. Towards the close of the war, the investigating powers of the Minister of Labour and of the municipal officers were extended. The latter were authorized to investigate hoarding, costs, and prices, to publish fair prices for various articles as determined, and to launch prosecutions against offenders at their own discretion.<sup>10</sup> Presumably these extended powers of municipal

<sup>7</sup>P. C. 2777, Nov. 10, 1916.

<sup>8</sup>*Canadian Annual Review*, 1915, 268; 1916, 385.

<sup>9</sup>P. C. 2777, Nov. 10, 1916, as amended by P. C. 2957, Nov. 29, 1916.

<sup>10</sup>P. C. 2461, Oct. 4, 1918.

officers were found to be open to abuse because two months later their power to launch prosecutions was withdrawn and they were again limited to investigation and report to the Minister of Labour.<sup>11</sup> A government scarcely dares to take responsibility for the exercise of discretions by officers whom they do not directly control.

Although his staff was limited and lacking in some of the special skills required, the Acting Commissioner re Cost of Living, as he was called, was very active in trying to enforce the Order. He conducted investigations into alleged combines and into costs and prices and submitted reports covering various commodities. There were scarcely any prosecutions for offences against the Order and the restraining influence of his activities would be difficult to estimate. He reported the dissolution of a number of trade combines and a deterrent effect upon unjustifiable increases in prices.<sup>12</sup> As a result of his report on the cold storage business and the public outcry it caused, the profits of meat packers were fixed by law. He was quite unable, however, to prevent the upward thrust of prices due to inflation and the bidding of war industries for resources. When the Food and Fuel Controllers were appointed in 1917, the co-ordination of the work of the Acting Commissioner with their investigations and activities presented serious difficulties and this branch of the Department of Labour was reorganized under another head early in 1918.<sup>13</sup> The amendments outlined above followed; the staff and statistical apparatus was improved and the work continued. After the Armistice was signed, the Commissioner was unable to get the government to authorize prosecution of offenders.<sup>14</sup> When, in the early months of 1919, prices continued to rise instead of falling as was expected, public clamour and unrest also rose and the Cost of Living Commissioner resigned to be followed by the more ambitious venture of the Board of Commerce.

In the meantime, in 1917, more comprehensive regulation of foodstuffs became imperative. Events had made North America the principal source of food supplies for the Allied countries. As the British, and then later all the Allies, pooled their buying, the free market in the commodities they sought was badly dislocated. Britain bought the 1916 Canadian cheese surplus at a fixed price. In June, 1917, the Board of Grain Supervisors was appointed as sole marketing agency for Canadian wheat. They fixed prices for the wheat crop, regulated the release of quantities to dealers, and controlled transport facilities. Trading in futures was abolished and export of wheat permitted only under licence. By the end of the war, the export prices of most cereal, meat, and dairy products were being fixed.

Whenever an export price was fixed, it had a strong stabilizing influence on domestic prices and also ensured the defeat of any attempt to keep domestic prices below the export price. More, however, was now necessary than the mere fixing of food prices. It was vital to increase production and to restrict our own consumption of the staple foods as much as possible by eliminating waste and encouraging the use of coarser

<sup>11</sup>P. C. 3069, Dec. 11, 1918.

<sup>12</sup>*Canada, Sessional Papers*, 1917, no. 189, p. 4, General Report, Acting Commissioner re Cost of Living.

<sup>13</sup>R. J. McFall, "Regulation of Business in Canada, 1922" (*Political Science Quarterly*, XXXVII, 185-6, 192).

<sup>14</sup>*Ibid.*, 202.

and more perishable products. A Food Controller was appointed in 1917 for this purpose and he was later authorized to take measures to check unreasonable advances in prices of foodstuffs. The organization was expanded into the Food Board in 1918. It was authorized to ascertain quantities, sources of supply, to estimate domestic requirements and facilitate the forwarding of surpluses to the Allies, to fix profits and prices and make regulations for curbing waste and promoting conservation. With these powers, manufacturers and dealers in foods were placed under licence: exports and imports were controlled, holdings exceeding normal trade requirements were forbidden, and surpluses seized. The distribution of stocks of some scarce commodities were closely regulated and retail prices fixed in some lines. The components of various food products were fixed and the use of grain for distilling purposes was forbidden. The gross margins allowable to dealers in several commodities were fixed. All public eating places were subjected to close regulation designed to conserve foodstuffs and eliminate waste. A steady flow of regulations poured from the office of the food control organization in 1917-18.<sup>15</sup>

The technique used was a combination of persuasion and compulsion. The public were exhorted to increase production and to reduce consumption and waste. The advisability of a general policy of rationing and price-fixing was considered and rejected. An attempt to fix fair prices would have been extremely difficult and would have had serious repercussions in other sectors of the economy. The policing of a rationing system in a great agricultural country would probably have been ineffective. Coercive measures were concentrated mainly on prevention of hoarding, fair distribution of stocks of scarce commodities at the bulk stage, and the fixing of dealers' margins.

The attempt at this limited amount of coercion was only made possible by the licensing system which was comprehensively applied. Each licensee was required to submit monthly reports varying in content with the degree of regulation to be imposed. In some cases, licensees were required to reveal the amount of stocks on hand, cost and selling price during the period as well as gross and estimated net profits. With this information, it was possible to locate excess stocks and fix margins where it seemed desirable to do so. No doubt, the mere fact of being obliged to make returns had some deterrent effect upon those who were in a position to take full advantage of the continuously rising price level.

Nevertheless, the system was far from being fully effective. The Board never possessed an adequate corps of inspectors and accountants to check the accuracy of the returns. It relied principally on co-operation from the existing agencies of law-enforcement in the municipalities and the provinces and the Food Board complained that these often did not act promptly or drastically. For the enforcement of its restrictions on public eating places, the Board employed its own inspectors with more solid success.<sup>16</sup>

The unusual severity of the season combined with strikes in the coal mines of western Canada accounted for the fuel scarcity in the winter of

<sup>15</sup>See *Manual of Orders in Council and Orders of the Canada Food Board*, issued under authority of the Canada Food Board, 1918, no. 41937-1.

<sup>16</sup>On the work of the food control organization, see generally, *Report of Canada Food Board*, 1918.



1916-17. Serious unrest among the western miners due to the rising cost of living led early in 1917 to the appointment of a Director of Coal Operations with power to fix prices of coal at the pithead and to adjust wages in accordance with periodic estimates of the cost of living. In certain contingencies, he was authorized to take over and operate the mines. The domestic fuel problem was greatly aggravated by the entrance of the United States into the war. The consequent speeding-up of American industry foreshadowed a serious shortage of coal production in the United States as well as an alarming congestion of transportation facilities. Coal prices soared until President Wilson imposed rigid controls and maximum prices in June, 1917. Canada found it necessary to follow suit by appointing a Fuel Controller.

His powers, his policy and methods, were broadly similar to those conferred on the Food Controller and Food Board. The aim was to increase domestic production, promote conservation, regulate the pressure of coal movements on the transportation system, and to secure an adequate allotment of American coal by negotiation with the authorities in the United States.

An allotment of coal was made to each province and then, in turn, to each municipality. Local fuel committees were given power to pool all stocks and ration consumers. Numerous restrictions on consumption were imposed. Dealers were licensed and required to submit monthly reports in detail. Regulations established what were legitimate overhead and handling charges for dealers and their margins of profit were fixed. Enforcement was left largely in the hands of the municipal authorities. Because dealings in a single commodity are much easier to supervise than the entire cost of living, the regulations were relatively well enforced wherever the municipalities were alert and energetic.<sup>17</sup>

The war involved a prodigal consumption of industrial materials at a constantly accelerating pace. For a time, sufficient stocks were made available merely by bidding higher prices for them. By 1917, however, actual scarcities had begun to appear. A belligerent which was an exporter of these materials was concerned to see that they were directed to its Allies and there used effectively, while belligerents who lacked vital materials were prepared to ransack the globe to find them. After stocks were secured, it was imperative that they should be distributed among the various industries in such a way as to make the maximum contribution to victory. In short, it became urgent for governments to control imports and exports very closely and to establish among the industries of the country certain priorities in the right of access to scarce vital materials. Canada was an exporter of some of these items and, on the other hand, relied upon Britain and the United States for some vital imports. When Britain and the United States established this kind of control, Canada was obliged to do the same to extend and fortify the integration of Allied resources. The "invisible hand" was losing its power to direct the use of resources for the one dominant purpose.

The War Trade Board was set up at the beginning of 1918. In addition to its main objective, it was to consider means for improving Canada's

---

<sup>17</sup>On the work of the Fuel Controller, see generally, *Final Report of the Fuel Controller* (Ottawa, 1919).

trade balance and, as far as was compatible with the maximum war effort, to try to minimize the distortion and destruction of the peace-time industrial structure of the country. It had sweeping powers to license all exports and imports, to direct priorities in the distribution of materials, and to impose "such supervision as may be necessary of all industrial and commercial enterprise." To assist it in taking a census of all materials and in co-operating with the corresponding authorities in other Allied countries, it had power to require of any person any information of an industrial or commercial character.

These powers were quite extensively used. Imports of a non-essential character were curtailed. Those of a less essential character were postponed at times when ocean tonnage was needed for direct war purposes. Importers had to have its imprimatur to get access to British and American supplies of various commodities. The Board then assisted them in arranging for the movement of needed materials in the midst of a congestion of transportation. Exports of scarce materials were forbidden except under special licence. All exports were controlled so as to give first choice to the other Allied governments. Pressure was put on manufacturers to use substitutes of plentiful materials in place of scarce ones wherever possible. Bounties were offered for production of certain materials and other measures taken to speed production of essential supplies. Applications for scarce materials had to be made to the Board and it distributed them, principally steel and iron products, according to established priorities. It commandeered wire rope, pig iron, and iron ore, took supplies of platinum out of the hands of the jewellers and fixed prices for these materials subject to an appeal to the Exchequer Court. The power to seize was not widely used because the fact of its existence was usually sufficient to direct materials in accordance with its will.<sup>18</sup>

Centralized direction of the economy began in a relatively modest way with the War Trade Board in 1918. The immediate concern of the Board was with materials. At the same time, a number of moves were made towards closer control of the labour force. The anti-loafing law, as it was called, was important, not for its results but for the tendency it revealed. It was made a criminal offence for males between the ages of sixteen and sixty not to be employed in some useful occupation.<sup>19</sup> This law was ineffective without a definition of what was useful and a knowledge of how people were employed, if at all. The necessary preliminaries to centralized direction of the labour force were made by the Canada Registration Board in June when all persons were required to specify their employment and capacities and a census of industrial employment was taken. With this information available, it would have been possible to allot labour to various industries.

Industrial unrest grew more serious in 1918 and the government had to take special pains with its labour policy. It established a Labour Court of Appeal to hear appeals from boards of conciliation, and a Railway Board of Adjustment to deal with disputes in the transportation industry. In September, a number of radical labour organizations were banned for the period of the war and, in October, all strikes and lockouts were forbidden

<sup>18</sup>On the work of the War Trade Board, see generally, *Canada, Sessional Papers*, 1919, no. 269, Report of the War Trade Board.

<sup>19</sup>P. C. 815, April 4, 1918.

for the duration of the struggle.<sup>20</sup> Before the Armistice then, the outlines of the true war economy with its centralized direction of all the factors of production had begun to emerge. Had the war lasted another two years, we should have been able to understand more clearly what Germany has been doing in the present decade.

With the coming of the Armistice, most of these economic controls and new activities of the federal government were hastily abandoned. The one dominating purpose which had dictated their imposition had been achieved. The far-reaching consequences of the war effort remained to be dealt with, and these involved action by the federal government. When prices continued to rise instead of fall in the spring of 1919, popular alarm and irritation obliged the government to intervene. The Combines and Fair Prices Act was enacted and the Board of Commerce established to administer it. The scheme of this legislation followed closely that of the 1916 Order-in-Council on the cost of living. The Board was empowered to dissolve trade combines, to fix fair prices and profits in the necessities of life, and to order distribution of stocks at fixed prices. The Board had wide coercive powers and it took vigorous action at once, concentrating almost all its energy on regulating prices and profits at the retail stage. It ranged over the country, holding investigations and issuing orders covering many commodities.<sup>21</sup> Here again, of course, the attack was on the symptoms rather than on the disease itself. The forces released by the inflation of credit could not be diverted by such efforts. The activities of the Board raised the antagonism of agriculture, industry, and the distributive trades, and the outcry against the Board of Commerce was only second to that against the high cost of living. The Board was soon racked by internal dissension and weakened by the obvious lack of support—and even hostility—of the government.<sup>22</sup> Its active career was stormy and short, lasting only about six months, and a few months later the government was mercifully delivered from further embarrassment by a decision of the Privy Council holding the whole scheme to be unconstitutional.

The problems of reconstruction engaged the attention and resources of both Dominion and provincial governments. The Dominion made grants to the provinces to assist them in providing technical education, building highways, establishing employment offices, and combating venereal disease. The Dominion set up an organization to co-ordinate provincial employment agencies and statistics. With the exception of the campaign against venereal disease, these were belated responses to problems already recognized as important or urgent before the war. The principal abnormal activities of the Dominion in the immediate post-war years concerned the re-establishment of the citizen soldiers in civil life. The Soldiers' Settlement Board encouraged soldiers to take up farming by providing them with funds, lending them money, and assisting them with the problems of a new occupation. In 1918, a new federal Department of Soldiers Civil Re-establishment was set up which took over, extended, and amplified the work of the Military Hospitals Commission.

In the first two years after the war, this department carried on a multi-

<sup>20</sup>*Canadian Annual Review*, 1918, 492-4.

<sup>21</sup>L. G. Reynolds, *The Control of Competition in Canada* (Cambridge, Mass., 1940), 142-4.

<sup>22</sup>*Canadian Annual Review*, 1920, 484-92.

tude of activities. It maintained hospitals, gave clinical treatment to out-patients, ministering to those who had suffered from their military experience. It made clothing allowances and paid the fares of soldiers' dependents coming from overseas. It provided winter unemployment relief in 1919-20 and made loans to enable men to establish themselves in certain types of occupation. It provided vocational training and found jobs for thousands. For a time, a whole bundle of social services was provided collectively by the federal government.<sup>23</sup>

Most of the new activities undertaken by the federal government under the stress of war were quickly dropped to make way, as it was thought, for the resumption of normal progress. Whatever permanent effects they may have had are, therefore, incidental and indirect and hard to assess. They increased the knowledge of the federal government about the social and economic structure of the country and gave an impetus to the gathering of statistics. It is highly significant that the Dominion Bureau of Statistics was first organized in 1918.<sup>24</sup> Business men became familiar, if not entirely reconciled, to filing returns and answering questionnaires at the request of governments. Civil servants experimented with different techniques of control and caught a fleeting glimpse of the riches of the earth. Canadians as a people became acquainted with the idea of government regulation of business and with the concept, technique, and philosophy of the social services. These factors have had a great deal to do with the modifications of nineteenth-century individualistic philosophy and the increasing reliance on governments as agencies of collective action which have taken place in the last twenty years.

#### DISCUSSION

Mr Coats, referring to the Dominion Bureau of Statistics, pointed out that it had been established during the war as the result of an earlier inquiry by a royal commission, the members of which had been civil servants. He suggested that the Dominion Bureau of Statistics had a definite constitutional function. "Statistics" is mentioned in the British North America Act as a subject pertaining solely to the federal government. The significance of this fact is twofold: In the first place, it gives emphasis to the point that, where data must arise from a variety of administrative activities, there is a need for co-ordination and synthesis from a national point of view. Secondly, there is great significance in the fact that whilst jurisdiction in some very important fields is handed over to the provinces, the federal authority retains the right of full information, in the form of definite statistical measurements, over the whole field of government in Canada. This, he pointed out, was of great importance to the successful working of the federal principle. Once complete and accurate information in our inter-provincial and Dominion-provincial problems is available, the solutions often suggest themselves.

<sup>23</sup>See *Report of the Special Committee of the House of Commons on Soldiers Civil Re-establishment, 1919*, 8-17.

<sup>24</sup>*Statutes of Canada, 1918*, c. 43.