Old and new methods of transport meet at Knob Lake, Ungava.

The Canadian Economy during two World Wars

For Canada, the impact of two world wars has been a major factor in stimulating industrialization, thereby reducing the heavy dependence upon agriculture and creating a more balanced economy.

At the end of the First World War Canada was still primarily an agricultural country. Since then manufactures have been steadily assuming a greater importance. The demands of the Second World War upon the Canadian economy were virtually unlimited, and the wartime expansion accentuated the growing importance of manufacturing. By 1943 the value of manufactures was three times that of agricultural output.

Shipbuilding, which employed less than 4,000 workers at the outbreak of war, had a labour force of more than 75,000 by 1943. The annual production of steel ingots and castings was more than doubled. The Canadian production of aluminum increased seven-fold, from 70,000 tons in 1939 to 490,000 tons in 1943. A synthetic rubber industry more than capable of meeting all normal domestic requirements was completed in a year and a half, and has been in production since 1943.

Increased output made Canada the world's greatest exporter of base metals. Magnesium was produced for the first time. The production of mercury, unknown before, reached export proportions, and Canada for a time ranked second in world production. Ninety-four per cent of the nickel, 75 per cent of the asbestos, and 32 per cent of the aluminum required by the United Nations came from Canada.

The threat of inflation always hangs over an economy in wartime and during the period of reconversion from war to peace. The Wartime Prices and Trade Board, a government agency created in September, 1939, was assigned the task of preventing an inflationary rise in prices and the cost of living, and of maintaining an adequate supply and orderly distribution of essential civilian goods and services. Canada was the first democratic country in the world to institute an overall price ceiling, in October, 1941. Except in the case of specific exemptions, it became illegal to sell any goods at a price higher than the maximum obtained during the period immediately preceding the introduction of price control. Wages and salaries were similarly frozen, and commodities in short supply were rationed. These wartime controls proved acceptable and effective at a time when the economy was most liable to disarrangement.

The Canadian economy emerged from the war with an industrial base that was immensely widened and strengthened. A mature industrial economy had been created, with a parallel gain in industrial skill.

Sixty years ago, more than half of Canada's people were needed to supply the food requirements of the country. Today, less than one-quarter of the total population is required to operate the farms; yet as a result of expansion and diversification, agricultural output is 50 per cent greater than at the outbreak of war.

Pure bred Canadian cattle are flown by air to Latin America.