

Some Past Losses.

During the last thirty years, 21,596 so-called farm holdings in the Maritime Provinces were abandoned, a loss of 19.4% and during the same period there was a reduction in the number of dairy cows of 36,458, a loss of 12%. Most of the abandoned farms were either small properties occupied by part-time farmers who earned considerable of their livelihood in pursuits other than agriculture, or were "marginal" lands that offered small opportunity for development. While there are no actual figures covering the point, it is altogether likely that the abandonment of these holdings involved a loss of dairy cows considerably greater than the actual loss of 36,458 cows. This points to a small increase in the cow population on the presently occupied lands.

A Much Bigger Gain.

However, the outstanding development during this period has been the increase in

production per cow of approximately 1,000 lbs. of milk and 50 lbs. of butter per annum. It is in the same direction that, we believe, we should look for progress in the immediately succeeding years. That there is ample scope for this progress is clearly indicated by the figures quoted in the preceding paragraph on "Production Per Cow Capable of Large Increase."

Conclusion of the Whole Matter.

A shrewd farmer recently epitomized the subject, we believe, very sagely when he said, "I do not want to keep the largest number of cows that the feed in my barn will sustain but I do want to keep the smallest number of cows that will turn that feed into the largest quantity of marketable product."

"Good cows, well and economically fed" should, we believe, be the slogan for every Maritime Province dairyman. As this objective is approached, the cow population will take care of itself.

Nova Scotia's Propositions to the Rowell Commission

By G. F. CURTIS

THERE was more than ordinary curiosity attending the submission of the Nova Scotia brief: there was a positive element of dramatic interest. Already Manitoba and Saskatchewan had been heard from and the emphasis they had placed on the need for a thorough overhauling of the structure of Confederation had alarmed some circles in Canada into excited protest. The Premiers of the three Maritime Provinces had at once dissociated themselves from the suggestion that the matter was to be

regarded as a contest of the East against the West; but, beyond the denial of a united opposition to the Western proposals, nothing definite was known.

The first significance of the Nova Scotia brief therefore lies in the fact that it envisages the problem before the Commission in large terms. The method of approach is similar to that adopted by Manitoba and Saskatchewan. There are important differences in detail—less stress, for instance, is laid on the dangers arising from the huge totals of provincial debts—but the general line taken is the same. The central position is that no improvement can be expected without fundamental constitu-

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tional adjustments. The notion that our present difficulties spring from no worse causes than excessive cost of government and over-spending receives no countenance; indeed the charge of extravagance is repudiated with some force and it is shown that the administration of the province has been, and is, carried on economically. The trouble is more deep-seated; as the brief shows, it is largely that, under the constitution, burdens have fallen on provincial governments which they have not the resources to meet and many of which, even were the money available, they could not deal with effectively, a province being too small a unit of control.

The brief grasps the nettle at once by suggesting, as its first proposal, that the power to amend the British North America Act should reside in Canada. The growth of Canada and the other Dominions from colonial status to the position of autonomous units within the Commonwealth is reviewed in some detail and it is noted that both Australia and South Africa have the power to amend their constitutions. The same right is asked for Canada and a sound ground is taken for this request. It is that the transfer of the amending power to our own hands would quicken our sense of national responsibilities. There is high good sense in this. As long as the power of amendment continues in London we shall see the unedifying spectacle of necessary reforms being held up by a plethora of argument over the method by which the appropriate constitutional amendments should be brought about. The case of unemployment insurance is in point. There being no established way by which action by the Imperial Parliament is to be secured, we now run the risk of finding ourselves in another depression before the insurance scheme can be gotten under way. It may of course very well be that in this particular case we shall make more progress than seems likely at present, but the delay already has been grievous and therefore the suggestion that the whole matter should be settled once and for all by definite provision

for action by Canada herself seems fully justified.

The desire to get away from the crippling rigidity of our present constitutional framework also lies behind the second proposition. It is that the Dominion and the provinces should be given the power to delegate legislative authority to each other. The hope is expressed that the way would thus be opened for one province to secure the enactment within its borders of a measure which did not commend itself to the other provinces. If, for instance, Province X was in favour of Dominion control of the marketing of its products, it could delegate its power of legislation over local marketing to the Dominion and thus the Dominion would be in a position to set up a complete scheme of marketing so far as Province X was concerned. Conversely, the Dominion by transferring an item of jurisdiction which now resides with it to one of the provinces could give the latter the opportunity of bringing into force within that province legislation to which other parts of the country objected. Besides marketing, the other subjects mentioned as suitable for this sort of treatment are labor legislation and unemployment insurance.

Indeed, Nova Scotia is prepared to go the whole way in respect of these subjects and is willing that the Dominion should at once be given jurisdiction over them. The case for Dominion control of marketing is stated with some emphasis. As matters now stand, jurisdiction is divided. The Dominion can control export and inter-provincial trade, the provinces intra-provincial. But the compartments are watertight; and so far all efforts to draw up acts which keep within the respective areas of legislative competence have come to grief. This uncertainty should be ended. An even more substantial reason is that the legal division between export and inter-provincial trade on the one hand and intra-provincial trade on the other is, for business reasons, unsatisfactory. The local, the inter-provincial and export sides of nearly all the natural products industries in

Canada are, as a matter of economics, indissolubly linked together. Hence, regulation of the sale of natural products can be effective only if it is in the hands of one central body and this is precisely what the constitution forbids. The brief puts it very well when it points out that our products are sold abroad, not as Nova Scotian or British Columbian, but as Canadian, and uniformity of grade and standard is consequently essential.

Economic reasons also are adduced for placing unemployment insurance and general labor legislation under the Dominion. If the provinces were to act individually, there would be a tendency for workers to stay in jurisdictions where the benefits were greatest. This would militate against the adjustment of labor forces within the Dominion. A second reason is that the enactment of such legislation would have the effect of raising the costs of production, and the entrepreneurs of a province which adopted such measures would be handicapped in competition with those of other provinces who would not have to meet these extra costs. The truth is that unemployment and the exploitation of labor are Dominion-wide evils requiring Dominion-wide cures.

A strong appeal is entered for more collaboration between the various governing units in Canada on constitutional matters. The brief concedes that something already has been done by the various Dominion-Provincial Conferences, but it implies—and few will be found to doubt—that the results, in contrast to the magnitude of the task, have not been impressive. The recommendation is that the Conferences should be made annual affairs and also that a permanent secretariat should be set up to assure that sufficient preparation is made for them. This seems altogether sound. It is well-known that the failure of many conferences on international affairs has been due precisely to the lack of preparation and the same may very well be the case with respect to the Dominion-Provincial Conferences. It seems clear that, if the latter can be made

into effective institutions for resolving our constitutional difficulties as they arise instead of leaving them to accumulate to the proportions that they presently assume, the proposal is of the utmost value.

Two specific suggestions have to do directly with taxation powers. One of them concerns the imposition of consumers and sales taxes such as the gasoline tax. These taxes now form an important source of provincial revenue but their validity is doubtful. Under the B. N. A. Act, the provinces are confined to "direct taxation" and the difficulty with the taxes in question is that, as they are passed on by retailers to consumers, there are strong arguments for the view that they are indirect. The provinces insist that they cannot do without this form of revenue and that an appropriate constitutional amendment should be made to give them the undoubted power to raise funds by these means. The anxiety however has been that, unless kept within narrow limits, a power to resort to indirect taxation will lead to discriminating taxes whereby the products of the home province will be preferred to those coming in from other provinces. Such a state of affairs would mean the disappearance of a free trade area within the borders of the Dominion and the destruction therefore of one of the cardinal terms of Confederation. It will thus be of the highest interest to see how this proposition is received by the Commission. The task will be to evolve a formula which will validate consumer and sales taxes of the kind now existing without opening the door to the imposition of discriminating taxes by the provinces.

The second suggestion has to do with income and inheritance taxes. There is no doubt about the validity of these taxes; they are unquestionably, and indeed typically, direct. The difficulties lie in another quarter, namely, those of efficient enforcement. Nova Scotia does not impose income taxes but does derive some of its revenue from succession duties. The trouble with respect to the latter, however, is that with the

province doing the collecting there are opportunities of evasion which would not exist were the Dominion to undertake the task. The Dominion income tax department has information about sources of income which would enable it to detect non-disclosure of wealth in respect of the estates of deceased persons. Nova Scotia, therefore, suggests that the Dominion should take over these taxes. Then there is this further aspect. If, as is suggested, the Dominion assumes new responsibilities for social services, it will require additional sources of revenue, and the province is accordingly willing that these two items should be transferred to the Dominion. In this connection some figures cited in another part of the brief have considerable interest. Of the total succession duties collected in Canada in 1934, Ontario collected 59.1%, Quebec 24.4% and the other seven provinces altogether only 16.5%.

The low taxable capacity of Nova Scotia, of which the figures just cited give some indication, forms the burden of the second part of the brief. From the first days of Confederation Nova Scotia has required special assistance from the Dominion. The history of the whole question of subsidies from that time on yields nothing in the way of consistent principle and the strength of this part of the brief lies in the powerful argument made for a recognition of fiscal need as the proper determinant for federal aid. It is conceded that the frank acceptance of this principle would mean a new departure in Dominion-Provincial relations but it is insisted that, whatever the attempts have been to explain the various grants of "better terms" that have been made to the provinces since Confederation on other grounds, the actual basis for the grants has in fact been fiscal need. This seems to put the matter in the proper light. Indeed all talk of "equality of treatment" is largely pointless; what the provinces are asking for is unequal treatment. It is precisely because certain of the provinces suffer disabilities peculiar to themselves either for reasons of geog-

raphy or climate or because of the effect of federal policies that aid from the Dominion is essential. This is borne out by the record of the grants made for relief in recent years. There has been the utmost variety in the payments made to various provinces depending in each case on the gravity of the problem. The same is true of the contributions made towards old age pensions: the amount the Dominion supplies depends, not on the population of the province as do subsidy payments, but on the number of pensioners. Allowance is thus made for the greater need of a province like Nova Scotia with a higher proportion of old people than there are in the newer provinces.

The case for basing federal assistance on fiscal need is enforced by extended reference to the injury done Nova Scotia by the tariff. This is a matter which is not capable of precise demonstration; we are without adequate statistical data and in any event the tariff policy has become so deeply woven into the fabric of the Canadian economy that it is hardly likely that such information could ever be come by. This, however, does not destroy the fact that an area which derives a large part of its wealth from export trade suffers a handicap by having to buy the manufactured goods it needs in a protected market. The concern expressed in the brief is lest such a state of affairs should lead to an improvishment of the outlying members of Confederation so that a reasonable standard of living cannot be maintained in such areas. The problem thus raised has clearly to be attacked along a wide front and this view is indicated with emphasis. The experience of Australia is drawn on as affording some indication of what can be done to relieve the stresses of a federal system. The Grants Commission which operates there has given full recognition to the need, within a federation, of ameliorating the effects of federal policies and the amount of grants to the less favoured States has been very considerably increased in recent years. The setting up of a similar commission in Canada is recom-

mended and an indication of the extent which Nova Scotia requires financial assistance is given by a detailed account of the present fiscal need of the province. The figures strikingly bear out the contention of those who have argued that the constitution as it now stands overburdens the provinces with services. For general education the amount "immediately required" yearly is placed at \$650,000 for health, \$500,000, for agriculture \$100,000, for general services \$100,000. The truth is that the province, having had to find money for services which ought to be a Dominion concern, such as relief and pensions, has had to starve its normal services. Nor is it possible to expand revenues to any great extent. In that connection a comparison in respect of such matters as the ownership of motor vehicles, radios, and telephones, and the assessment for income taxes, with the situation in Canada generally reveals Nova Scotia to rank appreciably below the average. The result of this comparative poverty in terms of taxable capacity is that, in contrast with Ontario, Nova Scotia gets a smaller revenue from its taxes despite, in most cases, a higher rate of taxation.

It will be seen therefore that the broad argument of the brief is that the

time is ripe for far-reaching changes. Modern conditions and new conceptions of the functions of government have placed duties on the provinces which were not contemplated in 1867 and which they have not the resources to meet. There must be a re-allocation of functions between the Dominion and the provinces, the Dominion assuming responsibility for matters which in fact are national in character but which fall at present to the provinces. The increased demands on provincial governments in respect of services, they normally can be expected to provide because of the local nature of such services requires also a revision of the financial arrangements of Confederation. In addition the passage of time has accentuated the exceptional disabilities under which Nova Scotia labours because of the way the Canadian economy has developed. The need for special treatment of a more comprehensive kind than has hitherto been accorded therefore bulks large in the submission. This is asked on the ground of national interest and changes are urged only that Confederation be strengthened and the constitution be modernized to fit new needs and conditions.