

Royal Commission on Dominion-Provincial Relations.—By P.C. 1908, on Aug. 14, 1937, the Royal Commission on Dominion-Provincial Relations was established. The Chairman was the Hon. N. W. Rowell, Chief Justice of Ontario, and the members were the Hon. Thibaudeau Rinfret, Justice of the Supreme Court of Canada, Dr. J. W. Dafoe of Winnipeg, Dr. R. A. MacKay of Dalhousie University, and Professor H. F. Angus of the University of British Columbia. Subsequently the Hon. Justice Rinfret was compelled to retire owing to ill health and was replaced by Dr. Joseph Sirois of Quebec. Illness also forced the resignation of Chief Justice Rowell in 1938 and Dr. Sirois was appointed Chairman to succeed him. The Commission has consequently been generally known as the Rowell-Sirois or Sirois Commission. The report, submitted on May 3, 1940, recommended important financial and jurisdictional changes,* of which the chief were: (1) exclusive Dominion jurisdiction in income tax, corporation tax and succession duty fields; (2) acceptance by the Dominion of responsibility for relief to able-bodied unemployed; (3) assumption by the Dominion of net provincial debt charges; and (4) payment by the Dominion of national adjustment grants designed to put each Provincial Government in a position to provide average standards of services without imposing higher than average rates of taxation.

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 shelved for the time being.

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 sug-

* See Canada Year Book 1940, pp. 1157-1163.