Post-War Prosperity:

The Second World War had transformed Canadian industry and society. As the war ended, the government needed to find ways to ease the transition from a wartime to a peacetime economy. But planning for peace was complicated – a million people who had worked in war-production industries and close to half a million in the armed services were about to lose their jobs.

Veterans returning to Canada were eager to come home but anxious about the future. Would they find jobs? Many enlisted in the armed forces right out of high school or had been unemployed during the Depression. However, new laws ensured that they got their old jobs back if they wanted them and that the years they had been at war were counted as years of service on the job. Government policy encouraged women to leave factories to make room for men, which freed up many jobs. Veterans who wished to attend university or trade school received free tuition and living allowances. Veterans and war widows got preference for government jobs. The Veteran’s Land Act gave veterans mortgages at lower rates. These government interventions saved Canada from economic recession.

Spreading The Wealth:

As a wartime measure, the provinces had transferred their economic powers to the federal government. Prime Minster King wanted this to become permanent, but provinces were not willing to give up a power conferred on them at Confederation. In the end, the provinces gave in and transferred taxation powers to the federal government. In return, they received government grants for social services such as health care and education. Through equalization or transfer payments, the federal government would then transfer money to the poorer provinces.

Meanwhile, C.D. Howe, Minister of Reconstruction, gave economic incentives such as generous tax breaks to private industry. Soon, factories were producing washing machines, automobiles, and other items that were in demand, and Canada’s economy was booming.

Analysis Question:

1. In a well-written paragraph, support the idea that the policies of the Federal Government in the 1950s saved Canada from economic recession.