the whole economy rather than the budget. A wise government, according to Keynes, would intervene to spend more when private investors spent less, and recover deficits by tax increases and budget surpluses as the economy recuperated. When the NEC recommended a Keynesian, interventionist strategy for Canada, a dangerous split developed in cabinet over the budget of 1938.

Norman Rogers, the Minister of Labour, demanded massive expenditure on public works and threatened to resign if the advice of the National Employment Commission were ignored. Charles Dunning, the Minister of Finance, was equally insistent that restraint was the only sane policy. With each minister threatening to quit if his own will did not prevail, others took sides accordingly; Mackenzie King imposed a compromise that gave each enough to quiet the mutiny. Rogers' demand was met by half, and Dunning was left with a still-manageable deficit.

The budget compromise of 1938 emerged thus as a significant step away from traditional practice. According to H.B. Neatby, "it was the most radical and most constructive innovation of that depression decade." But the half-step towards interventionist fiscal policy was soon dwarfed by enormously greater borrowing for an infinitely more vast, more startling emergency—that of the Second World War. And with that upheaval, the Canadian state underwent its most significant transformation since Confederation.

Mobilization for Total War

Canada's return to a war footing in September 1939 was somewhat anomalous from a military-history standpoint. In the beginning, as a matter of policy, the country's liability was said to be "limited." The Prime Minister declared that no "great expeditionary forces of infantry" would be sent to Europe as in the Great War. It was hoped, and expected, that the allies would be content to make use of Canada's food and industrial resources more than its fighting forces, which were almost non-existent, in any case. The regular army "permanent force" (distinct from the reserve militia regiments) numbered 4268; the navy was an 11-vessel coast guard as envisioned by Laurier; and the air force was entirely in prospect (a single squadron of modern fighter aircraft on order from a British manufacturer). On this account, the help Canada offered in the autumn of 1939 emphasized materiel support. The British responded with a modest request for a divisional force to be raised in large part from the militia, a program to train aviation personnel, and token orders for military equipment. But in May 1940, a lightning advance of the German Wehrmacht across the Low Countries ended in the fall of France and abandonment of the British Expeditionary Force's equipment during a panic evacuation of 340 000 men from the beaches of Dunkirk between 26 May and 4 June. Orders for replacement material then poured into Canada; and the Canadian division already in England was to be bolstered with several more for the defence of the home island. To facilitate Canada's sudden escalation of involvement, a National Resources Mobilization Act (21 June 1940) provided for the complete planning of the economy by the Department of

Munitions and Supply, headed by C.D. Howe. Such control extended even to the rationalization of labour, and the registration of all men and women, ages 16 to 60. Willy nilly, Canada took steps towards fielding an army larger even the CEF of the First World War while simultaneously striving to make a significant contribution in the air as well as upon the sea.

In the mobilization for total war from June 1940 a remarkable rhetoric of gender equalization accompanied the bold speeches about bending *every* back towards the struggle against Hitler. However, Ruth Pierson has suggested that the reality was more complicated. With respect to women's emancipation, for example, more than 40 000 women did join the armed forces and an even larger number, more than 250 000, took up positions usually occupied by men in factory work. But the women in uniform performed non-military tasks, usually clerical roles, and the women taking up the traditionally male-dominated industrial work such as welding and lathe operation were trained for one specific production function rather than to acquire skills for full careers. Whether in the military or civilian work out of the home, the tacit understanding was that women were out of their proper context, just "to fill in" for the duration of the war. Moreover, the temporary departure still placed women in subordinate, subsidiary roles. They put on khaki to do typing to relieve men in uniform for "the number one job of combat." They did a certain weld on one part of a weapon system, or performed one turn of a lathe, but without acquiring the fuller set of skills to become welders or machinists. In 1939, women were less than one-fifth of the paid labour force. Unemployed single women were largely invisible: seen only as sisters or daughters, or potential domestic servants. By 1944, the percentage of women working out of the home had doubled, but few imagined that the gain would be permanent—any more than the one million men who left their prewar lives to join the armed forces imagined that they would remain in the military after the war. Indeed, by 1942, a significant portion of the men in the army were beginning to wonder if they would see any combat at all.

Canada and Britain had approximately the same percentage of population in uniform, but a significantly smaller percentage of Canada's forces was committed to fighting. The bulk of the army spent most of the war, in the words of its commander, Major-General A.G.L. McNaughton, as a "dagger pointed at the heart of Berlin." But the army was a dagger drawn rather than a weapon bloodied. The men trained and retrained while the fighting went on elsewhere without them.

In the first several years of the war, Canadian combat personnel were to be seen most frequently in the air over Europe or escorting convoys across the Atlantic. The air emphasis was major, having created 107 schools for training aircrews in 1940 and 1941. Before the war was over, the Canadian-based British Commonwealth Air Training Plan (BCATP) saw to the elementary training of 131 000 Commonwealth airmen, 73 000 from Canada alone. The finish of their flight educations occurred in England where also the individual trainees merged into crews and became part of the British Bomber Command. Only a small number of the aviators flew individually-manned fighter aircraft such as the legendary Spitfire. Most personnel served in British-built bombers such as the four-engined Lancaster with a crew of

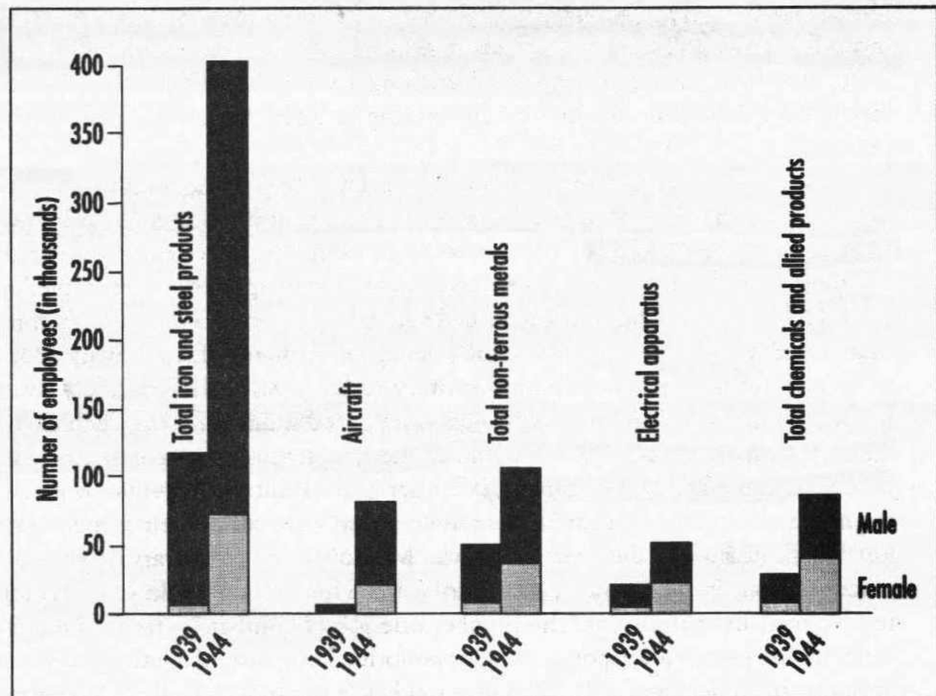

FIGURE 25.1 *Ratio of Men to Women in Selected, Traditionally Men-Only Occupational Categories, 1944 Compared to 1939*

Source: Historical Atlas of Canada, *Volume 3 (Toronto: University of Toronto Press, 1987), plate 48.*

seven, whose mission was "area bombing" of the urban-industrial heartland of Germany. Typically, the men were briefed in their task in the afternoons of their missions, departed England around dusk, formed their squadrons into a stream of attack, and made their way at nighttime over the darkened countryside of Europe. If they were lucky, they arrived over what they guessed was their target, dropped their bomb tonnage, and arrived back home again before dawn. However, in the first several years of the air war, the odds favoured the German night-fighters better than the crews of British Bomber Command. As many as 10 of any 100 crews were not likely to return from many of the missions in 1942 and 1943. Add that to the requirement that crew had to make 30 trips before being rotated out of combat, and the probability of surviving all 30 was far less than 50 percent.

The survivability of the naval service in 1941 and 1942 ought to have been even less because the mission of the Canadians in this branch of the forces was escorting convoys of merchant ships through wolf-packs of marauding German submarines. The vessels provided were the only type that could be quickly built in Canada, little coastal defence vessels known as Corvettes, 122 of which were built by 1945. They could neither outrun nor outshoot a submarine on the surface. And since submarines usually hunted their prey on the surface under the cover of darkness, any Corvette/

submarine contact was likely to occur as a surface encounter. The only chance the Corvette had of killing the U-boat was ramming; some did—and succeeded. However, the hunting and killing of submarines was the mission of other navies and of aircraft. The defence of the convoy the little escorts provided was their mere presence, supposed to keep the subs underwater and away. In this role they no doubt made some contribution. In the repeated crossings and recrossings of the North Atlantic—at all times of the year, in the worst possible weather—their daily battle was simply to stay afloat. Simply put, the Corvette was never designed for mid-Atlantic service. In the first several years of the war, the Canadian navy casualties were mainly in the Corvettes rather than the few destroyers in the fleet, and these losses had more to do with the inadequacy of the ships than the skill of the Germans.

Meantime the much larger Canadian army kept training and training in England while the British or other Commonwealth countries' infantry fought the ground war. The only two exceptions to this several-year retention of the Canadian army from combat were colossal disasters: one was a blundering dispatch of two infantry battalions to indefensible Hong Kong in November 1941; the other was a "reconnaissance in force" across the English Channel landing in the little French port town of Dieppe on 19 August 1942. Of the 1973 who landed in Hong Kong on 16 November, everyone was either killed or captured by 26 December. The prisoners then faced horrific slave labour and abuse by their captors, some transported to the home islands of Japan itself. Similarly, of the 4963 who landed at Dieppe, only 2210 escaped death or captivity there. The infantry of nearly an entire division was decimated or went into captivity. But there was plenty of time to recover the loss because the reality of the application of Canadian land forces was that their basic mission before 1943 was—and it bears repeating—simply to train and retrain while the fighting went on elsewhere without them. The result of total mobilization for limited land war was that just one-third of Canadian war production was utilized by Canadian forces. Britain was the consumer of two-thirds of the tanks, artillery, and rifles made in Canada. To imperialists such as Arthur Meighen, it was disgraceful that Canada had not turned immediately to wholehearted commitment of the infantry to fight with the "Tommies" in North Africa, for instance. In Meighen's view, keeping the Canadian army in England demonstrated that the Prime Minister was driven by a cowardly fear of the domestic consequences of imposing conscription for overseas service.

King's avoidance of large-scale infantry combat until the end was in sight was a judicious way to avoid a crisis with Quebec, but his commitment to total effort in war production demanded a measure of centralization and control of the economy that did create unrest in Dominion-provincial relations, and led to manoeuvring that reflected anything but cowardice on King's part. In 1940, the Rowell-Sirois Commission finally reported. Its chief recommendation was that Ottawa should assume full responsibility for unemployment compensation in order to ensure a uniform standard of relief in every province. Since the assumption of such a responsibility would cost a great deal, it was recommended that the provinces surrender their power of direct taxation to Ottawa, with the central government transferring back

sufficient funds to maintain provincial administration and other social services. Each province would retain control over its cultural, civil and educational affairs, but in matters of social security, each would become an administrative district of a unitary state. King recommended acceptance of the proposition for the sake of the war.

When the unity he proposed in 1940 proved no more forthcoming than in peacetime, King exploited the wartime emergency to circumvent the disappointing rejection of the Rowell-Sirois Report by the provincial premiers at a conference in January that broke down after only two days of discussion. The Minister of Finance, J.L. Ilsley, threatened to implement the direct-taxation recommendation on his own—provincial objections notwithstanding. Federal, corporate, and personal income taxes would be raised so much that no province would dare impose its own taxation in excess of the new national levels. The provinces' alternative was to agree to "vacate the field" temporarily for two kinds of compensation: they might receive back from Ottawa the amount collected in direct taxation the year before, or they might claim an amount sufficient to pay the net cost of servicing the provincial debt plus a special subsidy. Thus, the first taxation "rental" agreement emerged late in 1941 as federal blackmail with the provinces coerced into settling for what they were given. The consolation to objecting premiers was the knowledge that the central government's monopoly was temporary; it was supposed to terminate one year after the war's end.

The recommendation of the Rowell-Sirois Commission regarding unemployment compensation was implemented through the back door with similar dispatch. King's acceptance of adverse court decisions in the previous decade meant that the BNA Act had to be changed before any unemployment insurance scheme could be implemented. But the change was desired in 1940 because employment was nearly full and the recently re-employed were developing a renewed interest in labour organization, exactly as had occurred during the previous war boom. The question was whether they would become equally restive in the next postwar slump. In preparation for such a development, unemployment insurance was to be instituted then to accumulate a large fund for the expected "hard times" ahead. The provincial premiers were polled one by one to obtain their individual written agreement. Then, having obtained each premier's consent to take on the new federal obligation, a joint address of the Senate and House of Commons went from Canada to Britain, and the British added unemployment insurance to the list of responsibilities in section 91 of the BNA Act. With the constitution amended in 1940, the legislation resembling Bennett's scheme went through the House of Commons in the same year, this time without controversy, and, of course, with no subsequent court challenges.

Left Turn

Reform and recovery were proving embarrassingly simple. Between 1939 and 1941, the GNP increased 47 percent as the output of primary commodities doubled and levels of secondary manufacturing trebled. All were directly attributable to federal

spending. The government that had spent $322 million on relief during the entire decade of the Depression was spending the same amount in an average month between 1941 and 1943. Thanks to the war, an industrial worker in 1941 was earning twice as much as in 1939, and was twice as likely to be a member of a union. Should such a person suffer the misfortune of layoff after the war, earnings were at least partially insured, once the unemployment insurance scheme came into effect in July 1941.

The war bonanza seemed conclusive proof that a modern state could iron the peaks and troughs out of the business cycle. There was full employment; a blanket price freeze prevented inflation; and rationing moderated scarcities in such commodities as gasoline and tires. To be sure, there was a kind of austerity that followed from shortages of imported liquor and cotton goods, but such privations were supposed to affect everyone, not just the jobless or destitute farmers and fishermen as in the Depression. The important point was the apparent efficiency with which government took control of collective resources and seemed to manage them competently for the shared goal of victory. Naturally, many Canadians concluded that if a country could spend billions fighting a war, and plan the economy effectively for the good of that cause, the same bureaucracy might also control production to ensure peacetime prosperity and promote the general welfare by adding other social security programs to unemployment insurance.

A postman distributes ration books to an acquiescent family. Rationed quantities of groceries such as sugar and coffee—though less than what shoppers would have preferred—were still higher than what consumers in Britain, for example, received.

There was a dramatic indication that such an opinion had grown to major proportions by 1942 when Arthur Meighen stepped down from the Senate, assumed the leadership of the Conservative party, and sought support from an Ontario riding that had voted Tory in every election since 1904. Meighen staked his fortunes on a supposition of widespread resentment that King had mobilized the country for total war without fighting accordingly. He demanded conscription and coalition government. His opponent, a socialist schoolteacher named Joseph Noseworthy, suggested that Meighen wanted the same kind of war as in 1914 and would probably administer the same chaotic transition to peace that he had presided over in the 1919 postwar period. Noseworthy countered Meighen's manpower demand with a call for "conscription of wealth," and won 159 of 212 polls in York South—the first CCF victory east of the Prairies (and in Toronto of all places).

Meighen's initial reaction to his defeat was to denounce his opponent for having unfairly smeared him as a defender of predatory capitalism. Meighen felt he had been "pilloried as a cold and burnt-out reactionary." But once he recovered from the sting of personal injury, he speculated that the York South contest was probably a fair indicator of the future, especially as the new, non-electoral device for polling public opinion developed by the Gallup organization began to chart the evidently inexorable rise of the CCF nationally. Meighen predicted CCF dominance in industrial areas after the war. He reasoned that if the Liberals could be confined to Quebec, the Conservatives might command a plurality of Parliament by sweeping the West and the rural East. In order for such a strategy to succeed, however, Meighen would have to resign from the leadership in deference to someone with proven popularity in the West; and that someone might be John Bracken, Premier of Manitoba since 1922.

Other Conservatives feared that Meighen's strategy would turn their party into little more than an echo of the 1920s Progressives. Early in September, 1942 they met in an unofficial and unauthorized gathering at Port Hope, Ontario to discuss more up-to-date strategies for enabling the Conservatives to lay claim to a middle position between the CCF and the Liberals. They affirmed unwavering faith in capitalism, but still mapped out a program of reforms that went well beyond King's unemployment insurance. The "Port Hopefuls" anticipated a system for assuring every Canadian "a gainful occupation and sufficient income to maintain himself and a family." More specifically, they called for additional "social legislation" in areas such as low-cost housing, collective bargaining rights for organized labour, and medical insurance.

Arthur Meighen subsequently denounced such thinking as the "main cause of the progressive decrepitude of nations," but in a matter of weeks the new eastern Conservatism was being endorsed by Bracken, the old-time agrarian. Since Meighen continued to believe that John Bracken was the only leader who might fulfill his Western strategy, Bracken's evident new-found romance with social legislation would have to be tolerated. Unfortunately, the Manitoba premier laid down other conditions that were equally disturbing to Arthur Meighen. He insisted that the party change its name and that his nomination flow from harmonious consensus rather than a bloody convention battle. Meighen dreaded adopting a platform "merely for the sake

of votes," and he also disliked a change of name that suggested the Tories were joining Bracken rather than vice versa. Meighen's dilemma was that Bracken remained the only potential leader who seemed likely to sweep the West. For this reason, the Tory leader promoted the package to the point of fulfillment, and a newly labelled Progressive Conservative Party was born in December 1942.

Comprehensive Strategy for Social Reconstruction

Meighen's defeat in Toronto in February, the emergence of Progressive Conservatism in Winnipeg in December, and two other influences in 1942 prompted Mackenzie King to move his Liberals with the evident leftward swing of public opinion. The other incentives were external factors, British and American. The British influence was a plan for postwar social reconstruction called the *Beveridge Report* after its principal author, Sir William Beveridge. The British blueprint for the social security state recommended a complete system of public insurance to protect all aspects of Britons' health, employment, and retirement "from the cradle to the grave."

The public seemed manifestly receptive to the concept of "a job when you can work, and a benefit when you can't." Mackenzie King, for his part, expressed private delight that the rest of the world appeared to be catching up with his own thinking, outlined 25 years earlier in his book, *Industry and Humanity*. There, he believed, one would find "pretty much the whole program that now is being suggested for postwar purposes." It was personally satisfying for King to believe that he was finding a rendezvous with destiny.

The other influence on King's social security policy was a conversation he had with the American president in December 1942. King discovered that Roosevelt was already acquainted with the *Beveridge Report*. Moreover, FDR was positive that the idea of "insurance from the cradle to the grave" would appeal to the public. Both agreed to take up comprehensive social security programs "strongly" as soon as possible.

Before the end of 1942, a social scientist from McGill University was given the assignment of preparing a Beveridge Report for Canada. Leonard Marsh and his team worked day and night to complete a first draft of their *Report on Social Security for Canada* in mid-January 1943. They summarized the main features of existing social programs, suggested improvements of the pension and unemployment insurance acts, and outlined new schemes, including a health insurance plan, and the idea of cash allowances for families of so much per child. Altogether, the Marsh Report was truly a "charter of social security for the whole of Canada," and it created a stir of controversy upon publication in mid-March 1943.

Some critics considered the Marsh proposals "socialistic." Indeed, the League for Social Reconstruction (sometimes called the "brains trust" of the CCF) had issued a similar report in 1935 under the title of *Social Planning for Canada*. Even so, there were vast differences between the two approaches. The assumption that ran through the Marsh Report was that there was enough wealth in Canada to ensure that