

**Dominion-Provincial Conference, January, 1941.**—A Dominion-Provincial Conference was called in January, 1941, to consider the Royal Commission Report. The Conference broke down on the second day in the face of opposition from the Premiers of Ontario, British Columbia and Alberta.

**Wartime Tax Agreements.**—Later in the year the Dominion Government proposed that, in order to meet the exigencies of the War, the Provincial Governments (and their municipalities) should suspend imposition of income taxes and corporation taxes for the duration of the War and one year after, and be reimbursed by the Dominion on the basis of either the 1940 revenues of the particular Province from these sources, or the amount of that Province's net debt service less succession duty collections in 1940. There were also some relatively small fiscal-need subsidies proposed and an offer to guarantee provincial gasoline tax revenues at the 1940 level. Agreements were negotiated with all the Provincial Governments in 1941 and the necessary legislation was passed in the spring of 1942. Under these agreements, which brought into effect an important part of the Sirois Report recommendations for the duration of the War, the Dominion was given a free hand in the income and corporation tax fields and developed these sources of revenue very substantially as an aid both in financing the War and in combating inflation. The other chief problems with which the Sirois Report dealt, such as provincial debts and unemployment and agricultural relief, were for the time being thrust into the background.

**Dominion-Provincial Conference, 1945-46.**—Since the Wartime Tax Agreements were of temporary duration only and since a number of the pre-war financial and constitutional problems promised to arise in even more aggravated form upon the termination of these agreements, the Dominion formulated proposals for a new agreement. These proposals were submitted at a Dominion-Provincial Conference called in August, 1945. They were broader in scope than the Sirois Report recommendations, primary stress being placed on the maintenance of a high and stable level of employment and income. To this end, not only important fiscal changes but also greatly developed public investment and social security policies were suggested. The agreement was proposed initially for a three-year period and would involve no constitutional changes, although there was one recommendation for a constitutional amendment to provide for delegation of powers from the Dominion Government to a Provincial Government or vice versa whenever desired by both Governments.

The fiscal proposals were that the Provinces should withdraw from the personal income tax, corporation tax and succession duty fields in return for annual subsidies which would not fall below a guaranteed minimum and which would rise proportionally with population and increases in per capita gross national product. The amount of the subsidies proposed was approximately 50 p.c. above provincial receipts under the Wartime Tax Agreements.

The public investment proposals outlined a substantial expansion in the Dominion program for natural resource development, conservation, and public works, and also a large increase in Dominion assistance to provincial services and construction projects either through joint participation or by grants-in-aid. Particular emphasis was put upon, and tangible encouragement offered to, the advance planning of works and, in so far as practicable, the timing of public investment expenditures with a view to helping to stabilize employment and offset fluctuations in the business cycle.