

This copy has been provided by the UBC Archives [or UBC Rare Books and Special Collections] and is to be used solely for research or private study.

M. WWII ——— WMS: Letter to UK and other friends written from WMS Ltd.
(Montreal) , Nov. 6, 1942

FOLDER No.

100-13

MacMillan, H.R.
SPECIAL COLLECTIONS

PLEASE RETAIN
ORIGINAL CENTER

HRM D NP

WARTIME MERCHANT SHIPPING LIMITED

420 LAGAUCHETIERE STREET WEST

MONTREAL

November 6, 1942.

ADDRESS ALL CORRESPONDENCE
TO THE COMPANY

Dear Friend:

One of the lesser effects of the war has been to prevent us from travelling and maintaining the customary contact with our Overseas friends, either by calling upon them or by correspondence. This is particularly true in my case as I have been tied tight to a desk for over two years with no time to give to personal affairs and have consequently developed the habit of writing practically no personal letters. Such a habit must be broken and as another year is drawing to its close, I am trying to write a general letter to my friends.

I do not know what you read in your papers about developments in this country; therefore, I hope you will forgive me if I happen to cover items on which you are fully informed.

Canada is so far away from battle fronts, from the point of view of geography, that, compared with your daily experience, you would think that we are living under conditions of tranquillity. Nevertheless, the impact of this war on Canada, though we have had very few casualties, has been much greater than in the Great War. The effect of this war on Canada up to the present time is chiefly economic and political. Everyone, however, knows that these stages are merely a prelude to much more serious conditions of social changes and battle losses.

Any figures I give are very general and are gleaned from the daily press:

Apparently we now have about 5 million persons on payrolls in Canada, of whom 1 million persons are working directly in munitions factories. The average annual income of the country pre-war was apparently under-estimated at \$5 billion and is now apparently between \$7½ billion and \$8 billion. The annual expenditures by Federal Government are now over \$4 billion and are still rising. (There are in addition very heavy Provincial Government expenditures) Apparently we are raising about \$2 billion annually by loan. The proportion of war expense which we meet by taxation is very much higher than in the United States, but we have not yet got all our population to work in uniform or on war production to the degree accomplished in Great Britain, and perhaps Australia. The proportion, however, is constantly rising but before the peak is reached in 1943, apparently very much stronger measures will be adopted.

So far as a bystander can figure things, it does not seem possible to maintain our armed forces at their present levels - which are very much greater than was attempted in the Great War, when we had no Air Force and no Navy and a smaller Army - and also to increase greatly our production of munitions, foodstuffs and other war supplies, which are already on a scale beyond our expectations of our capacity.

However, this may be accomplished by a very comprehensive National

M. W. W. I. — WMS: Letter to UK and other friends written from WMS Ltd.
(Montreal), Nov. 6, 1942

FOLDER No.
100-13

Selective Service scheme which is now being put into effect. The result will be to employ a great many more women and to draw more heavily on that population which is engaged on sub-marginal farms and less essential occupations. There are said to be about 300,000 sub-marginal farms in Canada, which do not yield an acceptable standard of earning.

Naturally the drawing of the population into the production of munitions and war necessities - such as minerals and certain agricultural products - and thus into very much higher monthly family earnings than have ever before existed in Canada, will permanently change the distribution of our population. Canada will be a much more urban country after this war.

A very comprehensive and drastic control of prices on all goods to the consumer, of the manufacture of less essential goods, and of the distribution of goods, is being tried out in Canada on a scale which, I am told, is in advance of what is being done in either the United States, the United Kingdom, or Australia. The system seems to be working. Prices have risen very little in this country in the past year.

This control of prices goes hand in hand with the control of wages and salaries, which cannot be increased without permission of either the Regional or Central Board set up for that purpose. Those persons who earn less than about \$25.00 per week are granted a cost-of-living bonus, which increases in accordance with the increase in the cost of living index. This system also looks as if it will work. The United States is adopting similar system of controls, which, if made operative, should insure that the Canadian system will work relatively and prevent any severe inflation.

Great efforts are being made to curb spending by those whose incomes have greatly increased through employment for longer hours at higher than pre-war wages, or who now have several members of the family gainfully employed. These efforts have not yet expanded sufficiently; consequently, the distribution of goods through the wholesale and retail outlets of the country has shown an increase since the outbreak of war. It is expected that this increased distribution of goods will be restricted so that both the producing power and the buying power represented therein will be diverted to the increased production of goods for war, which this country plans for 1943.

A heavy Income Tax has been imposed at the source - deductible each month from all forms of income. This became effective September 1, 1942.

In addition to this we have just completed our Second Victory Loan for 1942. The First Loan totalled about \$1,000 million, and it is expected that this Loan will be equally successful.

Generally speaking, one can say that, in spite of what yet remains to be done, the country has succeeded in its financial policy and in its munitions production policy. It is my opinion that this success will show up still more strongly in 1943 - if one can judge by the preparations one now sees by the large army of determined officials who are attempting to do a better job next year than was done this year.

As is elsewhere in the world, the general trend of thought is toward a more controlled capitalism, toward a greater opportunity for all working people, and toward a higher standard of living for the average of the people, which might be loosely described as "a movement to the Left".

M. W. W. L. — WMS: Letter to U.K. and other friends written from WMS Ltd.
(Montreal), Nov. 6, 1942

As might be expected, the great increase in the number of persons continuously employed on payrolls has led to a great pro-Union movement. Unfortunately, in Canada, as in the United States, there are two or three opposing Trade Unions attempting to secure membership in a great many of the same categories of employment. Also the Trade Unions' memberships suffer by not yet having developed as large a proportion of patriotic and far-sighted leaders, as has been the case in the more mature history of Trade Unions in the United Kingdom. These developments will probably come with time, but in the meantime there may be some headaches.

Those of you who are interested in the timber trade will be sorry to learn that the greater attractions of munitions industries have strikingly reduced the number of men working in the woods, with consequent great decline in the production of lumber in different parts of Canada. The Government is taking steps to correct this situation, but, after the men leave the woods to work in better jobs, you can easily understand the difficulty of getting them to go back to the woods, and if they do go back, of persuading them to produce as much per day as pre-war.

Due to the decrease in production, and many other causes, the load on the Timber Control in Canada has multiplied in the past few months, as a result of which steps have been taken to strengthen the organization, of which those of you who are in timber trade will already have learned. I know something of what has been done and can assure you that the organization has undoubtedly been put in better shape to meet its growing problems.

It is a new thing for Canadians to be faced with a shortage of practically every kind of lumber required for building operations; nevertheless, this has been the case for some months. Apparently we have reached the point in Canada where we cannot produce unlimited quantities of clear lumber or of high-grade timbers. Our production henceforth will year by year decline in quality. As has been the case in the other forest areas of the world, it is not to be expected that production will again increase in quantity. We have passed our zenith in both quantity and quality.

Some of the developments on this country stagger one's imagination. A few days ago I spent a Sunday looking at one construction job accomplished in the past 15 months which rivalled in size any one of the three or four greatest construction jobs undertaken on this Continent in the past 10 years. A part of it is the single greatest power house in the world. This one district next year will use for one war purpose between one-fifth and one-quarter of the electrical power used for all purposes in Canada.

Canadians do not know what is going on in this country physically as well as socially. When the war is over they, as well as you, will have an opportunity of seeing this country in both respects through new eyes.

There has been a tremendous crop this year. So far there have been no official figures printed but informed persons in the grain trade say that the Western wheat crop was actually almost 600 million bushels. A wet Fall depreciated both quantity and quality somewhat; nevertheless, there is a terrific reservoir of wheat in this country to be used as soon as the war and transportation make it possible to feed the immense underfed population of the world.

Some interesting trade problems are being created:

Canada has replaced European countries in some respects as a source of supply for such things as bacon, dairy products, timber, and base metals and, because

M. W. W. I. L. — WMS: Letter to U.K. and other friends written from WMS Ltd.
(Montreal), Nov. 6, 1942

FOLDER No.

100-13

of the immense need, every sinew has been strained and our economy distorted to meet your requirements from this country - the export producer geographically nearest to you.

One wonders what adjustment can be made when the European countries again have to make a living and, with their lower standards and shorter hauls, are able to supply you. Some very serious trade problems will arise. There is the problem in several countries of using the greatest productive capacity of mines, furnaces, smelters and engineering plants that have been expanded to make munitions. The people in them will all want to work and their first thought will be to sell to other countries. They will not be thinking of importing goods to balance trade.

When one adds to these problems the undoubted disinclination of countries such as Russia, China, and the United States to recover the East Indies and restore them to their previous political conditions, the difficulties increase. One does not envy post-war statesmen their responsibilities. I notice that there is a great deal of talk on this Continent respecting these matters. Undoubtedly, those countries who have to fight the hardest to save their lives, will have the least time to prepare for post-war settlements and will perhaps have the least energy left after the terrible battle they have waged.

It has been found practically impossible in this country to impose conscription. There was tremendous agitation and discussion for a period of months, but, although the anti-conscriptionists were in the minority, it did not appear that the actual war strength of the country would be adequately increased by over-riding the minority whose convictions were deep seated. This whole situation has possibly caused the people of Canada to think more about the composition of their country and its geographic and other differences in a more sustained manner than ever before. Whether or not this thought will lead to anything, it is too soon to guess.

Judging from the Press, I think that we are all discovering that Canada in many important respects is very different from most other countries. It is harder to govern and is really not the kind of country that either its Western portion or its Eastern portion have assumed.

During the past eighteen months I have been closely confined to the job of merchant shipbuilding to which I have been assigned. Without boasting, it can be said that the programme has gone as well as could be expected, and that from a condition of very little equipment and very little skilled labour, Canadian steel mills, engineering shops, and shipbuilders, have shown that they could compete with the average performance elsewhere in building a war type of cargo ship - designed and chosen by the British shipbuilders for construction with a minimum of expense.

You probably read the speech made by Wendell Willkie on October 26th. The recent election indicated that he might easily be President after 1944; therefore, his views on the government of certain populations are worthy of study. The speech has been very severely criticized on this Continent from all aspects. I think, however, that it represents the opinion of a very large proportion of the electorate who have never travelled, who are unaware of the problems, but who are sincere and who some day may exercise great influence.

In case you have a little time to read, I am sending to you, under separate cover, two interesting pamphlets which have been published by the Canadian Institute of International Affairs, and which deal intelligently with two of Canada's greatest problems.

M. W. W. L. — WMS: Letter to U.K. and other friends written from WMS Ltd. (Montreal), Nov. 6, 1942

FOLDER No. 100-13

I write you today after three days of the best war news we have ever had, as a result of which everyone hopes that the Mediterranean will be opened up, and that the Germans, having failed to accomplish their Russian objective and having failed to hold Africa, have got into a position that will enable the United Nations to terminate the war on adequate terms and conditions within some period that one can really face, such as one to two years. Of course we may be too optimistic.

On this Continent we are not fully aware of the effect of three years' war on the enemy and the effort we still must make on this Continent to bring our fighting strength to the battle front.

A sound policy, I suppose, is to continue unchanged by either bad news or good news; nevertheless, this good news is very acceptable as it has raised people's hopes greatly and has been a splendid thing for British credit.

With kindest personal regards and best wishes,

Yours sincerely,

(Sgd) H. R. MacMillan

M. WWII — WMS: Letter to UK and other friends written from WMS Ltd.
(Montreal), Nov. 6, 1942