SECTION G

ABSTRACT OF THE LEADING RECOMMENDATIONS

The Report which the Commission has prepared is the outcome of two and a half years of careful and planned study. In the course of this period the Commission has held sessions in the capital of each province of Canada as well as in Ottawa. It has had the benefit of the cooperation of many of the provincial governments, of the assistance of Local Theological Seminaries, or representatives of their boards of education, and of the reports and correspondence which have come within the scope of the Commission's work.

The recommendations which the Commission has prepared are the result of a careful and considered study of the conditions and needs of the religious and educational life of Canada. They are based on a thorough examination of the state of the religious and educational life in all parts of Canada and on a careful consideration of the reports and suggestions submitted to the Commission and of the recommendations of the various provincial and local bodies to which the Commission has access.

The recommendations are designed to meet the needs of the religious and educational life of Canada as they have been revealed to the Commission during its work. They are intended to provide a basis for the development of a united and comprehensive religious and educational system in Canada, which will be based on the principles of Christian faith and on the ideals of Christian education.

The recommendations are designed to meet the needs of the religious and educational life of Canada as they have been revealed to the Commission during its work. They are intended to provide a basis for the development of a united and comprehensive religious and educational system in Canada, which will be based on the principles of Christian faith and on the ideals of Christian education.
SECTION C

ABSTRACT OF THE LEADING RECOMMENDATIONS
SECTION G

ABSTRACT OF THE LEADING RECOMMENDATIONS

The Report which the Commission has prepared is the outcome of two-and-a-half years of carefully planned study. In the course of this period the Commission has held sessions in the capital of every province of Canada and at Ottawa. It has had the benefit of the collaboration of many of the provincial governments, of the evidence of federal and provincial civil servants, of representations made by a large number of organizations in every province of Canada. The Commission has given careful consideration to the requests and suggestions presented to it and has also, with the assistance of a very able research staff, instituted inquiries of its own into the financial, economic and social problems which came within the scope of its terms of reference.

The conclusions which the Commission has reached are, therefore, not sudden inspirations but the result of careful deliberation. The Commissioners consider it both remarkable and significant that, on questions on which the most divergent views are widely and tenaciously held both by public men and by private citizens, they should have arrived at complete agreement. This agreement is not the result of compromise or of give and take but reflects a sincere unanimity of judgment on the great issues which confront the nation. Its significance is enhanced by the fact that the four Commissioners are men from different regions of Canada, men who differ widely in background and in training, as well as in general outlook; and it is also significant that the conclusions which they have reached are far from being the views which any one of them held at the outset of the inquiry. Whether or not the Report will be successful in presenting clearly and forcefully to others the considerations which have carried weight with the Commission, and in convincing others of the validity of the conclusions which the Commissioners have formed, the future alone can show. But in drawing attention to the changes which have taken place in their own views, in the light of the studies which have been made, the Commissioners hope that they may predispose others to peruse both the Report and the research studies which accompany it before arriving at their final opinion as to the merits of the recommendations which the Commission has made.

In the present summary the aim is to set out the principal recommendations embodied in the Report and to indicate briefly the reasons for them. At the heart of the problem lie the needs of Canadian citizens. These needs, whether material or cultural, can be satisfied only if all the provincial governments in Canada are in a position to supply those services which the citizen of today demands of them. The ability of provincial governments to meet the demands of their citizens depends in part on the constitutional powers which they enjoy, in part on their financial capacity to perform their recognized functions. The striking fact in the Commission's study of Canadian conditions is that many provinces, whose financial position is not the result of emergency conditions, are unable to find the money to enable them to meet the needs of their citizens. The basic problem before the Commission lies, therefore, in finding a way in which the financial position of the provinces could be improved and assured, without disastrous financial consequences to the Federal Government on whose efficient functioning all provinces are dependent. National unity and provincial autonomy must not be thought of as competitors for the citizen's allegiance for, in Canada at least, they are but two facets of the same thing—a sane federal system. National unity must be based on provincial autonomy, and provincial autonomy cannot be assured unless a strong feeling of national unity exists throughout Canada.

Some provincial governments explained to the Commission that they could pay their way, and perform their functions to their own complete satisfaction, if the Dominion were to assume this or that onerous service, or were to withdraw from this or that field of taxation, or were to increase their subsidies. But, on examination, it was found that a solution on these lines could not be generalized and that, while it might meet the needs of one or more of the provinces, it would do so at the cost of impairing the Dominion's finances, or of
prejudicing the position of other provinces. The Commissioners were, therefore, compelled to dismiss any such solution as inadequate.

The Commission did, however, find one onerous function of government which cannot, under modern conditions, be equitably or efficiently performed on a regional or provincial basis. This function is the maintenance of those unemployed who are employable and of their dependents. In reaching this conclusion (which is amply supported by the Evidence and the research studies) the Commission merely confirmed conclusions which had been reached by earlier Commissions.1 So firmly is the Commission convinced of the validity of this conclusion that, even when it comes to consider the situation which will arise if its main recommendations are not implemented, it proceeds on the assumption that the relief of the unemployed who are able and willing to work will become a federal function.

Another function closely analogous to that of relief for employables is that of assistance to a primary industry (e.g., agriculture) in the form of operating cost advances. When relief is on a small scale the responsibility can be borne without difficulty by the province. But in the event of widespread disaster with which a province is unable to cope without assistance from the Dominion, or in the event that the Dominion by such means as an exclusive marketing organization has already established effective control of the industry concerned, the Commission recommends that the Dominion should assume direct administrative and financial responsibility rather than render indirect assistance by way of advances to the provinces affected.

The Commission's treatment of these expensive functions of government may be contrasted with its treatment of another expensive function, namely the payment of non-contributory old age pensions. As the Federal Government is already paying as high a proportion of their cost as it can reasonably pay without assuming control of the administration of the pensions, and as the Commission was convinced that it is more satisfactory that the provinces should continue to administer non-contributory old age pensions, it could not recommend any further financial help to the provinces in this connection. But the Commission is of the opinion that if non-contributory old age pensions were to be superseded or supplemented by a contributory system the latter should, for various reasons, be under the control of the Dominion.

There is, however, an important financial burden of which provincial governments can be relieved without any sacrifice of autonomy. This is the deadweight cost of their debt service. The burden taken up by the Dominion, if it were to assume this deadweight cost, would be less than the burden of which the provinces were relieved because, as maturities occurred, the debts could be refunded more advantageously by the Dominion than by the provinces. To this extent a saving would accrue to Canadian taxpayers. The Commission has, therefore, recommended that the Dominion should assume all provincial debts (both direct debts and debts guaranteed by the provinces) and that each province should pay over to the Dominion an annual sum equal to the interest which it now receives from its investments. The reason for this proviso is that it would not be expedient that the Dominion should take over liability for a debt which represented a self-liquidating investment retained by a province. Conditions governing future provincial borrowing are outlined in detail in the Report.

In the case of one province this recommendation as to debt requires an important modification. The provincial debt of the Province of Quebec is low in comparison with the per capita debt of other provinces, and is an unusually low fraction of the combined municipal and provincial debt of the Province. To meet this situation, which has arisen through the policy of this Province in imposing on municipalities onerous functions which are performed elsewhere by provincial governments, the Commission has recommended that the Dominion should take over 40 per cent of the combined provincial and municipal net debt service in Quebec.

If the provinces are relieved, in accordance with this recommendation, of the deadweight burden of their debt, it is not unreasonable that they should surrender to the Dominion the subsidies, whatever their character, which they now receive. Prince Edward Island alone would give up subsidies more than equivalent to the deadweight cost of its debt, and, as will be seen, this apparent loss will be more than made up in other ways. The abolition of the provincial subsidies will be in itself no inconsiderable reform, for their history (which is fully examined in the Commission's research studies) is long and tortuous. The subsidies have been based on no clear principles and it has been impossible to say whether or not different provinces have received equal treatment. Specious reasons have often been advanced, and not infrequently accepted, in support of readjustments in

---

1 The National Employment Commission and La Commission des Assurances Sociales de Québec.
order to avoid the full implications of genuine reasons, and negotiations between the Dominion and the provinces have lacked the candour which is desirable in a democracy.

Up to this point the Commission's proposals, enormously beneficial as they would be to the provinces, would be very onerous to the Dominion. The Commission had, therefore, to consider how to provide the Dominion with sources of revenue which would enable it to carry its new burdens. This inquiry (as will be seen) was combined with the consideration of efficiency and equity in taxation specifically entrusted to the Commission. There could be no question of increasing the legal taxing powers of the Dominion since these are already unlimited. But the provinces, in return for the benefits which they would receive, and for further payments which the Commission finds it necessary to recommend, should be prepared to renounce some of the taxes which they employ (or are entitled to employ) at present. The Dominion, for its part, should be able and willing to refrain from competing with the provinces in respect of sources of revenue left to them and should leave the provinces free to collect these revenues in whatever way appears to them most efficient even if the method of indirect taxation should be involved.

Just as the assumption of provincial debts by the Dominion will lead to savings in interest from which taxpayers will benefit, so there are several taxes from which, if they are under unified control, as great a revenue can be obtained as at present with less hardship to the taxpayer. What is more important, a reorganization of these taxes, of a character which is possible only if they are under unified control, can remove many hindrances which in the recent past have been detrimental to the expansion of the national income (i.e., to the sum total of the incomes of all citizens of Canada). As this income expands, as the result of what may be fairly termed greater efficiency in taxation, the same revenue as at present can be obtained by taxes imposed at lower rates than those of today.

The first of the taxes which the Commission recommends that the provinces should renounce is the tax on personal incomes. Not all provinces impose this tax. Those which get most revenue from it are often taxing incomes which other provinces think that they should have a share in taxing, because they are in part at least earned in them although they are received in those provinces in which investors live, or in which large corporations have their head offices. Nor is this all. The general equity of the whole Canadian tax system—and the Commission has been instructed to concern itself with equity as well as with efficiency in taxation—requires that the tax on personal incomes, which is one of the very few taxes capable of any desired graduation, should be used to supplement other taxes and should be uniform throughout Canada.

The second form of taxation which the Commission recommends that the provinces should forgo includes those taxes imposed on corporations which individuals or partnerships, carrying on the same business as the corporation, would not be required to pay, and taxes on those businesses which only corporations engage in. They include, therefore, the tax on the net income of corporations and a multitude of taxes devised to raise revenue from particular classes of corporations which a province cannot conveniently subject to a tax on net income. They do not include bona fide licence fees, the power to impose which would remain with the province. These provincial corporation taxes are peculiarly vexatious to those who pay them and particularly detrimental to the expansion of the national income. The cost of tax compliance is high. The tax is often payable by a corporation which has no net income. The tax is very likely to be a tax on costs rather than on profits. These taxes are also a frequent source of interprovincial jealousy. Great benefits may be expected if they are swept away and the equivalent revenue raised by federal taxes chiefly on corporate net income.

To ask the provinces to give up the entire revenue which they now derive from taxing corporations would, however, intensify a grievance of which the Commission received complaint in more than one province; for the Dominion would receive a tax on income which was in part derived from the depletion of irreplaceable natural wealth. It is clearly desirable that revenue of this character should be used for developmental work which will compensate for the damage which has been done to the resources of a province. The Commission, therefore, recommended that the Dominion should pay over to the province concerned 10 per cent of the corporate income derived from the exploitation of the mineral wealth of the province. When what is required is the conservation of natural resources by maintaining their productivity, rather than compensation for depletion by new investment, the provinces are in a position to use their own taxing power.

The third tax which the Commission recommends that the provinces should forgo consists of various forms of succession duty. These differ from the
income taxes in that they have not hitherto been used by the Dominion; but they are taxes to which the Dominion might at any time be compelled to resort. The use made of them by the provinces has given rise to bitter complaint because the provinces have not made equitable arrangements with one another so as to tax each item in an estate in one province only. The differences in rates between provinces, and the dangers of double taxation, seriously distort investment in Canada. The potential competition between provinces desirous of attracting wealthy residents has made it impossible to use these delicate instruments of taxation as a means for giving due effect to social policies. Many provinces feel aggrieved because estates which have been built up by investment throughout the whole of Canada are taxed, not for national purposes, but for the benefit of strategically situated provinces.

If the Commission's recommendations stopped at this point, they would, instead of being enormously beneficial to the provinces, leave some of them in a parlous financial position. After the provinces had, on the one hand, been relieved of the cost of unemployment relief and of the deadweight burden of their debt, and had, on the other hand, given up their right to impose personal income taxes, corporation taxes and succession duties, they would find themselves with far less variable expenditures than in the past and with less variable revenues. It is, therefore, possible to form an idea of the size of the probable surplus or deficit of each province. There is a purpose in making this calculation for, if a province were left with a prospective annual deficit, it would not be able to provide for the reasonable needs of its citizens unless it were able, without causing hardship, to increase the revenue which it derived from the sources remaining at its disposal, or to reduce its expenditures while still providing services equivalent to those provided by other provinces.

At this point there must be a refinement in the calculations. What is significant for the purposes of the Commission is the size of the surplus or deficit which would exist in a province if it were to provide the normal Canadian standard of services and impose taxation of normal severity. It is not the services which each province is at present providing, but the average Canadian standard of services, that a province must be put in a position to finance. It is not the revenue which its taxes yield at their present level which matters, but the revenue which it would derive from them if its people were as heavily taxed as Canadians in general. Just as in the case of debt it is necessary to take account of the fact that some provinces are more accustomed than others to provide services for their people through municipalities or other agencies instead of directly. The Commission has, therefore, attempted to compute, province by province, what the cost would be if the province and its municipalities taken together were to provide services on the Canadian standard. Adjustments have been made for the cost of the developmental services appropriate to the province, and for the weight of taxation in the province. The result has been that the Commission has been able to make a recommendation as to the amount, if any, which each individual province should receive from the Dominion annually to enable it to provide normal Canadian services with no more than normal Canadian taxation. The calculations involved were not easy and presented peculiar difficulties in Quebec because of the extent to which educational and social services in that Province are provided, not out of taxation, but by the Church. But the calculations have been made and the Commission recommends that each province found to be in need of such a payment should receive it by way of an annual National Adjustment Grant from the Dominion. This grant as originally fixed would be irreducible. The Commission recommends, however, that National Adjustment Grants should be re-appraised every five years. For special emergencies, which might arise in respect of any province (and which exist in one province today), special provision should be made, as it would be undesirable either to fix an annual grant in perpetuity on the basis of conditions that are transitory, or to fail to provide for serious emergencies. The Commission believes that these provisions will permit of the necessary elasticity in the financial relations between the provinces and the Dominion which has been lacking in the old subsidy system.

In order to assure all provinces of fair and equal treatment in the matter of grants, and in order to assure the general taxpayer that any new or increased grant is justified on the basis of the comparative need of the province concerned, it will be essential that all requests from the provinces with respect to grants should be examined as scientifically and objectively as possible. The Commission, therefore, recommends the establishment of a small permanent commission (which may be called the Finance Commission), assisted by an adequate technical staff, to advise upon all requests for new or 'increased' grants, and to re-appraise the system of grants every five years.
The recommendations which have been described would, if implemented, safeguard the autonomy of every province by ensuring to it the revenue necessary to provide services in accordance with the Canadian standard. Every provincial government (including those whose position will be so good as to make adjustment grants unnecessary) would be placed in a better financial position than it is today. And the financial position of every province would be immeasurably more secure than it is today. The Commission looks on this as its primary achievement. It is convinced that this fundamental problem must be faced and it has not been able to discover any alternative way in which it could be solved. The recommendations which the Commission has made must be judged as a whole. They cannot with fairness either to the provinces or to the Dominion be considered in isolation for any one of them taken alone might produce grotesque results.

At what cost, it may be asked, will the provinces have secured these advantages? There will be a certain cost to the Dominion and, therefore, to the Dominion’s taxpayers. The taxes forgone by the provinces, if replaced by Dominion taxes of equal yield, would not provide all the money which the Dominion will probably be called on to pay under the Plan. It is necessary to say “probably” because the Dominion, unlike the provinces, will be left with highly variable expenditures (e.g., those on unemployment relief) and variable revenues. The long-run effects of the proposed arrangements should, as has been explained, be to increase employment and to increase the national income and, therefore, the national revenue. But the expectation of the Commission is that the Dominion, in the first instance, will have to increase taxes somewhat. Even without increasing tax rates it will obviously increase the taxes payable by citizens of those provinces which have no personal income tax today. It is hardly necessary to add that, in view of the end to be attained, the price seems low.

There will, of course, be adjustments. At every stage of the Commission’s inquiry it has endeavoured to frame recommendations which, if implemented, will avoid the minor hardships or inequities that might result if the measures which have, perforce, been somewhat crudely described in this summary, were crudely applied. One or two examples will be given here. Others will be found in the Report itself. But the whole spirit of the Report would suggest that analogous adjustments should be made, even if the Commission has not thought of them and, therefore, has not mentioned them.

If the administration of a service or the collection of a tax is transferred from one government to another it is desirable that those who have administered the service or collected the tax in the past should continue to do so in the future and that their skill and experience should not be lost to the nation nor their personal expectation of continuous employment disappointed. The Commission has, therefore, recommended that the Dominion, if it takes over a provincial function, should continue the employment of those previously employed by the provincial government concerned. This recommendation is particularly important when questions of language are involved.

If a tax now levied by one government is to be replaced by a tax levied by another the new tax should be adjusted to the circumstances of the people on whom it is to be imposed, and advantage should be taken of the opportunity to design the new tax as equitably as possible. Thus, if the Dominion collects succession duties, it is important that the administration for their collection should be decentralized and that small estates should be rapidly cleared without correspondence having to go through Ottawa. And the taxation scales should be arranged so as to tax an estate more lightly when it is divided among many children.

If legislative powers (e.g., in relation to unemployment insurance) are to be conferred on the Dominion in addition to those which it now enjoys, it is important that they should be strictly defined so as to avoid the danger of their being extended by interpretation in unexpected ways which might interfere with the civil code in Quebec, or with the corresponding interests of other provinces.

This brief summary would lose its way among details were it to attempt to enumerate the recommendations—some of them important recommendations—which the Commission has felt bound to make in its Report. What has been said should indicate the structure of the Dominion-provincial financial relations which would, in the opinion of the Commission, characterize a healthy federal system in Canada. Before passing on to mention a few of the subsidiary recommendations, it may be worth while to point out that the Commission’s financial proposals are, in terms of the economic life of 1939, very similar to what the provisions of the British North America Act were in terms of the economic life of 1867.
In the first place the Dominion assumed provincial debts in 1867, as it would do today were effect to be given to the Commission's recommendations. In the second place the Dominion was expected to exercise in 1867 the chief taxing power of that time (customs and excise) as, under the Commission's proposals, it is expected to exercise other chief taxing powers of today (the personal income tax, corporation taxes and succession duties). In the third place the Dominion was to pay subsidies in 1867 to enable the provinces to perform the functions entrusted to them without having to resort to oppressive taxation. Under the Commission's proposals the Dominion would pay National Adjustment Grants for precisely the same purpose. It is true that a different measure of the amount to be paid to each province would be adopted now than that which was then considered appropriate. But this difference is more apparent than real, for it arises from the inequalities of wealth which have developed as between the provinces. Equal per capita subsidies did conform in some rough approximation to the fiscal needs of 1867. They would not do so today. The Commission hopes that the methods which it has employed for calculating the appropriate adjustment grants will be able to accomplish what the per capita formula was intended to achieve in 1867, for, though the means have changed, the end remains the same, namely the maintenance of provincial governments which can provide the necessary services for their people.

It will be noted that, in the recommendations which have been summarized, nothing has been said of one of the major problems of Canadian governmental finance—the problem of municipal finance and of the burdens which have been placed on real estate. On this subject the Commission received numerous representations and was made fully aware of the seriousness of the situation. But the Commission was in a peculiar position, in so far as the municipalities were concerned, for they are the creatures of the provinces in which they are situated and their financial powers and duties are such as the province chooses to confer on them. The financial plan which has been described has taken account of municipal expenditures and taxation as part of the provincial picture and it will, if it is implemented, have very important indirect effects on municipal finance. It will relieve the municipalities of their share in providing relief for employables and their dependents. It will put every provincial government in a better position than it is in today for extending such aid as it may think fit to its municipalities, whether by relieving them of the cost of services which they now perform, or by contributing financially to the cost of these services. In the case of the Province of Quebec, as has been explained, the Dominion would assume a portion of the municipal debt. In every province the way would be cleared for dealing (if the province so desires) with municipal debts generally in the same sort of way that the Commission has recommended should be adopted for provincial debts. Such a step would, in turn, facilitate much needed reforms in the structure of municipalities, particularly in the great metropolitan areas. But the future of the municipalities lies in the hands of the provinces.

One or two illustrations must suffice to show that other matters have come under consideration which are not closely related to the main financial questions. The Commission did not consider that it lay within its terms of reference to deal with the desirability, or undesirability, of the Dominion having power to implement its treaty obligations (otherwise than under section 132 of the British North America Act), if implementation would require legislation on topics within the exclusive jurisdiction of the provinces. But the Commission did consider that it could recommend that the Dominion should have power to implement conventions of the International Labour Organization. These partake of the character of international legislation. Many of the parties to them are countries with civil codes not dissimilar to that of Quebec; others are countries with English common law. Some are Catholic; others Protestant. In these circumstances it seemed that the rights of particular provinces were adequately protected against any encroachment of the federal power. And if international normative legislation of this character is desirable it is through the Dominion Government that Canada must become a party to it.

In respect to marketing legislation great difficulty has been experienced in framing Dominion and provincial legislation which will cover the whole field, even when the wishes of Dominion and provinces are identical. The Commission has sought to remedy this situation by recommending that the Dominion and the provinces should have concurrent legislative powers to deal with the marketing of a named list of natural products to which additions may be made from time to time by common consent.

Nor is this the only instance in which it has seemed appropriate that a power of delegation
should form part of Canadian federal relations. The Commission has recommended that this power should be quite general and that the Dominion should be able to delegate any of its legislative powers to a province, and that a province should be able to delegate any of its legislative powers to the Dominion. Delegation should provide a convenient means of dealing with specific questions as they may arise from time to time without limiting in advance the power of either the Dominion or the provinces. In some instances one or more of the provinces might be prepared to delegate powers to the Dominion while other provinces were unwilling, and in such cases the advantages of a power of delegation over constitutional amendment would lie in flexibility.

The Commission has come to consider the transportation problem of Canada one of the problems which cannot be solved without close collaboration between the Dominion and the provinces. It realizes, however, that its own technical competence is slight in this field and has, therefore, confined itself to discussing the issues which will have to be faced, in the hope of doing something to clarify the problem of jurisdiction. It points out, however, the great advantage which might be derived from a Transport Planning Commission which would be concerned both with planning transportation developments in a broad way, and with facilitating the co-operation between the Dominion and the provinces in transportation matters which is necessary for the taxpayer.

While the Commission believes that new governmental machinery should be kept at a minimum, it nevertheless considers that special provision should be made to facilitate co-operation between the Dominion and the provinces. In an earlier day, when the functions of government were relatively few and administrative organization relatively simple, it may have been possible for Dominion and provincial governments to operate largely in watertight compartments. But with the great expansion of governmental functions, and the growing complexity of administration, it is no longer possible to do this without serious loss of efficiency and economy in government. Co-operation between the autonomous governments of the federal system has today become imperative. The Commission recommends as the principal means to this end that Dominion-Provincial Conferences, which have hitherto met at infrequent intervals, should now be regularized, and provision made for frequent meetings, say every year. It urges further that the Conference should be provided with an adequate and permanent secretariat for the purpose of serving the Conference directly, and of facilitating co-operation between the Dominion and the provinces in general.

The special claims advanced by certain governments have been considered in detail in the body of the Report. Although these claims will have little financial importance if the Commission's main financial proposals are implemented, it was deemed advisable to examine them on their merits and to report upon them in view of the desirability of clearing up old grievances in any general settlement between the provinces and the Dominion.

Many complaints about the working of the federal system were also presented to the Commission by private organizations. The Commission viewed such complaints as important evidence, but in many cases their subject matter fell outside its terms of reference.

In conclusion of this summary it remains to add that the decisions underlying the recommendations contained in the Report were reached before the outbreak of War. The Commission decided, after deliberation, to complete the Report exactly as it would have been completed had War not been declared. Although it is true that the War is certain to produce great changes in the structure of the Canadian economy, it is equally true that the nature and extent of these changes, dependent as they are on the length and intensity of the struggle, cannot be predicted at the present time. The basic recommendations of the Commission concerning the re-allocation of the functions of government and the financial relations of the Dominion and the provinces were framed with the possibility of emergencies in mind and are, it is hoped, sufficiently flexible to be adjusted to any situation which the War may produce.

Of the subsidiary recommendations many are concerned with matters not in the least likely to be affected by the strains and stresses of War, while some may require modification in the light of events. The need for some action designed to enable the people of Canada to throw their whole weight into any great national effort, such as the struggle to which they have committed themselves, and at the same time to ensure the smooth working of the social and educational services on which the welfare of the mass of the people depends, is far greater and far more urgent in time of War and of post-War reorganization than it is in time of peace. And it is precisely to these two main objectives that the chief recommendations of the Commission have been directed.
It has been the aim of the Commission to frame proposals which will, if implemented, place jurisdiction over the social services in the hands of the governments most likely to design and administer them, not merely with the greatest economy and the greatest technical efficiency, but with the regard for the social, cultural and religious outlook of the various regions of Canada, which is essential to genuine human welfare. The financial proposals have been designed to enable every province of Canada to rely on having sufficient revenue at its command in war-time as in peace-time, in years of adversity as in years of prosperity, to carry out the important functions entrusted to it. They are also designed to produce this result while leaving the fiscal powers of the Dominion as wide in fact as they have always been in law, so that it may direct the wealth of the nation as the national interest may require. If some such adjustment of Canadian economic life appeared sufficiently urgent to lead to the appointment of the Commission in time of peace, how much more urgent is it in time of war? How much more urgent will it be in the critical transition from war to peace again?

The Report must face the verdict of public opinion and opinion is not the same in war as in peace. The Report was prepared with peace-time opinion in mind. But it is the hope of the Commission that the gravity of the hour will dispose people in all regions of Canada to take serious thought of their country's welfare and to look at the broad lines of the recommendations, keeping matters of detail in rational perspective. For the Report, while taking account of possibility of war as of any other emergency, was framed with a view to a future which will, it is hoped, be in the main one of peace, and it is on its merits with respect to this supposedly peaceful future that the Report must stand or fall. The Commission does not consider that its proposals are either centralizing or decentralizing in their combined effect but believes that they will conduce to the sane balance between these two tendencies which is the essence of a genuine federal system and, therefore, the basis on which Canadian national unity can most securely rest.

Alex. Skelton,  
Secretary.

Adjutor Savard,  
French Secretary.

The Report must face the verdict of public opinion and opinion is not the same in war as in peace. The Report was prepared with peace-time opinion in mind. But it is the hope of the Commission that the gravity of the hour will dispose people in all regions of Canada to take serious thought of their country's welfare and to look at the broad lines of the recommendations, keeping matters of detail in rational perspective. For the Report, while taking account of possibility of war as of any other emergency, was framed with a view to a future which will, it is hoped, be in the main one of peace, and it is on its merits with respect to this supposedly peaceful future that the Report must stand or fall. The Commission does not consider that its proposals are either centralizing or decentralizing in their combined effect but believes that they will conduce to the same balance between these two tendencies which is the essence of a genuine federal system and, therefore, the basis on which Canadian national unity can most securely rest.

Chairman,

John W. Dafoe

R.A. Mackay

W.T. Angus.