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DOMINION-PROVINCIAL CONFERENCE

(Plenary Session)

Statement by the Prime Minister of Canada

Rt. Hon. W.L. Mackenzie King, M.P.

April 29, 1946.

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The normal relationship between the Dominion and the provinces <sup>were</sup> ~~was~~ materially affected by the war. In 1941, to enable the Dominion to mobilize the utmost financial resources of the nation for the prosecution of the war, the provinces withdrew from the income and corporation tax fields, in return for fixed annual payments, the amounts of which were set forth in war-time tax agreements. It was contemplated, at the time the tax agreements were entered into, that once the war was over and the tax agreements expired, the provinces would again be free to levy income and corporation taxes. At the time no one could possibly have foreseen how long hostilities would last, and, least of all perhaps, the full extent of the colossal expenditures <sup>the</sup> ~~its~~ prosecution <sup>of the war</sup> would involve, and the inevitable obligations and commitments it would occasion for years thereafter.