

their views shall be reconciled with those of the management, but even on how they shall be organized to express those views. Once these principles are formulated the task of government will be not only much easier, but also much freer from group pressures.

If we can diminish the occasions for selfish pressures upon government to advance the interests of a group or class, by providing and accepting general principles which will cover most of the cases where the interference of authority is necessary, and if at the same time we can establish in the minds of the electors the moral principle that the obligation of the

ruler to rule in the general interests of the ruled is not one whit less when the ruler is the whole body of the citizens than when the ruler is a king or a hereditary class or a soviet, we may look forward with some confidence to the survival and strengthening of democracy, at any rate in a world in which peace is the norm and war a hateful exception to be avoided by any means short of gross injustice. It need hardly be said that these requirements involve a pretty high standard of citizenship, and do not at all justify us in thinking that democracy will maintain itself without any thought or care or sacrifice on our part.

Dominion-Provincial Relations

By J. A. CORRY

BY the time war broke out in 1939, many Canadians had concluded that a considerable adjustment in the relations between the provinces and the Dominion was overdue. The Sirois Commission studied the question between 1937 and 1939. Their report provided an analysis of the federal system since Confederation and made far-reaching proposals based on that analysis. But as the report was made public just as the blitzkrieg opened in the west, naturally its recommendations were not fully studied and debated. Some of the financial proposals of the Commission have been adopted as temporary war time expedients on the understanding that the whole matter will be reopened after the war. Dominion-provincial relations, therefore, remain on the agenda as unfinished business to be dealt with in the post-war period.

Since the publication of the Sirois Report, the war has wrought many

changes in Canadian life and thought the enduring effect of which cannot now be measured. The war has also destroyed the structure of international relations which stood so precariously during the 1920-40 period and candour forces the admission that we know as little—or even less—about the future of relations between states than we did in the closing years of the last war. Thus we do not know what adjustments Canada will have to make to international conditions, whatever those conditions may be. Equally, we do not know how great the internal economic and social distortions will be at the close of the war and therefore cannot say how far we can reconstruct to a pre-war pattern and how far war will have permanently changed the Canadian social structure. Most important, we do not know how far war will have permanently affected public opinion on the appropriate role of government—a question with profound implications for the federal system.

Each of these present uncertainties will be conditioning factors of immense importance in Dominion-provincial relations. It is impossible to say what

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relevance the analysis and recommendations of the Sirois Commission will have and little can be said about the future of Dominion-provincial relations without prophetic inspiration. It is perhaps worth while, however, to raise some fundamental considerations.

It can be said with some assurance that as long as a society of continental extension clings to liberal democratic values, it must strive to maintain a vital federal system. The cultural diversities which find tolerably free expression within a federal structure would paralyze the political system if forced into the framework of a unitary state and authoritarianism would provide the only escape from deadlock. To be specific, Canada lacks the homogeneity necessary for a unitary state to function without the bludgeoning of minorities. Two experiences with the national enterprise of war should demonstrate that voluntary submission to the unlimited sovereignty of the Dominion Parliament is not practicable, at least, in this century.

On the other hand, experience between 1930-40 shows fairly clearly that the federation is not likely to be maintained merely by jealous preservation of all the existing powers of the provinces under the British North America Act. In a troubled world, many problems of economic and social adjustment calling for action are beyond the effective power, as distinct from the constitutional capacity, of a particular province. Some of them no doubt can be dealt with by concerted action of two or more provinces. But many of these pressing problems are national in scope and as long as the Dominion lacks the constitutional authority to grapple resolutely with them, Canada cannot make effective adjustments and consequently is plagued with disunity—indeed, it may be, threatened with disintegration. Between 1933 and 1937, after it was obvious that the Dominion Government could not fight the depression effectively, a number of new governments came to power in the provinces with mandates to attack the depression on the provincial front. It will be

recalled that several of these governments were noted for their vigour and resourcefulness but their accomplishments in restoring prosperity were disappointing. Each province had to try to save itself and naturally, the more vigour it showed, the sharper became Dominion-provincial and inter-provincial friction. To allow this sort of thing to continue is to invite the terrifying expedients with which nations nowadays try to save themselves from frustration. Although it is by no means an easy formula to apply, the Dominion must have the constitutional power to deal with national problems.

It is thus necessary to try to steer a perilously narrow course between two evils. It is vital to federalism to keep political power decentralized and equally vital to centralize it when the need for national action is imperative. Whether we succeed or not depends in part on ourselves and, in part, on forces over which we have little control.

Canada is not likely to have more than a limited influence on the international settlement to be made at the close of the war. Yet a restoration of international trade on a scale sufficient to keep the great export industries going is of vital importance. If the underlying influences making for autarchy which have been everywhere stimulated by the war should triumph, the reconstruction of our economic life would require Dominion governmental operations of even greater magnitude and complexity than those forced on us by the war itself. Some new kinds of coercion as a substitute for the current fear of Hitler would have to be devised to keep us in line. Canada would rapidly become a national socialist state. Dominion-provincial relations would be intense, bitter and certainly short. National socialism will have no truck with federalism.

Even if statesmanship is equal to the task of restoring international economic life, the Canadian federation may get into fatal difficulties through confusion over internal policy. Unless there is effective liquidation of war time controls, a host of spurious national problems urg-

ing decisive centralization at Ottawa are likely to spring up. There is much laudable determination to de-control the economy so as to get back to pre-war economic patterns. However, it cannot be insisted too strongly that merely negative action in lifting Dominion controls will not accomplish this. The Dominion must not only de-control, it must take positive measures to deconcentrate those industries in which concentration has been fostered or imposed for purposes of war. If this is not done, it will mean that, many of the powers which fall from the hands of the controllers and administrators of the war-time organization of the Dominion government will be exercised, in effect, by trade combinations dominated by the leaders in the industries where concentration has gone far under the stress of war. That is to say, Canada, which had an inordinately high degree of concentration of industrial control before the war, will be saddled with much more of it.

It will be found intolerable that so much power should remain unchecked in private hands and a great extension of government control over the economy will soon be demanded both to curb trade combinations and to give compensating privileges to labour, farmers and other groups who have not been able to organize effectively for their own protection. In the nature of things, the governmental control required by the situation could not be provided effectively by provincial governments and a struggle would ensue over the enlarging of the constitutional capacity of the Dominion. A business leviathan calls for a political leviathan to keep it in check or to serve its purposes or both. There can be no balance or harmony in Dominion-provincial relations unless the accelerating trend to giantism in economic organization can be checked. Failure to check it will mean the end of federalism in a measurable time.

If, however, Canada's trade abroad can be adequately resumed and excessive economic centralization at home can be prevented, there is reason for expecting

that the political and economic conditions of the country will bear some relation to those contemplated by the Sirois Commission and its proposals will remain highly relevant to the inevitable readjustment of Dominion-provincial relations.

Even then, there will be significant developments to be reckoned with. In the first place, the experience of the second World War underlines everything which the Commission had to say about the broad effects of the first one on Dominion-provincial relations. In national enterprises which affect social life deeply, Quebec and the rest of Canada cannot go along together without disagreements which threaten not only the enterprise itself but the very basis of their common association. Quebec's suspicion of enlarged federal power will be intensified and there will be more reason than ever for keeping the scope of Dominion authority at the minimum.

Secondly, Canada has undergone a great industrial expansion much of which is likely to be permanent. Urban industrialism will be the predominant social pattern of Canadian life and the social problems which it brings with it, will press more strongly than before. This expansion has taken place almost entirely in the central provinces. Shifts of population from the countryside in Ontario and Quebec and from the outlying provinces generally to the industrial areas of the central provinces are not likely to be significantly reversed in the post-war period. Thus the voice of the central provinces will have greater weight than ever in federal councils and it is likely to speak in the marked accent of the industrial interest. The economic policy of the federal government is likely to respond to the demands of industry as never before, although one must recognize that the re-alignment of political parties which appears to be going on may affect this in an unpredictable way.

At any rate, there are already signs that the outlying provinces resent the decisions on the location of war industries as another federal policy which has worked

to their disadvantage. This is bound to complicate Dominion-provincial relations and may lead to a concerted drive by the outlying provinces for compensation through federal action. Location of war industries may be added to tariffs, railway and monetary policy as bones of contention, providing another argument for lifting the discussion of such issues to the plane of fiscal need to be solved by National Adjustment Grants as proposed by the Sirois Commission.

Thirdly, the public demand for governments to take active steps to provide social security is going to be stronger than could have been anticipated when the Commission prepared its report. The demand will amount to insistence on a considerably extended range of social services but one cannot say how far it will go in relation to measures for ensuring full employment by governmental action. No doubt, much will depend in each case on the difficulties Canadians meet in trying to fend for themselves in post-war conditions.

Insofar as the demand for social services grows, the unequal financial capacity of the provinces to meet it and the inequities and economically stifling effect of the taxation system as a whole will be intensified and the argument for fundamental financial readjustment of the kind proposed by the Commission greatly strengthened. Such a readjustment would involve a high degree of centralization in finance. On the other hand, nothing that has happened during the last three years gives any real ground for thinking that the Dominion is a suitable agency for the administration of social services other than contributory insurance schemes. Indeed, the apparent inaptitude shown by Ottawa in its war-time dealings with the municipalities suggests the contrary. It also argues that the case for federal administration of unemployment relief (as distinct from unemployment insurance), as proposed by the Commission, must rest solely on the vital importance of unifying under one administration all aspects of the unemployment problem.

It is fairly clear that the provision of extensive social services consonantly with liberal democratic values requires that municipalities should carry a large share of administration. The municipalities are creatures of the province; they have established relations and understandings with provincial governments. The provincial governments can provide guidance and supervision and share administration with them better than can the Dominion. Accordingly, the administration of social services generally speaking should be a municipal-provincial responsibility. Of course, if social services are to be provided on the scale on which they now seem likely to be demanded, it is imperative that there should be a thorough overhauling of provincial public welfare organization and an equally thorough reorganization of municipal government, enlarging the municipal unit in most cases and improving the quality of the municipal civil service. In the main, the role of the Dominion should be that of a tax-collector, making available to provinces and municipalities funds adequate to the national demand for social services.

Broadly, this is what the Sirois Commission urged. They proposed that the Dominion should make grants to the provinces, based on certain principles of calculation but with no strings attached, leaving it to the people of each province to determine the scale and character of the social services in that province. This formula should retain its validity in the face of considerable expansion of these services. The argument will no doubt be heard that some or all of the provinces are too slow in attacking vital problems of public welfare or that their administrative organization is so weak that they are failing to deal with these problems when they do attack them. The demand for a national system of social security may reach serious proportions relying on the analogy of what can be done in time of war. The analogy does not hold; we cannot agree to do together in peace time what we accept under the stress of the emergency of war.

Of course, there is no objection and there may be positive advantages in the centralizing of technical advisory services at Ottawa, available to all the provinces in their wrestling with the innumerable problems of public welfare administration. But if the provinces are not vital communities which can be trusted to determine their own pace of advance in these matters where circumstances enable them to be peculiarly competent, scarcely any assured sphere for provincial autonomy remains. If, as has been argued, provincial autonomy must be relied on as a principal safeguard of liberal democratic values, some patience must be shown while provincial and municipal

governments find their feet in a relatively new field of activity.

Deep forces are making for centralization in all federal states at the present time. These have been given greater weight and momentum by the war. Under the best post-war conditions that can be hoped for, Canada is not likely to be able to settle for measures less drastic than those proposed by the Sirois Commission. At the same time, the Commission studiously sought to preserve a large and important sphere for provincial autonomy. The provinces must be alert, not so much to resist encroachments by the Dominion as to justify by their works their continuance as independent units of government.

Emerging Problems in Local Government

By G. S. MOONEY

IT is difficult, if not impossible, to present an over-all picture of the problems of municipal Canada, and to contend that these problems are uniformly present, or that they reflect universal concern. There are such vast ranges in the municipal scene that seldom, if ever, are two communities or their problems completely comparable. Generally speaking, however, the problems of municipal governments are related to areas, functions, finances and administration.

An Adequate Area for the Municipal Units

The continued survival of our overlapping and uncoordinated jungle of contiguous but independent local municipal units, presents one of the most vexing problems in municipal administration. Failure to provide an acceptable formula whereby the administrative unit can be made large enough to perform its functions properly, has led to all sorts of difficulties.

It has led to confusion, discrimination, and frequently to local friction and ill-will. In some instances it has brought about local tariff walls, tax and trade restrictions. It has negated efforts to plan for the rational growth and development of the larger area. It has required, especially in metropolitan areas, duplicatory staffs and services, which, with notable exceptions, have proven more costly per capita, and less efficient, than those available in the central city. Having to defend their isolation, jealous of their local rights, many suburban municipalities have become citadels of reaction and stumbling-blocks to broad civic progress, insofar as the welfare of the metropolitan area is concerned.

What is the solution? Certainly the answer is not as simple as the advocates of all-inclusive annexation and consolidation so vigorously proclaim. For annexation takes no account of the very legitimate factors which led to the development of these suburban communities in the first place.

Elsewhere the conflict between

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