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Occasion of the Conference.

The present Dominion-Provincial Conference opened its proceedings on August 6th of last year. The normal relationship between the Dominion and the provinces had been materially affected by the war. This was particularly true of financial relationships because of war-time tax agreements. During the war, to meet the national emergency, the provinces yielded up certain of their sources of revenue to the Dominion. It was contemplated, at the time the tax agreements were entered into, that the sources of revenue thus yielded up would be returned to the provinces when the war was over. At that time no one could possibly have foreseen the world-wide scope hostilities were to assume, how long hostilities were likely to last, and, least of all perhaps, the colossal expenditures involved by its prosecution, and for years thereafter, through the inevitable obligations and commitments due to a long period of war.

As hostilities continued, it became obvious that after their termination, whenever that might be, because of the duration of the war and the great change it brought about, it was not easy to contemplate a mere reversion to the relationship which had existed before 1941, the time at which war-time tax agreements had been entered into. That was the first and main reason which necessitated the conference.