

collected by the government and municipalities in 1940.

So great was the opposition to the Rowell-Sirois Report in 1941, that the recommendations used as a basis for discussion at the conference of provincial premiers in 1945-46 were a new and fresh approach to the problem of Dominion-provincial relations. The agenda was to emphasise full employment and high national income. If, it said, employment and income can be maintained at a high level all our problems are manageable: if we fall seriously short they may be overwhelming. Previous Dominion-provincial conferences had been called when most of the provinces were in financial difficulties. The 1945-46 conference, however, was assembled when each and all could balance their budgets. The Dominion government, however, was carrying a staggering burden of debt. In 1940 its national debt was only \$4 billion. In 1945 it was \$13 billion and mounting; the interest on the national debt would exceed the entire current expenditure on all services before the war. On top of this there was the matter of civil re-establishment of her soldiers, which would run into many billions. I want to point out now the disunity between the provinces, because I think Newfoundland should know the relationships between the various provinces in the Dominion of Canada before herself making the plunge.

The conference of Dominion and provincial premiers met in the House of Commons on the morning of August 6, 1945. The Rt. Hon. W.L. Mackenzie King occupied the Chair. The personnel of the premiers had changed considerably since the conference of 1941, and it was hoped that some real settlement of Dominion—provincial differences could be accomplished. In spite of the almost superhuman efforts of the Dominion prime minister, it was doomed to failure. No comprehensive plan for the whole of Canada could be arrived at, and after nine months the whole conference came to an abrupt end. Prime Minister King in his opening address on August 6 said that

an effort is being made to ensure the maximum of co-operation between the federal government and the governments of the provinces, in order that the Canadian people, working together, may achieve the constructive goal of peace as effectively as they have

carried on the essential though inevitable destructive talk of war. Further, just as our fighting men have assured our freedom, so may we use that freedom to win the victories over depression, over unemployment, over insecurity and over want, victories over prejudice, over intolerance and over disunity. Brave words these, Mr. Chairman. Let me see how difficult of accomplishment they were.

The matter of taxation was the great stumbling block. Said Premier Drew of Ontario, "If the provincial legislatures were to continue as free and responsible legislative bodies within the conception of the British North America Act, then it would seem clear that the provincial governments must have authority over their own taxation within clearly defined fields". He pointed to what he termed "the fundamental weakness of the British North America Act, the restriction of the provinces to direct taxation and the authority given the Dominion government to raise money in any form of taxation".

Premier Duplessis said, "We are opposed to centralisation of power. We are here to collaborate and co-operate. Co-operation and collaboration can never exist where solemn pledges are disregarded and pacts are violated. An accumulation of powers leads to autonomy. Centralisation leads to Hitlerism." He said he regarded the British North America Act as a *solemn contract*. They had been granted certain taxing powers under the Act, and unless they were allowed to exercise these powers they could not carry out their legislative duties to their people in the provinces and municipalities. Now Ontario and Quebec are the wealthy provinces, 88% of all invested capital in Canada is concentrated in these two provinces.

The Nova Scotia premier was a bit more conciliatory. Premier McNair of New Brunswick spoke of the economic plight of his province, to which geography, national policy and monopolistic competition from other parts of Canada had been basic contributing factors. New Brunswick's per capita income was just about the lowest in Canada. The remedy, he said, lay with the federal authorities through their exclusive control of tariffs, trades, freight rates, credit and monetary policy.

Premier Hart of British Columbia expressed the belief that it was still an indispensable feature