

our political evolution, from 1940 to 1963, started with the Second World War and was marked by a return to centralization. Immediately after the War, with the miseries of the depression still in people's minds, and the provinces unwilling and unprepared to undertake new initiatives, the Federal Government assumed the new responsibilities of the welfare state in an attempt to solve those problems confederate federalism had failed to solve. Industrial expansion needed stimulating, the economy had to be stabilized at the level of full employment and a comprehensive system of social security had to be set up. In order to carry out its new duties effectively, the Federal Government believed that it needed exclusive control over direct taxation; consequently, wartime tax agreements, with certain amendments, were extended long into the post-war period. In this way, the Central Government assumed control of the country's economic and social business, either acting alone or by offering to share joint programmes with the provinces. Thus we returned to an inflexible, tutelary type of federalism, which was desired by the poorer provinces and tolerated by the wealthier ones, Quebec being the only one among them to offer passive resistance.

It must, however, be pointed out that the fiscal agreements negotiated by the St. Laurent administration in 1956 opened the way to a new era. For the first time since Confederation, the Federal Government recognized the exclusive role of the provinces in the field of direct taxation. For the first time, also, it recognized the principle of equalization, the purpose of which was to eliminate the fiscal inequalities between provinces. And finally, for the first time, the equalization payments were made unconditionally and were no longer dependent upon the signing of provincial tax-rental agreements. This was the first step in abandoning the tutelary system; it was the more important as the principle of equalization could become a powerful tool of decentralization and flexibility.

No Changeless Rule for Federalism

Two very significant lessons can be drawn from our political experience and from that of other countries with federal constitutions. The first relates to the sharing of responsibilities among the various governing bodies. It is not only desirable but necessary to good order for certain tasks to be assigned exclusively to one or the other government. However, it is impossible to establish a complete and definitive system of allocation of governmental responsibility in a complex, developing society. Federalism is always subject to change as the state's duties change and as its responsibilities increase. Every time such changes occur, a new problem of division arises, so no definite rule can be applied to federalism. In attempting to confine it within static forms we arrive at a rigidity in the political structure which ill accords with the changing conditions of our modern world. Countries like France, which have tried constitutionally to allow for everything, have simply experienced constitutional instability and governmental inefficiency.