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## PREFACE

THIS STUDY was undertaken as an exploratory project of the Conference on Research in Fiscal Policy in preparation for a proposed larger study of federal-state relations in the United States. Its aim is to examine recent Canadian experience in the revision of financial relations between the Dominion government and the various provinces.

In Canada, even more than in the United States, recent decades have witnessed a great expansion in the responsibilities of government, especially of the federal government. World War II accelerated this swing because in the interest of an all-out fiscal effort the federal government requested, and obtained, complete control over the field of income taxation. While the cession was avowedly temporary, reversion to *status quo ante bellum* was impossible. If governmental responsibility for postwar reconstruction and maintenance of high employment was to be met, a major alteration of federal-provincial fiscal relations seemed desirable. Accordingly, the federal government proposed that its wartime powers of taxation be extended, and that grants-in-aid be utilized (a) to enable the provincial governments to provide a minimum level of social services and (b) to coordinate governmental spending with a view to its countercyclical impact. The federal program raised a sharp debate and it was not fully implemented. Both the program and the debate are, however, of interest in their own right and as a guide in planning the larger study of United States problems which the Conference on Research in Fiscal Policy hopes to initiate.

The most important printed materials to which reference is made below are:

(1) A series of monographs (no-date, no-place) entitled "Dominion-Provincial Conference on Reconstruction". In the study this is abbreviated to "Conference".

(2) A single volume entitled "Dominion-Provincial Conference, 1945, Dominion and Provincial Submissions and Plenary Conference Discussions" (King's Printer, Ottawa, 1946).

(3) A miscellaneous group of provincial submissions, correspondence between the federal government and the provinces, and secondary references.

Valuable criticism of the study was received from W. L. Crum, Jacob Viner, Robert B. Warren, Eugene E. Oakes, and especially Moses Abramovitz, who read my manuscript with painstaking care and suggested numerous improvements. Martha Anderson offered many excellent editorial suggestions. I wish also to acknowledge the generous assistance of W. C. Clark, Dominion Deputy Minister of Finance, in answering questions and of Alex Skelton, Secretary to the Dominion-Provincial Conference, in providing me with material.

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January 1948

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