

I have now described how legislative power was divided between the central government and the provinces and I have shown that this task provided little controversy or disagreement. Let me now turn to the composition of the legislatures. The Federal Parliament consists of the House of Commons and the Senate. The Fathers of Confederation quickly agreed that the members of the House of Commons should be elected and that the number of representatives from each province should vary according to population. The device hit upon was to give Quebec the fixed number of sixty-five (later increased to seventy-three) and to give each other province a proportionate number of representatives, based on the last federal census. There are now 262 members of the House of Commons.

There was more difficulty about the composition of the Senate. The smaller provinces, having conceded representation by population in the House of Commons, naturally wished a larger representation in the Senate. You will recall that in the United States the number of representatives in the House of Representatives from each state is based on population but that each state sends two senators to Washington. After some debate, a compromise arrangement was agreed upon. Ontario and Quebec got 24 senators each and the three Maritime provinces, 24 among them. When the four Western provinces and Newfoundland joined Canada, they each received six seats in the Senate. There are thus 102 senators. Senators are not elected. They are appointed for life by the government of the day.

I shall not bore you with details of the provincial legislatures. Suffice it to say that each province has a duly elected legislature. In Quebec only is there a second house.

I now come to the problem which gave the Fathers of Confederation the greatest difficulty and which in fact has not yet been solved. I refer to the distribution of financial powers between the central government and the provincial governments. The solution reached at Confederation was roughly as follows: The federal government was given power to levy taxes by any method it desired. The provinces were only given the right to levy direct taxes. This meant that the federal government obtained the exclusive right to levy customs and excise duties. As these duties had formed about eighty per cent of the revenues of the provinces before Confederation, it was obvious that, even with their reduced responsibilities under Confederation, they would not have sufficient revenues to carry on. To fill the gap, the British North America Act provided for the payment of annual subsidies by the federal government to the provinces under a variety of heads. The Fathers of Confederation thought they had made a satisfactory and final settlement of financial relations between the federal and provincial governments and inserted a clause in the B.N.A. Act to the effect that these subsidies were "in full settlement of all future demands on the Dominion".

Never has a human hope proved more illusory. Ever since Confederation there has been a continual upward revision of subsidy payments. The reason for this is obvious. It is not because the provinces were extravagant or in any way at fault. It is simply that with the growth of the modern state, the provinces found themselves saddled with responsibilities which outstripped the capacity of some of them to pay for them. Recall for a moment the current political thought in the middle of the Nineteenth Century. The political doctrine enshrined in the words "laissez-faire" was at its hey day.