

FEDERAL INVOLVEMENT IN CANADIAN POST-SECONDARY EDUCATION:  
CERTAIN SOCIAL, ECONOMIC AND POLITICAL CONSIDERATIONS  
WITH PARTICULAR REFERENCE TO THE YEARS 1950 TO 1967

by

EDWARD ARTHUR KILLOUGH

B.Ed.(Sec.), University of British Columbia, 1961

A THESIS SUBMITTED IN PARTIAL FULFILLMENT  
OF THE REQUIREMENTS FOR THE DEGREE OF  
MASTER OF ARTS  
In the Faculty  
of  
Education

We accept this thesis as conforming  
to the required standard

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ABSTRACT

The dilemma of federal government involvement in education, particularly at the post-secondary school level, is one which has elicited much debate and considerable division within Canada since 1867. Interest in and concern for this matter have increased appreciably during the past twenty years, since many provincial governments have experienced difficulty in providing, within the fiscal resources available to them, that amount of revenue popularized as crucial to adequate quantitative and qualitative post-secondary education. Understandably, there has been a tendency to view the larger fiscal resources possessed by the federal government as a source of additional, if not alternative, financing for post-secondary education within the provinces. Does such fiscal involvement on the part of the central government infringe upon basic constitutional provisions whereunder the subordinate government is granted responsibility for education in and for that province?

This thesis provides an historical account of the means whereby the federal government became involved in Canadian post-secondary education, and of the nature and extent of its commitment. The study also attempts a general appraisal of the significance of central government involvement in post-secondary education. On the basis of data reviewed, the study establishes there was little federal government involvement in higher education during

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This thesis provides an historical account of the means whereby the federal government became involved in Canadian post-secondary education, and of the nature and extent of its commitment. The study also attempts a general appraisal of the significance of central government involvement in post-secondary education. On the basis of data reviewed, the study establishes there was little federal government involvement in higher education during

the initial seventy-five years following Confederation. Nevertheless, a number of programs and policies inaugurated in the period prior to the Second World War established important precedents subsequently drawn upon when providing very significant federal financial assistance to post-secondary education, particularly to the universities and colleges, throughout the period 1950 to 1966. The more important of these programs and policies are documented and appraised in considerable detail relative to major social, economic, and political considerations extant during that era of centralization in Canadian government.

The thesis then seeks to establish that the federal-provincial fiscal arrangements, manpower and adult training policies and agreements introduced after 1965 are evidence of a very important change and maturation in attitude and approach, not only in regard to federal involvement in post-secondary education, but also in relation to a more functional confederation agreement. The study concludes with an appraisal of the significance of the new policy and political philosophy in enabling realization of inter-provincial, intra-provincial, and national objectives in Canadian post-secondary education.

  
Dean Fred. T. Tyler  
Dr. Cary F. Goulson

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Victoria, B. C.,

Edward A. Killough

April, 1970

## CHAPTER I

### PURPOSE AND SCOPE OF THE STUDY

#### I. INTRODUCTION

Discussion of constitutional reform, economic growth or any other problem of similar magnitude to contemporary Canada is likely to generate eventual reference, either directly or by implication, to the question of governmental jurisdiction in education. The inevitable reaffirmation of education as a matter of provincial responsibility underlies Canada's uniqueness in this regard, for in no other nation has the citizenry been more vociferous in resisting tendencies towards national centralization and control of education. Popular opinion to date appears to be that education, a significant bastion of provincial concern, has been successfully defended against major entrenchment by the federal government. Even so, those who evaluate the success of an educational program as proportionate to the degree of local control, operation, and, thereby, fiscal autonomy realized, will find it somewhat disconcerting to discover the extent of Ottawa's involvement in education as evidenced, for example, by direct federal government expenditures of some \$474 million for education during the fiscal year 1967-68.<sup>1</sup>

The most readily identified and best known type of central government involvement in education is on behalf of those whose welfare is the direct responsibility of the federal government.

Under provisions of the constitution, Ottawa assumed control over the education of Indians and Eskimos, and of the inhabitants of the territories. The federal government is responsible as well for schools on military bases both within and outside Canada, and for all aspects of administration and operation of its three service colleges, College Militaire Royal, Royal Military College, and Royal Roads College, located in Quebec, Ontario, and British Columbia respectively. The central authority also provides instructional programmes and grants for the education of a wide variety of special groups including those on war pensions, and those undergoing rehabilitation in federal penitentiaries.

The above, however, represent a small part only of federal government involvement in education. During the same 1967-68 fiscal year, a much larger portion of the total Canadian population was affected by major federal government expenditures in the form of fiscal transfers to the provinces equal to 50 per cent of the operating costs incurred for all post-secondary school educational programs including those of universities, colleges, and many technical and vocational schools. Lesser in amount but not in significance were those expenditures approved for research, equipment and personnel to enable specific programs to be undertaken by a large number of universities and colleges. Perhaps even more important were the research grants, fellowships, scholarships, bursaries and loans forthcoming from Ottawa to deserving Canadian scholars, and the

subsidized trade or technical training and the living allowances provided by that government on behalf of unemployed and under-employed workers who were undertaking further education. Direct and indirect assistance was provided to a myriad of educational programs through the aegis of many federal departments including Agriculture, Finance, Fisheries, Indian Affairs and Northern Development, Manpower and Immigration, National Defence, National Health and Welfare, National Revenue, Secretary of State, and Veterans Affairs, and via numerous agencies such as the Atlantic Development Board, Canadian Broadcasting Corporation, Canada Council, Central Mortgage and Housing Corporation, External Aid Office, National Film Board, National Research Council, and Polymer Corporation Limited.<sup>2</sup>

An indication of the increasing degree of federal expenditure on education is represented in the following data. In 1951-52, the first fiscal year during which university per capita operating grants were provided by the federal government, Ottawa expended some \$7 million.<sup>3</sup> By 1959-60, the amount of this direct expenditure had increased almost fourfold to \$26.1 million<sup>4</sup> of an estimated federal expenditure for all educational programs of over \$100 million.<sup>5</sup> Five years later, expenditure on university grants had in turn soared to \$34.4 million,<sup>6</sup> an increase of some 25 per cent. In 1966-67, the last fiscal year during which university grants were provided, Ottawa budgeted \$99.7 million for this assistance and a further \$170.3 million for technical and vocational training - a

total estimated direct expenditure of some \$270 million on these two educational programs alone.<sup>7</sup> This expenditure was dwarfed, nonetheless, by an estimated expenditure in 1967-68 of some \$304.1 million for fiscal transfers related to post-secondary education operating expenses and a further \$121.6 million for phase-out of capital grants for technical and vocational training.<sup>8</sup> Total estimated expenditures for educational programs in 1967-68 amounted to some \$474 million or approximately 5 per cent of projected expenditures by the central government<sup>9</sup> - not an insignificant amount for the central authority considering education is popularized as exclusively a provincial responsibility!<sup>10</sup>

## II. NATURE OF THE STUDY

This thesis, then, is concerned with the means whereby the federal government became involved in education, the degree and nature of its involvement, and, in a more general sense, with the significance of that involvement. Two specific restrictions have been imposed on the scope of the problem as presented herein. First, this study is limited to an analysis of federal government participation in post-secondary educational programs, with particular reference to those offered by universities and colleges. Post-secondary education is defined as that demanding, as the normal minimum prerequisite of those eligible to register, completion of high school graduation on an appropriate program as determined by the responsible authorities

of the respective province. Secondly, this paper accepts federal government financial assistance or aid allocated for post-secondary educational programs as the most significant indicator of that authority's involvement in post-secondary education in the nation.

For purposes of more systematic presentation, this study has been divided into two major sections. The first, that encompassing Chapters II, III, and IV, has as its primary objective the consideration of the chronology of federal government involvement in post-secondary education relative to the broad historical perspective of Canadian political, social and cultural development. An attempt has been made to provide an intensity of treatment for each historical period which is proportionate to the extent of federal government involvement in post-secondary education. Therefore, the period 1867 to 1939 warrants only one chapter in this historical overview, while the subsequent twenty-five years receives considerably more documentation in two major chapters.

The second portion of this thesis, that consisting of Chapters V, VI and VII, attempts a detailed analysis of certain substantive considerations extant in the Canadian nation during the era 1950 through 1967, and thereby reflected in federal government policy and procedure relating to education. Social, economic, and political issues are identified as those considerations with important implications for central involvement in post-secondary education during this period. The thesis seeks to identify and analyze the influence of

each on the formulation of federal policy, and to appraise the significance of that policy on educational performance, both provincially and federally.

### III. RELEVANCE OF THE STUDY

It is surprising and somewhat disconcerting to discover that federal involvement in education, a topic which has precipitated such a plethora of interest and discussion in Canada, has engendered relatively little serious study and research. Very acceptable work has been done on certain aspects of this question, including general history of education and, in particular, the constitutional and political implications of specific educational policy. More recently, commendable research has been undertaken wherein education is considered relative to cultural and, particularly, to economic development and progress. However, there appears to be no other study to date which has sought to inter-relate the chronology of federal government concern for education with substantive cultural, economic and political considerations.

Of what consequence to educators is the story of federal government involvement in post-secondary education? This question has special relevance for teachers, principals, supervisors, district superintendents and other local senior staff whose primary responsibility lies at the school and district levels. This paper does not attempt to examine in detail the educational implications nor, indeed the

many administrative complexities stemming from federal concern in this vital public service field. It does, however, seek to establish the fluctuating rationale behind greater or lesser federal involvement, to determine the extent of Ottawa's commitment, to delineate the nature of that participation, and to define the means whereby that concern for education finds expression at the national level. As far as possible, value judgments concerning federal involvement have been eschewed from this report. The intent was not that of postulating what should or should not, could or could not have been, but rather to report what was and is.

Hopefully, this paper will be of some practical value to these educators in spite of its lack of formal theorizing. If it succeeds in stimulating an active interest in, and consideration of, some of the numerous substantive issues discussed herein which are of great importance to principals, superintendents and others in the upper echelons of the educational hierarchy, the study will have been justified. For obviously, the involvement and concern of local administrators can be in relation to external and perhaps illegitimate influence exerted at one or more of several levels.

First, what are the direct, tangible and specific results at the local level of federal financial assistance to education within the district, and how has this extra-provincial aid affected educational philosophy and objectives within that region? Many school districts, for example, are currently utilizing vocational-technical school facilities and equipment for which 75 per cent of

the cost was underwritten by Ottawa. How has this twenty-five cent dollar influenced educational priorities within the district? Is it reflected in the composition of a school's staff? In the make-up and outlook of the student body? In the proportionate acceptance or non-acceptance of the school, its program and its personnel by the community? Has a type of education been bought locally because its "sale price" was too attractive, and is the program now operated to satisfy a vital need or to exonerate an embarrassed board caught with an unfortunate decision? Even if the program is making an important contribution, does the cost of its operation displace other educational goals of equal or greater significance?

At the provincial level, has federal assistance provided an additional or an alternative method of educational financing? The problem here is twofold. The same or a lesser total amount of money may be available but education still the loser in a federal-provincial battle in which the participating governments vie with one another in expounding their own generosity and disclaiming the inadequacy of the other authority's contribution. On the other hand, a greater amount of money may be provided but with restrictions, conditions, and reservations, which either invalidate legitimate and appropriate regional priorities, or inefficiently duplicate services and facilities already available. In other cases, the federal influence may be functional in that it stimulates provincial

governments to provide a more appropriate level of assistance in preference to other more popular but less critical expenditures. Where there exists the possibility of appealing to several levels of government for financial assistance, education can emerge the winner in an arrangement which permits the use of countervailing power to open the purse strings of unusually reluctant benefactors.

Finally, at the national level, does federal participation discourage educational "tunnel vision" and "tunnel thinking" which sometimes characterizes policy and performance at more local levels? To what extent can successful organizational procedures initiated between federal-provincial participants provide apt working models for more suitable provincial-district relationships? At the other extreme, are senior jurisdictions often too anxious to rush to the assistance of education on the pretext that only senior involvement can guarantee essential efficiency and consistency? Admittedly, in an increasingly complex era typified by nation-wide problems such as population mobility and educational obsolescence, it is easy to seek national solutions which superficially appear to be the most rational and efficient. However, should there be significant federal involvement in, and perhaps even domination of, a field simply because the problems are of national consequence? More specifically, is it possible to make an even greater total contribution to solving educational problems of intra-provincial significance if the federal government's role is restricted to that of co-ordination

and stimulation, the provincial, to that of control and adaptation? Perhaps most important, does the specialized knowledge and experience accumulated through years of discussion, negotiation, conciliation, and compromise offer an appropriate model which might be generalized to produce a vital, functioning confederation agreement?

Ultimately, there is little doubt that federal government involvement in education can be defined as federal financial participation in education. The critical question for all educationalists is whether federal assistance can be accepted without proportionate direct and indirect external control which violates provincial and local objectives and priorities. The money, after all, comes from the same source - the people. Is it therefore sound policy to buy education from afar?

#### IV. REFERENCES

<sup>1</sup>Canada, Department of the Secretary of State, Federal Expenditures on Post-Secondary Education: 1966-67, 1967-68. (Report No. 2, Education Support Branch. Ottawa: Queen's Printer, 1969), pp. 22-24; 28-30.

<sup>2</sup>ibid., pp. 1-25; 31-34.

<sup>3</sup>Canadian Universities Foundation, Sources of University Support (No. 2 of Financing Higher Education in Canada Series, comp. Edward F. Sheffield. Ottawa: Canadian Universities Foundation, 1961), p.8.

<sup>4</sup>ibid.

<sup>5</sup>W. N. Toombs, "Federal Aid to Education: A National Controversy," The Canadian Administrator, 11, (No. 6, March, 1963), 21.

<sup>6</sup>Canada, Dominion Bureau of Statistics, Education Division, Canadian Universities, Income and Expenditure: 1963-64 (Ottawa: Queen's Printer, 1965), p. 28.

<sup>7</sup>Canada, House of Commons Debates, October 31, 1966, pp. 9289-9292. Not included in this figure is an estimated expenditure of \$352.8 million in equalization payments to the provinces.

<sup>8</sup>Ibid., p. 9291.

<sup>9</sup>Canada, House of Commons Debates, March 3, 1967, pp. 13717 et seqq. See also Hobart Stanbury, "The Federal Role in Education," Queen's Quarterly, LXXIV (Autumn, 1967), 370.

<sup>10</sup>For example, the 1967-68 education estimates, including capital, for the Province of British Columbia were \$231.1 million or less than half the amount of the federal government's direct expenditure on education in the same fiscal year. British Columbia, Premier and Minister of Finance, Budget Speech, February 9, 1968 (Victoria: Queen's Printer, 1968), p. 31.

## CHAPTER II

## EDUCATION AND THE FEDERAL GOVERNMENT: 1867 TO 1939

## I. CONSTITUTIONAL CONSIDERATIONS

Because much of the question of federal government involvement in post-secondary education is that which has been argued in and around constitutional interpretation, a brief comment is required on the nature of the 1867 agreement.<sup>1</sup>

In the mid-nineteenth century, three basic considerations inspired the search for union of the British North American colonies. The Act of Union, affiliating the colonies of Upper Canada and Lower Canada some two decades earlier, by the 1860's had been rendered politically inoperable, primarily as a result of continuing cultural conflict between the English-speaking Protestant and French-speaking Roman Catholic groups. The economies of the several colonies were being severely taxed by new British free trade policies which no longer protected the special interests of the overseas possessions, and by the world-wide conversion from sailing to steamships which significantly undercut a major primary industry of the Atlantic colonies, that of building and equipping wooden vessels. Co-ordinated transportation services were required to overcome the isolation existing between the colonies, and standardized tariff policies, to promote mutually beneficial interchange of goods and services. The paramount consideration, however, was a common fear in the

colonies of annexation by the United States of America, now a very significant military power whose victorious Northern armies were anxious to avenge those grievances, both real and imagined, resulting from British sympathies for the South during the recent Civil War.

As a consequence, the British North America Act was a document designed to provide a strong central political unit "with a constitution similar in principle to that of the United Kingdom."<sup>2</sup> The acceptance of the parliamentary system of government was in recognition of the loyalist ideals and sympathies of most of the English-speaking, Protestant majority in Upper Canada and the Maritime colonies, while this same system appealed to the ultra-conservative church hierarchy of the French-speaking, Roman Catholic majority of Lower Canada with its fear of republicanism and concepts of liberty and equality as evidenced in the American, and particularly, the French Revolution. In order to make it politically viable, the central government therefore was assigned the responsibility for all matters of crucial importance to the "peace, order and good government of Canada,"<sup>3</sup> including national defence and external affairs, to the extent that these were not reserved as imperial prerogatives, economic integration, control over the major revenue sources of the day, and political dominance. There can be no doubt that the intent of the Fathers of Confederation, in creating Canada, was to establish in British North America a single political community!

Equally significant, however, these same Fathers of Confederation

opted for a political community reflecting not a unitary but a federal system of government. Almost a hundred years previous, following a brief period of liberal military government and a half-hearted attempt to anglicize the French-speaking population, in the Quebec Act of 1774 Britain had formalized the doctrine of "keeping Quebec British by letting it remain French." This Act guaranteed to the French of British North America three of the four essentials for the survival of that separate cultural group - religion, civil law, and appointed government, each representative of the status quo of pre-conquest days; only language rights remained to be underwritten at a later date.

The Constitutional Act of 1791, made necessary by the influx of United Empire Loyalists as a result of the American Revolution, reaffirmed this French cultural heritage, including religion, civil law and autocratic government, through creation of the separate English-speaking, Protestant colony of Upper Canada as opposed to the Francophone colony of Lower Canada. This same Act also was in recognition that hereafter, an increasingly large part of British North America would not be representative of that French-speaking, Roman Catholic culture. The subsequent fifty years witnessed extensive racial, religious and cultural strife in British North America, culminating in a resurgent French-Canadian nationalism coinciding with religious and language boundaries and dooming to failure that development of political expediency, the Act of Union,

with its attempted assimilation of the French Canadians.

There was no way that a unitary system of government such as that established by the Act of Union, could guarantee to a self-conscious minority the preservation of its distinctiveness in a community governed by the principles of majority rule and representation by population. As a result, Confederation was an agreement encompassing division as well as union, thereby making it possible for the French Canadian to be a participant in full legal nationhood while enabling him to be the political and cultural master of Quebec wherein he constituted the majority. There can be no doubt this concept was fully recognized by the most powerful English-speaking proponent of Confederation, Sir John A. Macdonald, who in 1890 noted that under the Canadian constitution all British subjects enjoyed "equal rights of every kind, of language, of religion, of property, and of person."<sup>4</sup> To this end, Section 92 of the British North America Act left the province supreme in "all matters of merely local or private nature in the province" including marriage, property and civil rights, and the administration of justice, while Section 93 made that same authority exclusively responsible for enacting "laws in relation to education in and for the province," providing such statutes did not prejudicially affect the educational rights of denominational minorities which existed at the time the province entered Confederation. Section 133 guaranteed the use of either the English or the French language in debates of the Houses of

Parliament and those of the Quebec Legislature and Senate, and provided for the printing and publication of all acts of these same Houses in both official languages. This same Section of the Act made inviolable the right to use either language in any Court of Canada or Court of Quebec.

The fundamental concept enshrined in Confederation was not the establishment of a nationalist state but rather the creation of a nation-state founded upon political and judicial unity with cultural and religious duality. Macdonald captured the intent of the agreement when he stated:

No man in his senses can suppose that the country can for a century to come be governed by a totally unfrenchified government. . . . He [a British-Canadian] must make friends of the French without sacrificing the status of his race or his religion. He must respect their nationality.<sup>5</sup>

Similarly, on an earlier occasion Macdonald had underwritten this principle when he castigated an acquaintance in Montreal as follows:

The truth is . . . that you British Lower Canadians never can forget that you were once supreme - that Jean Baptiste was your hewer of wood, and drawer of water. You struggle . . . not for equality, but ascendancy . . . . Treat them [the French-Canadians] as a nation and they will act as a free people do - generously. Call them a faction and they become factious.<sup>6</sup>

Not fully resolved within the written constitution, however, was the question of Ottawa's role in the protection of the educational rights of denominational minorities, and particularly, the question of the rights of French-speaking Canadians outside the Province of

Quebec. Both of these issues were to cause major strains on the Confederation bargain in future years. In the early periods of the new nation's life, however, the problem of federal involvement in post-secondary education was of minor consequence. Social and economic realities of the day enabled a very succinct division between education, a provincial matter resulting in comparatively little expenditure, and the federal government's senior responsibility for national fiscal, economic, and political well-being. This delineation became increasingly difficult as the twentieth century brought the progressive evolution of an urbanized and industrialized society, concerned with concepts of economic and democratic egalitarianism, whose achievement had very significant overtones for post-secondary education in Canada.

Analysis of the federal government's involvement in education during the first seventy-five years of the new nation's existence indicates three very broad periods of development: that extending from 1867 to approximately 1896; a second thirty years encompassing the period 1896 to 1929; the decade of the Great Depression.

## II. THE FIRST THIRTY YEARS

During the first three decades following the creation of the new federation, interest in post-secondary school education, and in secondary school education as well, commanded little public attention. Except for short-term reversals and local differences,

this was an era typified by weak provincial legislatures, dynamic central leadership, and a vibrant economic nationalism which found expression in railroad construction, protectionism and expansionism. A growing egalitarianism ascribed increasing importance to "common schools" designed to instill a rudimentary understanding of reading, writing, arithmetic and either British or French-Canadian history, depending upon the province concerned, but attendance beyond the four or five years then required to complete elementary schooling was not permitted to long interrupt the vital process of "learning how to make a living," an instructional program best taught in the home by parents in what was still an overwhelmingly agrarian society. Those few universities which existed tended to be in the direct control of, or dominated by private interests and the Church, with most programs and course offerings dedicated to the preparation of a small intellectual elite, the doctors, lawyers, clergymen, and the educated gentlemen, none of whom were representative of the most important vocations, those of farming, fishing, and hunting and trapping.

The federal government's lack of involvement in education was a reflection of the political as well as the economic and social climate of the era. Federal-provincial relations, as revealed, for example, in frequent federal disallowance of provincial legislation<sup>7</sup> and broad interpretation by the Judicial Committee of the Privy Council of the federal government's prerogative under the "peace, order and good government" clause of Section 91 of

the British North America Act, were those reflecting the superior position of the central government.<sup>8</sup> There can be little doubt that Ottawa would have become a much more viable force in Canadian education of the late nineteenth century had not social, economic, and political circumstances delayed recognition of the correlation between effective schooling and nation building. However, such early involvement would have exacted a heavy price. The inevitable French-English conflict resulting from federal encroachment upon education, a matter accepted as crucial to the preservation of cultural duality, would have detracted from that economic and political strength of the central government which otherwise permitted the physical expansion of the new nation.

### III. THE SECOND THIRTY YEARS

During the second period, that falling between the last decade of the nineteenth century and the late 1920's, involvement of the central authority in education again reflected prevailing concepts of federal-provincial relations. The early perception of strong centralization was now reversed, however, and the ascendancy of provincial jurisdictions as evidence in their increased vociferousness, prestige and status was underlined by decisions of the Supreme Court of Canada and the Judicial Committee of the Privy Council in favour of growing provincial autonomy. One noted historian has concluded that during this era federal jurisdiction over trade

and commerce, agriculture and international treaties was minimized, and even the residual clause of Section 91 of the Act was interpreted as a war-time emergency power. In contrast, the provincial "property and civil rights" clause of Section 92 was inflated to include labour relations, welfare legislation, development of natural resources, internal trade, and numerous other areas which logically might have been identified with the concept of "common" as opposed to "local interest."<sup>9</sup>

Nor was this changed emphasis inconsistent with emergent Canadian opinion as manifested in a national policy of "laissez-faire federalism," and a long succession of astute premiers, including Mowat, Mercier, McBride, Ferguson, Hepburn, and Duplessis, capitalized on regional interests and mistrust of central authority to promote "provincial rights." This new interpretation of federal-provincial relations found expression in the 1907 amendment to Section 118 of the British North America Act which greatly enhanced the financial viability of the legislatures, and in a revitalized immigration policy which bolstered provincial economies by providing investment capital, an expanded labour force, and unparalleled numbers of new producers and consumers of goods.<sup>10</sup> Gordon W. Bertram in his recent publication, The Contribution of Education to Economic Growth, establishes that significant advances in the mean education of the population were made in the period of the late nineteenth century up to the commencement of World War I.<sup>11</sup> The prevailing democratic

spirit insisted elementary education be not only available but also compulsory in order to ensure that each young Canadian had mastered the requisite fundamentals of reading, writing and arithmetic which were essential to a more productive and better informed citizenry. High school curricula, though, still were designed for the benefit of the few affluent who would continue their studies to become members of the professional elite. Because of the very limited output of high school students, even in those parts of the nation where universities were in existence they were inaccessible to most potential students.<sup>12</sup> For beyond approving legislation necessary for the establishment of universities within their boundaries, most provinces restricted their interest even in the "provincial university" to irregular and insufficient grants.<sup>13</sup> The case of the Province of British Columbia in regard to post-elementary education is not atypical of the general Canadian scene during this period.<sup>14</sup>

The principles of free and, in this instance, non-sectarian public education had been established in this part of British North America as early as 1865 when the Legislature of the Crown Colony of Vancouver Island passed the Common School Act. Both principles were reaffirmed by the Common School Ordinance of 1869, which applied to the united Colony of British Columbia, and by the Free Public School Act of 1872, passed a year after British Columbia entered Confederation as a Province. The first public high school in the

Province did not open until 1876, however, and as late as 1902 there were still fewer than 1,000 students attending these institutions. Pupils attending high school were primarily those preparing to become teachers in the common schools, although the occasional venturesome student sought entry to a university in the East in order to study law, medicine or theology. Legislation passed by the Province in 1890 and 1891 provided for the creation of normal schools for the training of teachers, and for a provincial university. The first normal school, Vancouver, did not open its doors until 1901, and a further fourteen years were to elapse until Victoria Normal School became operational. Considerably more delay was experienced in the matter of establishing a provincial university. Vancouver High School became an affiliate of McGill University, offering First Year Arts in 1899, and four years later Victoria High School entered into a similar arrangement with that institution. It was not until 1908, better than thirty-five years after British Columbia entered Confederation, that interest in post-secondary education was sufficient to result in legislation approving the establishment of a provincial university, the University of British Columbia, and not until 1915 that the institution commenced operation in temporary quarters located on the grounds of Vancouver High School. Finally, a further ten years were to elapse before the provincial university occupied the first buildings located on the permanent Point Grey campus. Obviously, such a leisurely development of

post-secondary education programs and facilities suggests that considerations affecting higher education were low priority items, even on the provincial scene, during much of the period under discussion.

In spite of a growing local interest in elementary and, to a progressively limited degree, in secondary and higher education, the attitude of the federal government in this era was primarily one of disclaiming either legal or moral responsibility for involvement. This point of view was foreshadowed as early as 1871 when Maher's appeal under Section 93, British North America Act, to the federal government for protection of traditional pre-Confederation minority education rights against the non-sectarian provisions of New Brunswick's Common Schools Act was rejected by Prime Minister Macdonald on the grounds that this Section could be invoked only if a law were held unconstitutional, or if that legislation threatened injury to parties in other provinces. The federal government held that the minority education rights in question had existed in the Colony of New Brunswick as a result of tradition rather than law, and therefore the central government could not intervene under Section 93 in that federal action was possible only in those instances where such rights had existed "by law at the union."<sup>15</sup> Twenty-five years later, a federal election was fought on the issue of whether or not the central authority should utilize the remedial power granted it under Section 93 to force the Manitoba government to repeal legislation declared unconstitutional by the Judicial

Committee of the Privy Council because it violated the educational rights of a minority - rights which had been guaranteed by the Manitoba Act of 1870. Campaigning on a platform which opposed the interference of the federal authorities in all educational matters, Laurier's Liberals swept Quebec in a stand for provincial rights, and in effect negated even this limited constitutional provision for federal involvement in education.<sup>16</sup> The third major test of the federal government relative to Section 93 of the British North America Act arose out of "Resolution 17," a circular of instructions on the bilingual schools published by the Ontario Department of Education in 1912. "Resolution 17" provided for the immediate phasing out of French as a language of instruction in the elementary schools of the Province, while "Resolution 18" of the same year ruled out support from public funds for any school which did not comply with "Resolution 17," and for the suspension or cancellation of the teaching certificate of any teacher who was similarly in default.<sup>17</sup> The position of the Provincial government was vigorously supported by the English-speaking majority of Ontario, including most of the Roman Catholics who favoured separate but not bilingual schools, and actively and bitterly opposed by both the French-speaking minority of that Province and the majority in the Province of Quebec. In 1915 the validity of "Resolution 17" was upheld by the Supreme Court of Ontario on the grounds that the French language was guaranteed in the Province neither by

constitutional nor natural rights. Two years later the Judicial Committee of the Privy Council declared "Resolution 17" Intra vires the Province, affirming that only denominational and not language privileges were guaranteed under Section 93 of the Act, and the Department of Education thereby was entitled to make any regulation concerning the teaching of French in schools of the Province.<sup>18</sup>

Although World War I necessitated some temporary excursions by the federal government into education and a number of other jurisdictions held sacred by the proponents of provincial rights, the 1920's brought a quick return to "normalcy" with Ottawa again pursuing a "negative policy, avoiding new obligations and striving to cut down existing ones."<sup>19</sup> In this decade of post-war optimism and rapid economic growth, provincial and municipal expenditures rocketed upwards, a \$173 million increase in less than ten years,<sup>20</sup> with public welfare, education, and streets and highways accounting for much of the growing demand for revenue. Increased demand for educational expenditures during these years was the result of several factors, paramount among which was an egalitarian philosophy insistent upon the widest possible extension and constant improvement of educational opportunities. The preponderance of youth among the immigrants who flocked to Canada after 1900 inflated the demand for greatly expanded general education opportunities, while the more complex post-war economy required more expensive, more diversified and more specialized secondary school programs and higher education

facilities.<sup>21</sup>

Significant though this increased provincial expenditure on education was, provision of essential facilities and programs did not keep pace with the standard set prior to 1914, nor with that maintained in other jurisdictions such as the United States during the inter-war years.<sup>22</sup> As late as 1920, only 9 per cent of those fourteen to seventeen years old graduated from high school in Canada,<sup>23</sup> while the median number of years of schooling completed by males between twenty-five and sixty-four years of age was 7.35, not even sufficient for high school admission in most provinces.<sup>24</sup> If the disparity between educational needs and educational provision was growing during a period of rapid economic development, how much greater this deficiency would become during a decade of shrinking provincial and municipal revenues! And if this latter period of deprivation was in turn succeeded by an era of dislocation of educational resources, could the provincial jurisdiction rescue education from its deteriorated position without massive assistance from the federal government?

#### IV. INDICATORS OF CHANGE

In spite of the federal government's renunciation of educational responsibility during most of the period 1896 to 1929, several highly significant developments initiated during the war years foreshadowed subsequent policy and programs to become commonplace in

the decades ahead. Following consultation with the provinces, in 1910 the federal government appointed a Royal Commission to inquire into and report upon the state of industrial training and technical education in Canada. The Report of the Royal Commission, filed with the government in 1913, recommended broad interest in and financial support of "technical training" as appropriate individuals for corporations, and all levels of government.<sup>25</sup> Commencing in that same year, substantial financial assistance was given by Ottawa to the provinces under terms of the Agricultural Instruction Act,<sup>26</sup> and in 1919, Bill 131 "for the promotion of Technical Education in Canada" became law. This legislation empowered the federal government to expend some \$10 million to stimulate the development of technical schools over the next ten years.<sup>27</sup> Of even greater consequences than the amount of assistance provided were the terms of the agreement under which federal financial aid was available to the provinces. The Act introduced a number of provisions and procedures which were to be standardized in subsequent federal excursions into post-secondary education and other fields as the central authority perfected the "conditional grants" approach, a means of redistributing revenue such that the provincial government would be motivated to expend those and a portion of its own funds in relation to certain federal priorities. In order to minimize claims that Ottawa was involving itself in a jurisdiction of provincial concern, the federal government restricted the legislation to

references concerning "technical training" as opposed to "technical education."<sup>28</sup> Again, the Act specified that the amount of the grant forthcoming to any province was not to exceed the amount to be expended by that local authority during the applicable fiscal year, thereby initiating what became a commonplace feature of subsequent programs of federal assistance to post-secondary education - that the provision of federal aid was contingent upon the provincial authority agreeing to put up a proportionate amount of revenue obtained from its own sources. A further noteworthy feature of the Act required that the federal and the provincial government concerned both agree upon the programs as well as upon the manner in which these payments were to be used for technical training.<sup>29</sup> This provision for federal overview or approval of programs or projects established a precedent subsequently reflected in all schemes for federal assistance to technical training or education other than the one most recently introduced in 1966.<sup>30</sup>

Indirectly associated with this new federal involvement in adult, and technical and vocational education, was the central government's determination that the education and training of Great War veterans was the responsibility of the same national government whose call to arms had initially interrupted their means of earning a livelihood. In the years following World War I, substantial funds were provided by the Dominion to train veterans in post-secondary educational institutions, primarily colleges and universities.<sup>31</sup>

In the same manner that the above-mentioned programs of 1913 and 1919 provided the precedent for later federal assistance to technical and vocational education via the imposition of conditions or qualifiers on the provincial recipients, so too did the scheme for educating veterans underline the federal government's right to provide direct financial assistance to individuals receiving post-secondary education. The principle of federal aid to persons undertaking higher education was reflected in the post-World War II era not only in terms of direct assistance to veterans, but also in the form of living allowances for adults involved in technical training, and as scholarships, bursaries, loans, and grants to students enrolled in the universities and colleges.)

The first program specifically designed to provide federal assistance to individuals and organizations at the post-secondary level, however, was not one involving the training or education of veterans. This same program is significant for two other reasons: it heralded the introduction of a new type of federal assistance to post-secondary education, the grant-in-aid; it established the right of the Dominion to be concerned with, and involved in, research. In 1916, Ottawa created the Honorary Advisory Council for Scientific and Industrial Research (the National Research Council) in order to stimulate scientific research necessary to the war effort.<sup>32</sup> Prior to the launching of this program, there was virtually no scientific research being carried out by university groups in Canada. Under

the Council, provision was made:

. . . for the planning and integration of research work, organization of co-operative investigations, post-graduate training of research workers, and prosecution of research through grants-in-aid to university professors.<sup>33</sup>

In addition to making available scholarships to graduate students in the natural sciences and grants to universities to assist in the procurement of equipment and other materials and facilities, over ensuing years the National Research Council established its own laboratories to carry out research in highly specialized fields, including aerodynamics (1939) and cosmic rays (1952). The Council also decentralized its facilities to provide at least one major research establishment in each of the geographic regions of Canada, thereby encouraging local initiative and involvement in this vital aspect of education. The national significance of the Dominion's decision to establish and maintain the National Research Council was aptly captured some years later by Prime Minister St. Laurent, who announced:

It is probably not an exaggeration to say that the support provided by the Council has been largely responsible for the development of scientific research in Canada over the past forty years. During that period the federal contribution has amounted to approximately \$25 millions, and all universities having science or engineering faculties have participated in the programme.<sup>34</sup>

In concluding this portion of the study, it is important to point out that what was to prove the most momentous development in terms of federal involvement in post-secondary education was not education legislation as such. The "temporary" imposition of

a direct federal tax on income during World War I determined that, in ensuing years as education consumed an ever-increasing proportion of provincial revenue and as provincial income failed to expand in relation to the spiralling costs of services rendered, the central authority was the only level of government with the financial resources necessary to bridge the gap between rocketing capital and operating costs of education and available income.

#### V. THE THIRTIES

The decade of world-wide depression which began in 1929 was instrumental in inducing major change in Canadian economic, political and social evolution and, consequently, in the pattern of federal involvement in Canadian education. Aid to education was, of course, a matter of minor governmental consideration in an era of economic confusion and chaos when the primary concern of many provinces and most municipal jurisdictions was to avoid bankruptcy. The Canadian economy was especially vulnerable in the international trading arena because of a high degree of dependence upon the acceptability, on a shrinking world market, of a restricted number of staple goods and products of primary industries. A rapid reduction both in the volume and price of exports brought inordinate increase in the number of unemployed and destitute who, for the first time in history, had no opportunity for self-help through the self-sufficiency of the household, the establishment of new homes on the agricultural

frontier, nor immigration to an area of more promise, and therefore became entirely dependent upon public charity.<sup>35</sup> Thus, as Donald V. Smiley wrote, "with the onslaught of the depression, governments were immediately harassed from two sides - rapidly falling receipts from vulnerable revenue sources and sharply rising costs due to relief, other welfare and debt charges."<sup>36</sup> Nor was the prospect for improvement bright, for "the Dominion, from whom alone leadership could have come, was mainly concerned with steering a day-to-day course between insisting on the constitutional responsibility of the provinces and the necessity of preventing widespread starvation."<sup>37</sup> The provincial governments now experienced the full significance of the thirty-year trend towards autonomy, especially for their assumption of complete responsibility for expenditures on such local services as education and welfare. Educational financing was in a very vulnerable position, since municipalities, largely responsible for the cost of elementary and secondary education and for a considerable portion of expenditures on post-secondary education, depended upon real property taxes for over 80 per cent of their revenue.<sup>38</sup> Nor were the provincial governments in a healthy position to come to the rescue of municipalities when the depression forced down inflated property values. The capacity of the provinces to discharge the enlarged responsibilities they had assumed rested primarily on the increase in revenue obtained from liquor sales, motor vehicle licences and gasoline taxes, all semi-luxury consumption taxes which quickly

shrank in proportion to the contraction of income.<sup>39</sup> The sum of money devoted to Canadian education in general was cut below that essential to maintain even the inadequate standards of the 1920 era. Lack of expenditure at the post-secondary level was catastrophic; the per capita expenditure on education in Saskatchewan, for example, was reduced by over 40 per cent during this decade.<sup>40</sup>

The economic collapse of the 1930's soon revealed the extent to which court interpretations of the Canadian constitution had delimited the superordinate role of the central government, and illustrated the necessity for a new interpretation of the original agreement if Canada were to survive. In the earlier national crisis of World War I, constitutional provisions had permitted Ottawa to assume a position of dominance; most governments agreed that something comparable must again be realized in order for "peace, order and good government" to prevail. Although judicial decisions concerning jurisdiction over radio broadcasting and aeronautics indicated that an era of more flexible interpretation of the federal position might be in the offing, the Privy Council's subsequent ruling that Prime Minister Bennett's "New Deal" legislation was ultra vires the Dominion government clearly illustrated that advances in federal authority would have to be by a means other than judicial interpretation.

The financial position of post-secondary education was even more critical than was that of most municipal and provincial governments. Because of provincial opposition to earlier federal conditional

grants to agriculture and technical education, these had not been renewed when they expired in the previous decade. Limited federal assistance was forthcoming for several adult education and youth education programs, however, and by the end of the decade, major advance had been made in developing cost-sharing arrangements, particularly as represented in the Vocational Training Co-ordination Act.<sup>41</sup> This legislation authorized Ottawa to enter into agreements with the provinces to provide financial assistance for the construction and operation of technical and vocational schools. It also made provision for joint federal-provincial financial assistance to students with need who were undertaking post-secondary education. Obviously, though, any significant and long-term solution to the serious problem of financing Canadian education would have to be sought through the resolution of the much broader crisis in federal-provincial relations, especially as reflected in the inadequate distribution of revenue.

## VI. REFERENCES

<sup>1</sup>The author is indebted to many sources for a number of points made in this section, but particularly to the following: Ronald I. Cohen, Quebec Votes (Montreal: Saje Publications, 1965); Ramsay Cook, Canada and the French-Canadian Question (Toronto: Macmillan, 1966); Pierre Elliott Trudeau, Federalism and the French Canadians (Toronto: Macmillan, 1968); Mason Wade, The French-Canadian Outlook (No. 14 of The Carleton Library Series. Toronto: McClelland and Stewart, 1964); and A. R. M. Lower, F. R. Scott et. al., Evolving Canadian Federalism Publication Number 9 of the Duke University Commonwealth-Studies Center. Durham, N.C.: Duke University Press, 1958).

<sup>2</sup>The British North America Act, 1867, 30 & 31 Vict., preamble.

<sup>3</sup>Ibid., Sec. 91, preamble.

<sup>4</sup>Canada, House of Commons Debates, 1890, Vol. 1, p. 745.

<sup>5</sup>A. D. Lockhart, "The Contribution of Macdonald Conservatism to National Unity, 1854-78," Canadian Historical Association, Report, 1939, 125.

<sup>6</sup>Robert Catherwood, "A New Year's Tale About a Man Who Understood Biculturalism," Saturday Night, LXXIX (No. 1, January, 1964), 29.

<sup>7</sup>Between 1867 and 1896 the federal government disallowed some 125 provincial acts. See R. MacGregor Dawson, The Government of Canada (No. 2 of Canadian Government Series. Fourth edition, revised by Normal Ward; Toronto: University of Toronto Press, 1963), pp. 231-233.

<sup>8</sup>The best illustration is the decision of the Judicial Committee of the Privy Council in Russell v. the Queen, 1882: "Few, if any, laws could be made by Parliament for the peace, order and good government of Canada which did not in some way affect property and civil rights, and it could not have been intended, when assuring to the provinces exclusive legislative authority on the subject of property and civil rights, to exclude the Parliament from the exercise of this general power whenever any such incidental interference would result from it." Quoted in Dawson, op. cit., p. 96. It is interesting to speculate concerning the altered role of the federal government in post-secondary education had an early Privy Council decision been forthcoming on a broad interpretative question such as whether the provision of federal aid in this area is constitutional under Section 93 of the British North America Act, and whether such assistance falls under the definition of nation-wide importance (Section 91) or civil rights (Section 92).

<sup>9</sup>F. R. Scott, "French Canada and Canadian Federalism," Evolving Canadian Federalism, op. cit., pp. 67-74.

<sup>10</sup>It is worth noting this highly successful program involved immigration and agriculture, two concurrent powers under the Act. What would have been the experience if education had been placed in Section 95 as the third area of shared federal-provincial responsibility rather than in Section 93? Presumably, under such an assignment, the over-riding responsibility for education would have been provincial rather than federal - as with Section 94A, 1951, the old age pension clause.

<sup>11</sup>Gordon W. Bertram, The Contribution of Education to Economic Growth: Staff Study No. 12 of the Economic Council of Canada (Ottawa: Queen's Printer, 1966), pp. 61-63.

<sup>12</sup>It was estimated in 1927, for example, that about 3 per cent of the adult males in the age group twenty to twenty-four years were likely to take extended university courses, and just over 1 per cent of the same female age group would similarly attend universities in Canada. See Canada, Dominion Bureau of Statistics, Annual Survey of Education in Canada: 1927 (Ottawa: King's Printer, 1929), p. xxxvi.

<sup>13</sup>Of the \$16.2 million expended by Canadian universities and colleges in 1926-27, only \$5.6 million or approximately one-third was in the form of aid from federal, provincial and municipal governments. Ibid., p. 122.

<sup>14</sup>The information contained herein is drawn from a number of sources including the following: British Columbia, Superintendent of Education, Public Schools Report of the Province of British Columbia (Victoria: Queen's Printer, various years 1872 to 1916); Mollie E. Cottingham, "A Century of Public Education in British Columbia" (paper given at the First Annual Meeting of the Canadian College of Teachers, August 11, 1958); George H. E. Green, "The Development of the Curriculum in the Secondary Schools of British Columbia, Including Academic, Commercial, Technical, Industrial Arts and Correspondence Courses" (unpublished Doctor's dissertation, The University of Toronto, 1944); F. Henry Johnson, A History of Public Education in British Columbia (Vancouver: University of British Columbia Press, 1964); Donald Leslie MacLaurin, "The History of Education in the Crown Colonies of Vancouver Island and British Columbia and in the Province of British Columbia" (unpublished Doctor's dissertation, The University of Washington, Seattle, 1936).

<sup>15</sup>D. Munroe, "Democracies Minorities and Education," The Journal of Education, No. 9 (January, 1964), 61-64.

<sup>16</sup>André Siegfried, The Race Question in Canada (No. 29 of The Carleton Library Series. Toronto: McClelland and Stewart, 1966), pp. 71-77. Laurier's victory was in spite of strong opposition by the Roman Catholic hierarchy of Quebec who were anxious to protect the religious and cultural rights of the French-speaking minority in Manitoba against the English-speaking, Protestant majority. Interestingly enough, the Liberals managed to emerge from the election as the popular defenders of both provincial rights and the French-Canadian religion and culture. The federal Conservatives in Quebec, on the other hand, have never fully recovered from the blow of 1896.

With the exception of 1958, that Party has consistently failed to win a majority of Quebec seats in every federal election since that date.

<sup>17</sup>See Marilyn Barber, "The Ontario Bilingual Schools Issue: Sources of Conflict," and Margaret Prang, "Clerics, Politicians, and the Bilingual Schools Issue in Ontario, 1910-1917," Minorities, Schools, and Politics, Ramsay Cook et. al. editors (No. 2 of Canadian Historical Readings. Toronto: University Press, 1969), pp. 63-84; 85-111.

<sup>18</sup>Prang, op. cit., p. 109.

<sup>19</sup>Donald V. Smiley (ed.), The Rowell-Sirois Report: An Abridgement of Book I of the Royal Commission Report on Dominion-Provincial Relations (No. 5 of The Carleton Library Series. Toronto: McClelland and Stewart, 1963), p.146.

<sup>20</sup>ibid.

<sup>21</sup>Bertram, op. cit., p. 74.

<sup>22</sup>ibid.

<sup>23</sup>Ewart H. Morgan, "Secondary Education," Canadian Education Today, Joseph Katz, editor (Toronto: McGraw Hill, 1956), p. 120.

<sup>24</sup>Bertram, op. cit., p. 74.

<sup>25</sup>Carllyn Floyd Goulson, "An Historical Survey of Royal Commissions and Other Major Governmental Inquiries in Canadian Education" (unpublished Doctor's dissertation, The University of Toronto, Toronto, 1966), pp. 462-463.

<sup>26</sup>Louis St. Laurent, "Address by the Prime Minister of Canada," Proceedings: National Conference of Canadian Universities and Colleges, 1956 (Toronto: NCCUC, 1956), p. 253.

<sup>27</sup>Canada, House of Commons Debates, 1919, pp. 3165 et. seqq.

<sup>28</sup>Goulson, loc. cit.

<sup>29</sup>ibid.

<sup>30</sup>The 1966 legislation is discussed in detail in the second section of this study.

<sup>31</sup>Murray G. Ross, "Scholarships, Bursaries and Fellowships for Canadians in Canada," Proceedings: National Conference of Canadian Universities and Colleges, 1961 (Ottawa: NCCUC, 1961), p. 97.

<sup>32</sup>Canada, Dominion Bureau of Statistics, "Education and Research," Canada Year Book 1959 (Ottawa: Queen's Printer, 1959), p. 370.

<sup>33</sup>Ibid.

<sup>34</sup>St. Laurent, op. cit., p. 252.

<sup>35</sup>An important feature in the lack of self-sufficiency of the unemployed lay in the rapid transformation of a large portion of the labour force from agriculture to manufacturing, industrial and service industries. This was particularly true during World War I and in the heyday of the post-war boom. Agriculture accounted for 40 per cent of national net production in 1925 and 26 per cent in 1929; manufacturing, for 31 per cent and 40 per cent respectively in these same years. W. A. MacKintosh, The Economic Background of Dominion-Provincial Relations (No. 13 of The Carleton Library Series. Toronto: McClelland and Stewart, 1964), pp. 81-82.

<sup>36</sup>Smiley, op. cit., p. 182.

<sup>37</sup>Ibid., p. 178.

<sup>38</sup>Ibid., p. 146.

<sup>39</sup>Ibid., pp. 142-147.

<sup>40</sup>Ibid., p. 181.

<sup>41</sup>This matter receives detailed treatment in a later section of the study. See pp. 105 et. seqq.

## CHAPTER III

## EDUCATION AND THE FEDERAL GOVERNMENT: 1940 TO 1950

The third major period in the historical evolution of federal government involvement in education, that covering the decade 1940 to 1950, was dominated by two all-important considerations: the resurgence of central authority and supremacy in Canadian political and economic life as a result of World War II, and a determination by all parties to prevent, in the period of reconstruction following the War, a repetition of the recent cataclysmic depression.

## I. THE ROWELL-SIROIS REPORT

In August, 1937, the federal government appointed a Royal Commission on Dominion-Provincial Relations to undertake "a re-examination of the economic and financial basis of Confederation and of the distribution of legislative powers in the light of the economic and social developments of the last seventy years."<sup>1</sup> Specifically, the Royal Commission was instructed to examine the constitutional allocation of revenue sources to the two levels of government, the character and amount of taxes collected, public debt and expenditure, and Dominion subsidies and grants to provincial governments. Consequently, it was inevitable that the general financial recommendations of the Commission would be of great significance to the question of the justification for, and the nature and extent of, future federal involvement in post-secondary education. Three of these

recommendations, subsequently adopted as government policy, were of particular importance to the later course of higher education in the nation. The recommendation that the means of taxation be reallocated with Ottawa assuming exclusive responsibility for personal and corporation income taxation as well as for succession duties, if accepted without modification, would leave the provinces largely incapable of meeting large-scale increased expenditures on post-secondary education. Particularly would this be so if there should be a significant increase in the quality and quantity of university and technical school graduates. The proposal that federal subsidies be made to the provinces on the basis of fiscal need, if implemented, would better accommodate the position that this type of assistance should be widely used in providing either direct or indirect aid to post-secondary education, and in attempting to remove major disparities in regional expenditures on this vital service. Finally, the recommendation that basic social services be reallocated with the federal government expanding its commitment to include the employable unemployed as well as its then current responsibility for old age pensions foretold two momentous developments in subsequent federal aid to post-secondary education. The federal government, in assuming general responsibility for social services, could be expected to develop a very active interest in related areas of post-secondary education, especially public health and welfare. Secondly, Ottawa could not assume responsibility for the employable unemployed without eventually increasing its concern for that factor most crucial in

securing employment - training and education.

## II. THE WAR YEARS

If the Great Depression argued for greater centralization for reasons of internal economic and fiscal viability, the Second World War underlined federal supremacy as vital to national survival. After favouring provincial autonomy for almost half a century, the federal Liberal Party tied its fortunes to a strong central authority which found expression in expanded economic, political, and social direction of the nation and its citizenry. In the economic sphere, the war effort resulted in an increasing federal presence reflected in monopolization of all major sources of revenue, and of its distribution relative to the national cause. Canadians became accustomed to direct federal involvement through Ottawa's control of prices, wages and profits, consumer credit, savings, the availability and supply of consumer goods and services and, of course, of direct or indirect manipulation of manpower resources. Politically, the same period of national crisis brought heavy centralization manifested in a general willingness to accept Parliament as the superordinate government, with the position and role of that authority approximating national rather than federal function and intent. The new posture of the federal government was bolstered by crucial circumstances which, for reasons of national security, and greater economy and efficiency

commensurate with the emergency, demanded extensive use of orders-in-council and other centralizing administrative devices. A massive bureaucracy, staffed by ever more civil servants under the direction of specialists and experts co-opted from business, industry, and the universities, invaded even the more remote parts of the country with directives, regulations, inquiries, and information provided via the aegis of a plethora of departments and agencies. Perhaps most significant, though, were the social implications of growing centralization. The federal government communicated directly with the national citizenry by many means - written directives and information, radio, film, and through the provision of vital services - and thereby became an agent influencing the day-by-day lives of most. In turn, the citizenry, better able to identify with the federal authority, radiated a resurgent nationalism, a greater unity stemming from the identification of a common intra-provincial threat even greater than hitherto posed by Ottawa!

Federal assistance to post-secondary education during the war years was both specialized and direct; its justification rested upon a policy of national security and Canadian defence. Clause 7, Section 91 of the British North America Act clearly defined the federal government's exclusive responsibility for the militia and national defence, and, thereby, for necessary education of all armed service personnel. Science and technology of the twentieth century dictated that war increasingly was becoming the prerogative of the well-educated, the highly skilled technician, the specialist. For large numbers of

service personnel, training camp was less a matter of extended military drill than it was a concentrated study of trigonometry, physics, meteorology, chemistry, and other similar "school" subjects. And with the educational neglect of the depression years, the federal government found itself committed to the support of pre-training-camp schooling in order to secure sufficient recruits with the required minimal general or technical education.<sup>2</sup> The federal government also provided service personnel with the opportunity and encouragement to complete general academic requirements demanded of those seeking university admission.<sup>3</sup> Where base schools were not readily available, Ottawa provided free high school correspondence instruction patterned on that of several provincial governments, especially British Columbia.<sup>4</sup> The most important consequence of these educational programs, however, was the conditioning provided whereby large segments of the population came to accept, even expect, federal assistance to education, particularly at the post-secondary level.

Another development of great importance to Canadian education was the astronomical growth during and after the war years of federal involvement in, and sponsorship of, specialized research through the National Research Council, Defence Research Board, Atomic Energy of Canada, and other similar extra-departmental agencies. Similarly, federal participation in education continued to be manifested in a number of "information divisions," particularly the Canadian Broadcasting Corporation and the National Film Board. The Canadian

Broadcasting Corporation, then in its second decade of radio broadcasting, early had established a reputation for sound educational programming as a result of its widespread co-operation with departments of education, universities and other educational organizations, in preparing documentaries, lecture series, discussions, music recitals, and drama. The National Film Board, an agency of the federal government founded in 1939 as a supervisory body over Canadian motion picture activities, subsequently assumed a much greater role as a national producer of documentary films.<sup>5</sup>

Of by far the greatest consequence to Canadian education in the war years, however, was the centralization of economic and fiscal control in the hands of Ottawa. According to a noted Canadian historian, the policy decisions and consequent commitments made by the federal government in the early 1940's were to dominate the nature and rate of Canadian development, not only in the war years but also for at least a decade thereafter.<sup>6</sup> First was Ottawa's adoption of Keynesian economic theory that high and stable levels of income and employment could only be realized if there was a strong central government empowered and willing to take the necessary action to maintain appropriate aggregate expenditure on consumer goods, exports, and on private and public investment. Secondly, to lessen depression neurosis, the federal government committed itself to a policy of national health and welfare, including family allowances, extended unemployment insurance benefits, increased old age pensions,

and other similar social services. Many of these benefits had the effect of reducing the anxiety and, in some respects, the high cost of initial capital outlay associated with further education for lower-income families. Finally, the federal government's policy decisions for a number of years following the termination of the War were to reflect the truism that claims of provincial autonomy were without meaning unless provinces had the necessary financial resources to discharge their assigned and assumed obligations. However, unrestricted increases in provincial financial viability would have to be at the expense of national economic control and expanded social welfare programs - a sacrifice neither the federal government nor the population at large was prepared to make. A decrease in provincial, and increase in federal authority therefore was inevitable.

### III. RECONSTRUCTION AND EDUCATION

The dominant characteristic of the reconstruction period following World War II was Ottawa's determination to strengthen its position of ascendancy. In the economic sphere, this outlook was expressed in the federal government's struggle to retain its exclusive control over personal and corporate income taxation which had been realized, on an emergency basis, under the wartime tax rental agreement.<sup>7</sup> The central authority argued that such an approach was necessary to guarantee Ottawa's general, over-riding control of the

economy while at the same time avoiding a stifling of provincial initiative and an upsetting of local priorities through the overuse of conditional as opposed to unconditional federal aid. Most provinces, fearful of a serious post-war recession and still intrigued by a new Canadian nationalism and sense of achievement and identity,<sup>8</sup> were not prepared to challenge federal economic and political domination. Consequently, with the exception of Quebec, and to a lesser extent, Ontario, the provinces were willing to accept federal subsidization of a growing number of social services, including health and welfare, and higher education.

By far the most significant involvement of the federal government in education thus far was its contribution to the training and education of World War II veterans during the period 1946 to 1952. The Department of Veterans Affairs provided universities with direct federal aid in the amount of \$150 for each veteran enrolled. In addition, each ex-serviceman received a grant to cover tuition fees, and a living allowance while at university - an estimated total outlay by the federal treasury of some \$140 million.<sup>9</sup> Veterans choosing to attend technical or vocational schools rather than university or college were given similar educational assistance by Ottawa, while those requiring high school completion continued their studies under special acceleration programs agreed to by both federal and provincial jurisdictions.<sup>10</sup> Obviously, a very important outcome of veterans' education programs was the transformation of thousands

of young Canadians from the ranks of the potentially unemployed to the status of high wage and salary earners. The federal government had underscored its right and responsibility to be concerned with unemployment as a serious threat to national economic stability and growth. More significant, it had established the precedent of federal assistance to post-secondary education, and had conditioned thousands of well-educated graduates to accept such involvement by the Dominion as a necessary feature of Canadian life. In 1946-47, for example, federal assistance to universities accounted for some 16 per cent of their total income.<sup>11</sup> With the termination of this support, the universities faced a desperate economic future. On one side, they were confronted with increasing demands for buildings and facilities, a direct result of the inflated number of applicants and the much larger proportion of high school graduates seeking university admission. On the other side, the universities experienced rapidly diminishing revenues, with no prospect of recouping the loss of vital building and expansion programs foregone in the dual crises of depression and war.

#### IV. REFERENCES

<sup>1</sup>Donald V. Smiley (ed.), The Rowell-Sirois Report: An Abridgement of Book I of the Royal Commission Report on Dominion-Provincial Relations (No. 5 of The Carleton Library Series. Toronto: McClelland and Stewart, 1963), p. 2.

<sup>2</sup>Seaview and Tyee schools in Vancouver and Victoria respectively, for example, were established for this purpose. Information obtained from records of the Office of the Registrar, Department of Education, Victoria, B. C.

<sup>3</sup>The Canadian Intermediate Education Tests (CIET) and Canadian Higher Education Tests (CHET) were at the junior and senior matriculation levels respectively. Information provided by the Department of Veterans Affairs, Ottawa, and by the Commanding Officer, H.M.C.S. Naden, Victoria, B. C.

<sup>4</sup>Courses for Service Personnel were available at both the Secondary (A, B, and C) Level and the Advanced Secondary Level. A typical introductory comment in one of the correspondence booklets reads: "On completion of this Advanced Secondary Level course . . . successful students may obtain credit for one paper in Honour or Senior Matriculation, if such credit is possible." In 1966-67, the writer undertook a survey of all provincial departments of education and all major Canadian universities, establishing that, with minor exceptions, authorities were still honouring these courses as providing standing for transfer credit at the junior and senior matriculation levels.

<sup>5</sup>Canada, Dominion Bureau of Statistics, "Education and Research," Canada Year Book 1961 (Ottawa: Queen's Printer, 1961), p. 365.

<sup>6</sup>Donald V. Smiley, The Canadian Political Nationality (Toronto: Methuen, 1967), pp. 35-40.

<sup>7</sup>W. A. Mackintosh, "The White Paper on Employment and Income in its 1945 Setting," Canadian Economic Policy Since the War (Ottawa: Carleton University Press, 1965), p. 26.

<sup>8</sup>This new nationalism was evidenced, for example, in legislation making the Supreme Court the highest authority in the judicial sphere, and in the admission of Newfoundland as the tenth province in 1949. Externally, this same nationalism culminated in Canada's active participation in the United Nations, NATO, and numerous other international organizations and associations.

<sup>9</sup>Willson Woodside, The University Question: Who Should Go? Who Should Pay? (Toronto: Ryerson Press, 1958), p. 154.

<sup>10</sup>In British Columbia, this special high school program, known as the Ex-Service Programme, was in effect from 1946 to 1957. Veterans seeking high school completion under these regulations required passes in Departmental Examinations for four Grade XII courses - English and three academic electives. Interestingly enough, this Programme became the basis for evolving, in the 1950's and 1960's, mature student or adult secondary school programs in the Province. Education of servicemen, therefore, was an important factor in the development of some aspects of adult education in the nation.

<sup>11</sup>Canada, Royal Commission on National Development In the Arts, Letters and Sciences, Report of the Royal Commission . . ., Vincent Massey chairman (Ottawa: King's Printer, 1951), p. 141. (The Massey Report).

## CHAPTER IV

## THE FEDERAL GOVERNMENT AND EDUCATION: 1950 TO 1965

The years 1950 to 1965, encompassing, as they did, the era of greatest federal supremacy, saw the innovation and implementation of numerous and varied programs of federal assistance to post-secondary education. Most of these programs were the direct or indirect result of two significant national trends. (The first was a growing social and cultural consciousness, best reflected in the appointment of The Royal Commission on National Development in the Arts, Letters and Sciences, and in the momentous recommendations resulting from that national inquiry. Equally important was an evolving national maturity in investigating and otherwise seeking more satisfactory solutions to economic and fiscal responsibilities. Such interest and concern was epitomized in the Report of the Royal Commission on Canada's Economic Prospects, and by a continuing series of federal-provincial discussions, negotiations and conferences on a myriad of related topics, particularly reallocation of fiscal resources.) Publication of the conclusions and recommendations of numerous study and research groups, agencies, and organizations, especially the Economic Council of Canada and, in the interests of post-secondary education, by the Association of Universities and Colleges of Canada, also indicated a growing appreciation of the relationship between economic and fiscal problems, and the adequacy of Canadian education. Overriding both social-cultural and economic-fiscal considerations of this period

was the continuing question of the nature of the political and constitutional bargain existing between the federal and the provincial governments, particularly Quebec. The intensity of that concern increased with the passing of each year to the extent that, by 1965, the pre-occupation of both levels of government was with the fundamental problem of "la survivance," not only of Quebec, but also of Canada as a single political unit. Federal participation in post-secondary education, then, was a reflection of more substantive issues - social, economic, and most significant, political, extant in this period.

This Chapter of the study documents the chronology of central government involvement in post-secondary education during the critical fifteen years of 1950 to 1965. The second section of the thesis analyzes in some detail the importance of social, economic, and political considerations of this period in determining major innovations in educational policy and procedure, and of their significance to the development of higher education in the nation.

#### 1. THE MASSEY REPORT

[ "Education belongs exclusively to the provinces," stated the 1951 Report of the Royal Commission on National Development in the Arts, Letters and Sciences, "but that does not affect the right of the Federal Government to make such contributions to the cause of education as lies within its means."<sup>1</sup> ] And it is the domain of culture or general education as opposed to formal education, a provincial prerogative,

which the Commission identified as a federal responsibility. There is no prohibition in Canadian law against any group, government, or individual, contributing to the education of a citizen, noted the Report, and made reference to the historical involvement of Ottawa in the general education of Canadians through such public agencies as the Canadian Broadcasting Corporation, National Film Board, National Research Council, National Gallery and National Museum.<sup>2</sup> The Commissioners foresaw a materialistic society as the ultimate consequence of inadequate federal government involvement in Canadian education, and documented a domination of the resources, curricula and methods of instructions used in our schools, colleges and universities, which represented a threat to Canadian culture, tradition, and perhaps even sovereignty.<sup>3</sup> Equally serious in this regard, continued the Report, was the loss of highly educated Canadians to the United States as a result of their journeying to that jurisdiction in search of appropriate graduate school facilities and adequate financial assistance necessary to permit continuation of their studies.

The recommendations of the Massey Report were as significant to the subsequent course of Canadian post-secondary education as were those of the earlier Rowell-Sirois Commission to the development of Canadian federal-provincial fiscal relations. All recommendations were concerned with the crises in the quality of Canadian education; each emphasized the necessity for far greater federal involvement in education and stressed the unfortunate consequences if more financial

aid were not immediately forthcoming from the central authority to a diversity of programs.

University Per Capita Grants. The most influential recommendation of the Massey Commission on long-term educational policy in Canada was that advocating immediate implementation of federal per capita grants to the universities.<sup>4</sup> In direct response to what the Report identified as the crisis in Canadian education, in June, 1951, Ottawa initiated a system of grants to the universities in the amount of fifty cents per head of population in each province. This sum was to be distributed among the recognized universities in a province on the basis of their proportion of full-time students in relation to the total number of students enrolled at these institutions.<sup>5</sup> Per capita grants had a dramatic effect on university financing, not only greatly augmenting total financial resources available to them but also significantly altering the financial relationship existing between these institutions and the respective provincial governments. And although federal university operating grants were criticized constantly during the successive fifteen years as inequitable, and ill-conceived, if not illegal, the major objection concerned their inadequacy.<sup>6</sup> Soaring capital and operating cost, precipitated by explosive increases in the numbers of students registered, demands for new and improved facilities and equipment, and additional and more expensive staff, resulted in major upward revisions of the original assistance formula.

The scale of per capita grants was doubled to \$1.00 in 1956, five years after the commencement of the program.<sup>7</sup> Two years later, a recently-elected Progressive Conservative Government honoured a campaign promise for more federal assistance to the universities by raising the per capita grants to \$1.50,<sup>8</sup> and a further increase to \$2.00 was implemented by Prime Minister Diefenbaker in 1962.<sup>9</sup> Finally, in January, 1966, Prime Minister Pearson announced that in the 1966-67 academic year the federal government would follow the recommendations of the Bladen Commission,<sup>10</sup> increasing the federal grant for university operating expenditures to \$5.00 per head of population - an expenditure, including fiscal transfers to Quebec,<sup>11</sup> of some \$100 million as compared with \$9 million when federal per capita grants were commenced in 1951-52.<sup>12</sup> Ottawa indeed had assumed a role of major proportion in financing the costs of post-secondary education provided by Canadian universities and colleges.

The Canada Council. In February, 1957, Parliament implemented a further major recommendation of the Massey Report, that calling for the creation of an extra-departmental agency to provide federal assistance to the humanities and social sciences comparable to that forthcoming to the sciences from the National Research Council.<sup>13</sup> The Canada Council thereby was established to promote the study and enjoyment, and encourage the production, of works in the arts, humanities and social sciences. A sum of \$100 million was granted to enable the Council to carry out its program.<sup>14</sup> Half the total amount of the grant

was set aside as an endowment fund to provide a guaranteed annual income of some \$2.8 million to be distributed as fellowships and scholarships to students working at the masters, doctoral and post-doctoral levels.<sup>15</sup> Part of this same amount also was for allocation to singers, dancers, painters, writers, and other artists, to enable them to continue their respective studies or training, and a portion of it was for distribution to universities to permit these institutions to bring outstanding lecturers to their campuses and to encourage noteworthy Canadian academicians to travel to international conferences and study seminars.<sup>16</sup>

The remaining \$50 million assigned to the Canada Council went into a university capital grants fund to assist in the construction of buildings intended for teaching and research in the humanities, social sciences, and arts. These capital grants funds were to be awarded, with regard to the population of each province, in amounts not exceeding 50 per cent of approved building or capital equipment costs.<sup>17</sup> Examples of buildings constructed under this program of federal assistance include the School of Architecture, University of Manitoba, and the Buchanan Building, University of British Columbia.<sup>18</sup>

## II. EDUCATION AND ECONOMICS

If the dominant concern of the first half of the period 1950-1965 was with the quality of post-secondary education, its counterpart thereafter has been with quantity; while the era of the Massey Report accepted culture as the justification for federal involvement in

education, the subsequent period has embraced economics as the factor entitling central concern. After the mid-1950's, the Canadian economy was characterized by a general slowing down and consequent lower rate of economic growth than had prevailed since the early war years. A reduced rate of investment in natural resources, business, and industry, and a decline in the Canadian volume of trade during these years resulted in sporadic recession and much higher rates of unemployment than had existed since the dark days preceding the Second World War. In addition, active continuation of the "cold war" and, particularly, the arms race and the competition between the Western and Communist blocs of nations for the loyalties of neutral and uncommitted countries, epitomized a new era in which technical and scientific expertise were considered essential to national security and survival. Educational excellence, then, was crucial to economic and political well-being. The case for federal action in support of Canadian education was strongly argued by many sources during this era, including The Royal Commission on Canada's Economic Prospects, 1957, and in the later annual reports of the Economic Council of Canada. Both emphasized the very close relationship existing between continued economic growth and prosperity and investment in education, a position paralleled by a series of studies undertaken by the Association of Universities and Colleges of Canada which culminated in the release of a comprehensive report in 1965.

The Gordon Commission. The Report of The Royal Commission

on Canada's Economic Prospects, released in 1957, established the climate for education in this new era of economic considerations. The study reflected a pronounced interest in the educational quality of the labour force relative to the rate of economic growth. "We are concerned with the contribution made by the universities to the increase in the national productivity and wealth of the country," the Commission commented. "They are the source of our most highly skilled workers whose knowledge is essential to all branches of industry."<sup>19</sup> The federal government certainly was directly concerned with ". . . the necessity of maintaining them [the universities] in a healthy and vigorous condition."<sup>20</sup> Canada no longer could afford the luxury of identifying subscription of public funds to these institutions as a matter of "charity." The federal government, with its senior responsibility for the general economic health of the nation, must adopt a new posture which accepted adequate and continuing support of post-secondary education as being as vital to national economic survival as were traditional considerations concerning fiscal and monetary policy.

Other Economic Indicators. Throughout this period the National Council of Canadian Universities and Colleges (NCCUC), and its successor, the Association of Universities and Colleges of Canada (AUCC), conducted a series of studies which indicated the seriousness of Canada's "crises of numbers" in higher education, and the nation's inadequate provisions for financing the necessary expansion

and maintenance of post-secondary educational facilities.<sup>21</sup> These investigations culminated in 1965 with the release of a major Report prepared by a Commission under the chairmanship of Vincent W. Bladen. In putting forward its recommendation for greatly increased federal assistance to Canadian universities and their student bodies, the Report noted these recommendations had their counterparts in numerous other nations, including the United States and the United Kingdom, and emphasized immediate action as essential in preventing Canada from falling further behind in the international education race. Education is a sound investment for society as well as for the individual, argued the study. "We might spend more on higher education each year, yet have more other things than if we had spent less."<sup>22</sup> In general, this study was not only a cry for action but also a specific and reasoned statement on what was required, how, and to what degree.<sup>23</sup>

Perhaps the most potent economic arguments for extended federal assistance to education have been those put forward by the Economic Council of Canada in several of its annual reports. "Future prosperity . . . will depend in large measure on [Canada's] success in creating and maintaining an adequate supply of professional, technical, managerial and other highly skilled manpower," argued the Council.<sup>24</sup> In projecting ahead to 1970, the Council in 1964 envisioned "a high-standard-of-living and high-employment economy, and it must therefore be a high-education economy . . ."<sup>25</sup> In a subsequent Report three years later, the Council reiterated its growing concern that Canada make adequate provision for the requisite amount of

financial assistance to post-secondary education to enable the nation to maintain its competitive positions:

More generally, a growing body of economic analysis indicates that education . . . contributed at least as much as increases in the physical supply of labour and capital to the spectacular growth which occurred in the United States and in other leading industrial countries in this century.<sup>26</sup>

Education indeed had become a matter of national, as well as of individual well-being!

Legislation of 1961 and 1964. The tenor and urgency of federal involvement in education in the "technological age" is best reflected in two critical developments of the early Sixties: the Technical and Vocational Training Act of 1961, and the Canada Student Loans Plan, 1964. The legislation of 1961 was, in fact, an up-dating and expansion of the Vocational Schools Assistance Agreement, 1945, and its predecessor, the Vocational Training Co-ordination Act of 1939 and 1942.<sup>27</sup> Under the new agreement, various technical and vocational "programs" were included whereby the federal government, in co-operation with the provinces, provided unemployed and under-employed adults with training, retraining, and upgrading in appropriate general academic and specialized skills. One of the most significant provisions of the Act was that program under which Ottawa paid up to 75 per cent of the cost of vocational and technical training facilities constructed under provincial auspices. Other features enabled the provincial authority to benefit by the federal government sharing operating and certain capital and equipment expenses, course costs, and instructors' salaries

while individual students received varying benefits, according to program, ranging from travel expenses through income replacement, living allowances, tuition fees, bursaries, and loans.<sup>28</sup>

The Vocational Training Co-ordination Act of 1939 also had marked the introduction of general joint federal-provincial financial assistance, in the form of bursaries and loans, to post-secondary school students. As previously noted, provisions for a continuation of these types of assistance were included in subsequent federal-provincial technical and vocational agreements, but the total amount of aid forthcoming in this manner was rather restricted. In July, 1964, the federal government took a major stride in the matter of providing aid to needy students of limited financial means who were undertaking academic post-secondary education. The Canada Student Loans Act made it possible for any student admitted to a provincially-approved Canadian university or college, or other suitable institution offering post-secondary education, to borrow a maximum of \$1,000 per academic year and \$5,000 per total program if he could establish reasonable financial need.<sup>29</sup> The federal government undertook to carry the cost of interest payments on these loans during the time the student was continuing full-time studies, and for six months thereafter. In the first two years of the Plan's operation, some 42,000 and 56,000 students borrowed \$26 million and \$36 million respectively for the purpose of defraying educational expenses.<sup>30</sup>

Further Financial Assistance. Federal assistance to higher education in the period 1950 to 1965 was much broader than that reflected in the major programs of grants and aid hitherto mentioned in this Chapter. Earlier reference was made to the National Research Council which, since 1916, has made grants to individuals and institutions in order to promote research in the sciences. A related educational program of the central government was that of the National Health Grants, initiated shortly after the Second World War to provide financial assistance required in training health and hospital personnel, and for supporting and co-ordinating research vital to public health programs. Between the inception of this scheme in 1948, and 1964-65, Ottawa allocated some \$26 million to the provinces via these methods of assistance.<sup>31</sup>

In 1960, another means of federal assistance to post-secondary education was initiated in the form of Central Mortgage and Housing Corporation loans for the construction of student residences.<sup>32</sup> A ✓ loan may be secured in an amount up to 90 per cent of the cost of the project, with the available per unit assistance varying with the type of dwelling being constructed. The following year, aid of more direct benefit to all students and their families was provided in the form of a revision to the Income Tax Act, permitting university students to ✓ deduct tuition fees in calculating taxable income.<sup>33</sup> Youth Allowances, an extension of the long-existing Family Allowance Plan, were introduced in 1964 to encourage sixteen and seventeen year-olds to remain in

school and improve the quality of their education. Entitlement for these payments was contingent upon the student continuing in full-time attendance at a recognized educational institution in the province - a more attractive proposition for the needy when at least minimal aid was available to provide for necessary expenditures on books and supplies.

### III. YEAR OF TRANSITION: 1966

While per capita university grants, the Technical and Vocational Training Act, the Canada Student Loans Plan, and Youth Allowances, epitomize the "culture" and "economics" rationale behind Ottawa's educational assistance during the 1950 to 1965 era, in their contracting-out provisions they also anticipate the major shift in the federal government's involvement in educational financing which was to emerge in 1966. Although all provinces had accepted federal per capita grants in 1951, in 1952 through 1959-60, the Province of Quebec refused, as unconstitutional, this form of assistance to her universities. In 1956-57 agreement was reached whereby Ottawa paid the grants to the AUCC to be distributed to eligible institutions upon request, thereby discontinuing the previous policy of "direct" subsidization of these institutions within the provinces. However, Quebec continued to deny her universities access to per capita grants funds, maintaining that under provisions of Section 93 of the British North America Act, education, and the financing of education, was exclusively a provincial prerogative. As a result of the stalemate, commencing in 1960-61, the

federal government agreed to a partial withdrawal from the corporate income taxation field within any province which undertook the entire burden of financing its own universities.<sup>34</sup> Quebec alone of the ten provinces accepted the opportunity to "contract out" of per capita university grants. In 1964, Ottawa agreed, upon the request of Quebec, to a similar arrangement regarding technical and vocational training assistance under the 1961 Act, and, in the same year, to a comparable agreement with Quebec concerning the Canada Student Loans Plan, and Youth Allowances, already implemented in that Province.<sup>35</sup>

At the federal-provincial conference on financing higher education in Canada, October, 1966, Prime Minister Pearson announced the new educational policy of the central government, slated for implementation in 1967-68 and designed to hold constant for at least the duration of the decade.<sup>36</sup> The federal government would end the then current per capita grants to the universities, made through the auspices of the AUCC, and increase the amount of money it made available to the provinces for the support of all post-secondary education.<sup>37</sup> Increased resources would be provided by a partial vacating of the income taxation field in favour of the provinces, which would be encouraged to expend this additional available revenue on post-secondary education. In effect, under this provision of the new formula, provinces would be provided with supplementary financial revenue in an amount equal to 50 per cent of operating expenses for post-secondary education. Alternatively, a province preferring not to

assume control of additional points of income taxation could opt for a straight \$15 per capita grant from Ottawa. This subsidy was estimated to equal 50 per cent of average national operating expenditures on post-secondary education. Further, under the new agreement Ottawa would terminate its present financial assistance to vocational and technical training operating and capital expenses, and in its place inaugurate a subsidized program of federally-assisted adult occupational training through purchase of facilities and positions from provincial or local schools, and industry. In addition to adult training, the federal government, while recognizing the exclusive jurisdiction of the provinces over education within their respective boundaries, claimed a continuing and senior responsibility for research and cultural development as intra vires the constitution.

A frequent early criticism of the new federal policy in regard to education was that Ottawa had abrogated all responsibility for this area of crucial concern. In actual fact, however, the central government had increased rather than eliminated the amount of total resources allocated to post-secondary education, as well as significantly augmenting the breadth of Parliament's involvement in this vital sphere.<sup>38</sup> A more plausible criticism was that the federal government had introduced a new financing formula over which it had little if any control, committing itself to an open-ended agreement which would prove inordinately expensive in the years ahead. Detailed treatment of these and other important considerations concerning the new federal

position in relation to post-secondary education is reserved for the second section of this study.

#### IV. POSTSCRIPT ON THE HISTORICAL OVERVIEW 1867 TO 1965

The intent of the first section of this thesis was that of providing an historical overview of federal government involvement in post-secondary school education in Canada, with emphasis upon identification of substantive trends and significant shifts in kind and degree of concern evidenced by Ottawa. Although some fifty years elapsed between Confederation and the central government's initial direct involvement in Canadian education, those infrequent instances of early participation, while minor in their immediate effect, served as the precedents both to the type and extent of assistance later forthcoming in major proportions. For it is only in the past twenty years that federal involvement in higher education has been to an extent to have significant bearing on the course of this essential field of endeavour. The remainder of this paper, then, is devoted to an analysis of the inter-relationship of recent educational policy and practice and the social, economic, and political climate of Canada during these two most recent critical decades.

#### V. REFERENCES

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<sup>2</sup>Ibid., p. 9.

<sup>3</sup>A more detailed discussion of the Report, its recommendations, and their significance, appears in Chapter V of this study.

<sup>4</sup>Massey, op. cit., pp. 355-356.

<sup>5</sup>Willson Woodside, The University Question: Who Should Go? Who Should Pay? (Toronto: Ryerson Press, 1958), p. 155.

<sup>6</sup>See Chapters VI and VII for intensive treatment of these criticisms.

<sup>7</sup>Canadian Universities Foundation, Sources of University Support (No. 2 of Financing Higher Education in Canada Series, comp. Edward F. Sheffield. Ottawa: Canadian Universities Foundation, 1961), pp. 8 et. seqq.

<sup>8</sup>John G. Diefenbaker, "Address by the Prime Minister," Proceedings: National Conference of Canadian Universities and Colleges, 1961 (Ottawa: National Conference of Canadian Universities and Colleges, 1961), p. 162.

<sup>9</sup>G. G. E. Steele, "The Federal View of the Roles of the Federal Government, of the Provincial Governments and of Industry in the Financing of Higher Education," (paper read at the Fourth Joint Meeting on Corporate Aid to Higher Education, Montebello, Quebec, February 26-28, 1967), p. 15.

<sup>10</sup>Association of Universities and Colleges of Canada, Commission on Financing Higher Education in Canada, Report of the Commission . . ., Vincent W. Bladen chairman. (Toronto: University of Toronto Press, 1965), p. 67. Infra, pp. 57-58; 119 et. seqq.

<sup>11</sup>See pp. 80-82; 113-117; 151-160, and Chapter VIII for more detailed discussion of fiscal transfer arrangements between Ottawa and Quebec.

<sup>12</sup>Ralph Mitchener, "Education," Canadian Annual Review for 1966 (Toronto: University of Toronto Press, 1967), p. 356. See also Sheffield, op. cit., p. 9.

<sup>13</sup>Massey, op. cit., p. 361.

<sup>14</sup>The Canada Council, Canada Council Bulletin, No. 7 (Winter, 1961), 8.

<sup>15</sup>This allocation was increased \$10 million to \$60 million in April 1965. Canada, Dominion Bureau of Statistics, "Education and Research," Canada Year Book 1967 (Ottawa: Queen's Printer, 1967), p. 362.

<sup>16</sup>Canada, Dominion Bureau of Statistics, "Education and Research," Canada Year Book 1961 (Ottawa: Queen's Printer, 1961), pp. 366-367.

<sup>17</sup>Canada Council, op. cit., pp. 8-9.

<sup>18</sup>The Canada Council, Canada Council Bulletin, No. 6 (Autumn, 1960), 1.

<sup>19</sup>Canada, Royal Commission on Canada's Economic Prospects, Report of the Royal Commission . . ., Walter Gordon chairman (Ottawa: Queen's Printer, 1957), p. 452. (The Gordon Commission).

<sup>20</sup>Ibid.

<sup>21</sup>Financing Higher Education in Canada Series under the editorship of Dr. Edward F. Sheffield, then Director of Research, NCCUC (AUCC), Ottawa, Ontario.

<sup>22</sup>Bladen, op. cit., p. 58.

<sup>23</sup>This Report is discussed more thoroughly in Chapter VI.

<sup>24</sup>Economic Council of Canada, First Annual Review (Ottawa: Queen's Printer, 1964), pp. 160-161.

<sup>25</sup>Ibid., pp. 187-188.

<sup>26</sup>Economic Council of Canada, Third Annual Review: Prices, Productivity and Employment (Ottawa: Queen's Printer, 1966), pp. 160-161.

<sup>27</sup>Supra, pp. 33-34 and Infra, pp. 105 et. seqq.

<sup>28</sup>Technical and Vocational Training Agreement Between the Government of Canada and the Government of the Province of British Columbia, July 11, 1961 (Ottawa: Minister of Labour), pp. 1-25 plus subsequent amendments. This agreement is given intensive consideration in Chapter VI.

<sup>29</sup>"Student Loans," University Affairs, VI (December, 1964), 8.

<sup>30</sup>Steele, op. cit., p. 17.

<sup>31</sup>ibid., p. 14.

<sup>32</sup>Diefenbaker, op. cit., p. 160.

<sup>33</sup>ibid.,

<sup>34</sup>J. Stefan Dupre, "Contracting Out: A Funny Thing Happened on the Way to the Centennial," Paul Fox (ed.), Politics: Canada (second edition; Toronto: McGraw-Hill, 1966) pp. 169-173.

<sup>35</sup>ibid., pp. 172-175.

<sup>36</sup>Lester B. Pearson, "Address by the Prime Minister to the Federal-Provincial Conference, October 24, 1966." Quoted by G. C. Andrew, "The Politics and Economics of National Unity in Post-Secondary Education," (paper given at A National Conference on the Economics of Unity, Banff, Alberta, October 17, 1967), p. 2.

<sup>37</sup>The new agreement is discussed in greater detail throughout various portions of the second section of this thesis.

<sup>38</sup>ibid., particularly Chapter VI.

## CHAPTER V

## SOCIAL CONSIDERATIONS AND FEDERAL INVOLVEMENT

## IN POST-SECONDARY EDUCATION

## I. THE BROAD PERSPECTIVE

"Democracy is itself an educational principle, an educational measure and policy," wrote John Dewey in 1938.<sup>1</sup> "It is obvious that the relationship between democracy and education is a reciprocal one, a mutual one and vitally so."<sup>2</sup> This American educator's philosophy is symptomatic of that reflected in all democratic systems of government which have evolved in the Western World during the course of the past two hundred years. Free public education<sup>3</sup> is necessary for the existence and preservation of the democratic way of life, for it is only through universal education that the capacity for self-government is realized. While contemporary democratic philosophy is too empirical to give credence to the concept of equal physiological and psychological endowment, fundamental to its credo is that of equality of opportunity. (A prime requisite of the educational system of a democracy, then, is that it provide equal opportunity for each to be educated according to his abilities and interests.)

A societal structure which does not provide for participation produces a lack of interest and concern on the part of those shut out, and ultimately leads to a feeling of both alienation and aggression. Involvement, on the other hand, produces what may be termed a

"democratic frame of mind," stemming from shared experiences, attitudes, prejudices, and beliefs.<sup>4</sup> The first characteristic of the democratic frame of mind is a feeling of change - that both personal and communal life in a society are in a state of continuous transformation and readjustment. Consequently, ". . . the individual regards his society as an open structure, ready to keep pace with the process of general change, and with the changes taking place in its members in the first place."<sup>5</sup> Further, the persons who participate in a democracy feel that the continuous change occurring is the direct result of their own activities. The doctrines both of equality - initially of rights, and later of opportunity - and of freedom are basic extensions of the feeling that each individual not only can conduct but also create his own society. The democratic frame of mind has a third important characteristic - an awareness that the holding of power and authority implies the process of delegation. Authority based upon logical and moral principles of the human mind, or upon reason, can be concentrated by agreement and conferred upon a representative.<sup>6</sup> The purely educative process, then, is the evolving and functioning democratic state of mind.

The fundamental freedom of a democratic society, therefore, is not freedom of individual action but rather ". . . that of freedom of mind [italics in the original] and of whatever degree of freedom of action and experience is necessary to produce freedom of intelligence."<sup>7</sup> Institutionalized freedom in a democratic society is a manifestation of the distribution of effective power, realized through the active

Involvement of each in accordance with his abilities. The concept of egalitarianism is as vital to liberalism of the public and corporate body as it is to private and individual freedom. And while personal returns experienced through the pursuit of excellence via education are exceedingly high, they are paralleled by social returns to society, or realization of the common good. A most succinct expression of this concept was recently captured by the economist-philosopher John Kenneth Galbraith.<sup>8</sup> Salvation of our affluent society, he contends, is contingent upon the creation of the "new class" through the direction of our economic resources into higher education. This class, possessing the knowledge and technology resources not replaceable by automation, increasingly will plan and control the significant developments which must take place in the public sector of society.

This being so, there is every reason to conclude that the further and rapid expansion of this class should be a major and perhaps next to peaceful survival itself, the [italics in the original] major social goal of the society. Since education is the operative factor in expanding the class, investment in education, assessed qualitatively, becomes very close to being the index of social progress.<sup>9</sup>

The democratic requisite of free and public common schools in the years of national youth, extended to secondary schools in the age of national adolescence, must make full provision for the accommodation of higher education in any nation striving for national maturity. What evidence is there in recent federal government policies and practices to indicate that Ottawa has been sufficiently concerned with the social consequences of higher education?

## II. SOCIAL CONCERN AND THE FEDERAL GOVERNMENT

"Education," stated Canada's cultural manifesto, the Massey Report, "is the progressive development of the individual in all his faculties, physical and intellectual, aesthetic and moral."<sup>10</sup> Apart from the common experiences of life, this development of the individual is achieved in two ways: by formal education in schools and universities; by general non-academic education experienced through books, periodicals, films, radio, museums, art galleries, lectures, and study and discussion groups. When these latter instruments of education are used by the school, they constitute part of formal education. More frequently, however, they are a means by which every person benefits outside of school hours, especially after the period of formal education has terminated. "Culture," continued the Report, "is that part of education which enriches the mind and refines the taste. It is the development of the intelligence through arts, letters and sciences."<sup>11</sup> In a democracy, the essence of education is concern for the individual and the development and growth of his intellect and social conscience through the pursuit of excellence. Education is not primarily a responsibility of the state, ". . . but a personal responsibility as well as a fundamental right of the individual."<sup>12</sup> However, since the individual becomes entirely himself

only as a member of society, he depends upon a number of societal structures for his education - Initially, the family, and later, those formal groups controlled by the church and the three levels of government. The proper evaluation of education, noted the Report, therefore, is qualitative, firstly, in relation to the individual, and secondly, to society. Quantitative and economic considerations in education are valid only in so far as they are an expression of the major premise of educational quality.

Although the Report recognized that under the Canadian constitution the domain of formal education is exclusively that of the provinces, outside that concern is one of culture or qualitative general education, a matter of federal and even international concern.<sup>13</sup> There is no proscription in the British North America Act against any group, government or voluntary, contributing to the education of an individual in the broad sense, stated the Commission and argued for greatly expanded federal involvement in general education through financial assistance to the individual and to cultural structures and organizations.

In documenting the position of the individual vis-a-vis higher education, the Report viewed with alarm statistics establishing that only 3 per cent of the population graduated from Canadian universities. Further, data revealed that a deplorable lack of equality of opportunity for higher education existed among persons resident in the same area, and among persons dwelling in different regions of

the country. "The composition of the student body has been adversely affected . . ." <sup>14</sup> lamented the Commission, noting that personal wealth and residence in certain preferred locales had more significance in predicting university attendance than had student ability. <sup>15</sup> In order to obtain a more representative and competent student body, the Report recommended immediate implementation of a broad system of direct financial assistance in the form of scholarships, bursaries, and loans to the most capable 20 per cent of the undergraduate student body who could establish serious financial need. <sup>16</sup> The pattern of federal student financial aid as represented by the 1939 Vocational Training Plan and, more recently, by the overwhelming success of assisted education for veterans, <sup>17</sup> argued strongly for this greatly intensified and much broader approach to direct participation by Ottawa, suggested the Commissioners.

At a more senior level of cultural well-being, the Report indicated particular concern about the condition and position of the humanities in Canada. This field was found by the Commission to be inadequately represented, over-worked, and under-paid in relation to the sciences. Using the success of the National Research Council as its example, the Commission recommended an extra-departmental federal agency which would distribute annual appropriations as scholarships, studentships, and bursaries to post-graduate students undertaking work in the humanities and social sciences. <sup>18</sup>

While the Report foresaw an undemocratic, materialistic society as one of the inevitable tragedies of insufficient federal

Incentive to general education, It was even more concerned about the consequences of Canadian dependence upon American universities. The utter domination of our school system by American-inspired methods, curricula, texts, and materials in the hands of senior teachers, professors, and administrators who received their training in the graduate schools of the United States was acknowledged by the Commissioners as a threat to Canadian culture, education, tradition, and perhaps even sovereignty. It is ludicrous for the provinces to claim that education is exclusively their responsibility, argued the Report, when most of these subordinate levels of government are ". . . accepting tacit direction [in education] from New York [Columbia University Teachers College and other professional and academic institutions] that they would not think of taking from Ottawa."<sup>19</sup> Nor is this the only price Canada pays for a heavy dependence upon what the Commissioners referred to as "American charity," for, in denying adequate financial support to Canadian universities and scholars, the nation loses some 2,500 professional men and women each year, many never to return. Even in the sciences where federal support of research had long surpassed that available to any other discipline, Canadian scholars received more research grants, fellowships, and scholarships from American universities than they were able to procure in their native country.<sup>20</sup>

In the eyes of the Commissioners the universities have the most vital and direct contribution to make to Canadian cultural development.

These institutions are capable of warding off the dual threat posed by the crass materialism of modern society, and by the increasing domination of our education, culture, and traditions by Americana. National strength and unity can be greatly augmented by the cosmopolitan populations of these institutions with their atmospheres of accommodation and integration; self-centered provincialisms fall by the wayside as graduates diffuse to all parts of the nation. Because of its increasing dependence upon highly educated personnel for public service and armed forces appointments, the federal government has a significant vested interest in university affairs, continued the Report. The Commission noted that the public interest is best served by a policy which permits adequate financing for essential research as well as for cultural undertakings, since both need a patron to guarantee independence and flexibility of action, yet neither can be left to mischance without incurring grave risks.

Universities have become essential institutions of higher education, of general culture, of specialized and professional training and of advanced scientific research. For years they have been handicapped by inadequate income; now they face a financial crisis. Their enforced economics have had many unhappy effects; important plans of development and expansion have been curtailed. The quality of work done has been impaired . . . . We have been told that although penury is by no means the sole cause of this unhappy situation, it has been an important contributing factor . . . . It is certainly neither our right nor our wish to tell the universities how to do their work, but if financial stringency prevents these great institutions from being, as they have said, "nurseries of a truly Canadian civilization and culture," we are convinced that this is a matter of national concern.<sup>21</sup>

Having so summarized the role of the universities relative to

the general education of the citizen, the social good of the community and the strength and preservation of the society, the Commissioners made their most significant recommendation. There was desperate need for direct federal assistance to the universities as the only means of alleviating the current over-crowding, understaffing, and inadequate facilities and equipment characteristic of institutions caught between falling revenue and rising costs.<sup>22</sup> The Commission therefore recommended that after appropriate consultation with the government and universities of each province, ". . . In addition to the current help for research and other purposes, the Federal Government make annual contributions to support the work of the universities on the basis of the population of each of the provinces of Canada."<sup>23</sup> These grants were ". . . to be distributed to each university in proportion to the student enrolment."<sup>24</sup>

### III. SOCIAL CONCERN AND GOVERNMENT POLICY

Of what consequence to the course of Canadian education was the argument for federal involvement in culture or general education? How has that concern been manifested in national policy and practice during the period 1950 to date, and with what results?

In launching the program of per capita university grants recommended by the Massey Report,<sup>25</sup> Prime Minister St. Laurent announced that it was designed ". . . primarily to assist the universities to maintain the highly qualified staffs and the working

conditions which are essential. . . ."26 He emphasized that the federal government was not ". . . Interfering in any way with policies respecting education in the respective provinces. . ."27 but rather giving positive indication of its social, political, and moral obligations so lucidly delineated in the recent Report. The precedent for such federal assistance lay in the Vocational Training Plan and in grants for veterans' education, argued the central government; the constitutionality of Ottawa's involvement clearly had been established in 1936 by the Privy Council's ruling when Lord Atkin wrote:

" . . . the Dominion may impose taxation for the purposes of creating a fund for special purposes and may apply that fund for making contributions in the public interest to individuals, corporations or public authorities. . . ."28

"The problem of supplying an adequate number of professional workers," commented the Prime Minister in 1956 when he announced the doubling of the per capita grants to \$1.00, "can only be met by the whole population of Canada."29 Later that same year he elaborated further upon the argument for federal government involvement in general education:

If such a crisis in Canadian higher education really exists, it reveals that our national development suffers from a serious weakness and that our cultural progress has not kept pace with our industrial expansion.<sup>30</sup>

The federal government would continue its effort to develop our cultural way of life, the Prime Minister noted, ". . . en particulier les deux principales cultures du Canada. . ."31 through per capita grant assistance and other similar programs intended to ". . . further develop

and enrich our own national soul . . ." such that Canada will be a world source of ". . . abundant intellectual and moral energies, . . ." a nation of ". . . broader outlook and the things of the mind which will enable us better to deal with the problems of the present . . ." <sup>32</sup>

As an integral part of his government's "national policy in the cultural field," Mr. St. Laurent pledged renewed support for those ". . . national institutions . . . necessary for the cultural life of the nation . . ." and long-acknowledged as providing a vital public service through their contribution to general education. <sup>33</sup> He mentioned the then pending report of the Royal Commission Investigating federal policy in the field of radio and television, <sup>34</sup> and proudly proclaimed the ensuing creation of an agency "without government control" to stimulate and promote development of the arts, social science, and humanities in Canada. In subsequent legislation, the Canada Council, constituted as an independent body, was provided an endowment of \$50 million with annual income on the investment to be used to devise and administer a system of graduate and post-graduate scholarships in these fields. A further \$50 million <sup>35</sup> was to be distributed by the Canada Council as capital grants to universities in amounts ". . . equal to 50 per cent of the cost of specific building or capital equipment projects, with appropriate regard to the population of each province." <sup>36</sup>

The federal government's senior responsibility for cultural development was an integral part of the Diefenbaker Government's

political philosophy in the period 1957 to 1963, and that concept, plus a commitment to democratic egalitarianism, accounted in part for the tremendous popularity of "The Vision" in the Prime Minister's campaign of 1958. To an over-flowing audience in Winnipeg, Mr. Diefenbaker proclaimed:

This is the message I give you, my fellow Canadians . . . .  
 A new Vission! A new hope! A new soul for Canada! . . . .  
 One Canada, ladies and gentlemen, that's my message. It will  
 mean the creation of equal opportunities for all Canadians.<sup>37</sup>

A practical manifestation of the government's position was evidenced in the 1958 and 1962 increases in the per capita university grant from \$1.00 to \$1.50 and \$2.00 respectively. Other evidences of the central government's continuing concern for culture or general education were represented in the appointing of a Royal Commission ". . . to inquire into and make recommendations concerning the position of and prospects for Canadian magazines and periodicals" (O'Leary Commission),<sup>38</sup> and in the passing of the Canadian Bill of Rights, a national dedication to egalitarianism through reaffirmation of the continuing existence of basic human rights and fundamental freedoms ". . . without discrimination by reason of race, national origin, colour, religion or sex."<sup>39</sup> Were such laudable principles capable of realization without a continuing, nay, an increasing federal dedication to that greatest of all instruments of social mobility, higher education?

At the Federal-Provincial Conference of October, 1966, Prime Minister Pearson, in announcing the new program of federal assistance

to post-secondary education, emphasized these innovations as reflections of a philosophy whereunder the central authority had unquestionable senior responsibility for promoting the ". . . social growth of the country as a whole . . ." and ". . . In fostering equality of educational opportunity . . ." throughout the land.<sup>40</sup> "In relation to 'education' in Canada it has been suggested that the provincial jurisdiction over it excludes any federal activity in the realm of cultural affairs," he commented.<sup>41</sup> "The federal government believes such a definition is not valid. The culture of Canadians, as the citizens of any country, depends on many factors apart from the educational system . . ."<sup>42</sup> "Education," noted Mr. Pearson, "is one of a number of formative processes through which culture emerges. But culture as such should be of interest to every level of government and monopoly of none."<sup>43</sup>

The federal government's new program of financial assistance to the provinces was a reflection of Ottawa's responsibility not only to foster equality of educational opportunity, but also to make major contribution to the instruments of cultural and social development, including the universities. Furthermore, the central government would continue, and, according to Mr. Pearson, supplement its policy of direct financial assistance to Canadian scholars in the form of grants, scholarships, and bursaries.<sup>44</sup> "The federal government does not agree that it is in any way contrary to the spirit, let alone the law, of our constitution nor is it necessarily any threat to provincial policies with regard to education for it to make payments to Canadian

citizens through scholarships or bursaries. Such payments to individuals for their personal advancement and improvement are, in our view, a part of the equalization of opportunity that is so central a feature of the federal purpose." stated the Prime Minister.<sup>45</sup>

Finally, Mr. Pearson noted that Ottawa would continue to support research for economic, social, and cultural development, through sponsorship and/or grants to individuals, organizations, and institutions via the aegis of such agencies as the Economic Council of Canada, National Research Council, Medical Research Council, and Canada Council. In particular, the federal government would continue to exercise its major responsibility to Canadian cultural duality, a concern manifested in the recent creation of the Royal Commission on Bilingualism and Biculturalism to investigate into and report upon the position of the two official languages and cultures of the Canadian federation. The central authority's role in research, in the eyes of the Prime Minister, is both broad and crucial:

Nor does the federal government agree that it is precluded from concerning itself with research by reason of the provincial responsibility for 'education,' or alternatively that it must limit its support according to subject matter in relation to areas of federal and provincial jurisdiction. In our view research, as the means by which we expand the frontier of knowledge, is today one of the most important factors in the economic and social growth of any modern political society. The restriction of federal aid to research to matters that are within federal legislative jurisdiction would frustrate the purposes of the scientific spirit . . . . Failure by the federal government to play its full share in such a national task could only mean that Canada's ability to take part in the undertakings of today which are shaping the world of tomorrow would be seriously impaired.<sup>46</sup>

#### IV. EFFECTS ON EDUCATION OF SOCIAL CONCERN

There can be no doubt that arguments of social concern were extremely important in shaping federal government policy and practice regarding involvement in higher education in the post-1950 era. What was the effect, however, of these programs upon the "democratization" of post-secondary education as reflected in increased equality of educational opportunity, and in a growing national cultural maturity?<sup>47</sup> The best indicators are those revealed in resulting changes in the quantity of university enrolment, in the quality of university enrolment, and in the distribution of university enrolment.

Quantitative Education. During the first several decades of the life of the Canadian nation, the high schools, and particularly the universities and colleges, were the prerogative of the select few. As recently as 1920, no more than one in ten youths, fourteen to seventeen years of age, were undertaking high school education, while twenty-five years later the proportion of this age group enrolled in Canadian high schools was still considerably less than half.<sup>48</sup> Within ten years, however, the proportion of youths enrolled from this same group had increased dramatically to better than four in five, a startling indication of the pressure soon to be exerted on university facilities by the "crisis of numbers."<sup>49</sup> The very limited production of high school graduates prior to the Second World War meant that universities were even less available to a large number of youths who were potentially

of university calibre. As a result, prior to 1945 the Canadian universities tended to be a part of the private sector of life, with their well-being largely a matter for private enterprise. "What the university did, what resources it had, whether it survived at all or not was not primarily a concern of the state and government," commented an accomplished educator in reference to that period.<sup>50</sup> "It was the concern of private bodies, chiefly churches and private philanthropists . . . . The state intervened to help individuals help themselves. Whether the universities were provincial or private, who went to them, how their fees and expenses were met, what they learned when they got there were essentially private matters."<sup>51</sup>

The position of British Columbia's post-secondary education in this pre-1945 period is not atypical of that pertaining in most of Canada. As recently as 1944, total student enrolment in the University of British Columbia, the only degree-granting institution in the Province at that time, had not yet exceeded 2,300.<sup>52</sup> The provincial government's grant forthcoming to the University in that same year approximated \$250,000 - a modest subscription by today's standards.<sup>53</sup> However, the amount of that grant was less likely to provoke broad public concern in an era when the relationship between the university, and immediate social and economic problems of the day, was less pronounced.

The post-war period was one characterized by increasingly close university-community relationships with growing public awareness of

the direct correlation existing between higher education and technical and scientific knowledge, material welfare and social change. A few short years earlier, most Canadians had viewed these post-secondary institutions with little sympathy and a degree of hostility, representative, as they were in the public mind, of a select elite who for reasons of wealth, position and, on occasion, proximity, were able to divorce themselves from the necessity of "earning a living by honest toil." These same universities were now accepted as the most significant single instrument of social mobility and reallocation of human resources, since the successful, both individually and nationally, were those with higher education. No better proof of the individual and collective returns on higher education could have been provided than that evidenced by the greatly altered status of thousands of veterans who were able to take advantage of federally subsidized education to attend technical and vocational schools, universities and colleges. Because these institutions were now identified as an integral part of the common good, of public concern, it was understandable that public insistence upon equality of opportunity to enrol in universities would be reflected quantitatively, both in the number and the proportions of youth registered. In 1951, 4.2 per cent of the Canadian population between eighteen and twenty-four years of age was enrolled in university. By 1961, in spite of a very noticeable increase in the numbers, as well as in the per cent of the Canadian population falling in this age group,<sup>54</sup> the proportion of university registrants had almost doubled to 7.5

per cent, while projected figures indicated the proportion would surge to over 13 per cent by 1971, and close to 16 per cent five years later.<sup>55</sup> The full significance of these statistics was underlined when studies carried out by the AUCC revealed that 63,000, the number of full-time university students in 1952-53, had become 78,000 three years later, 114,000 by 1960-61, 178,000 by the mid-1960's, and was projected to reach 340,000 and 461,000 by 1970-71 and 1975-76 respectively.<sup>56</sup> Expressed in another way, in 1950, one in twelve primary students reached first year university. By 1964, this ratio had become one in six, while the projected figures for 1970 are one in four or one in three.<sup>57</sup> If actual university enrolment is expressed as a percentage of total population of university age (eighteen to twenty-four years), enrolment increased from 4.21 per cent in 1952-53 to 6.57 per cent, 8.98 per cent and an anticipated 12.44 per cent for the years 1960-61, 1965-66, and 1970-71 respectively.<sup>58</sup>

The federal government's role in making available the necessary operating and capital funds to accommodate and, to a considerable extent, to encourage this increase in both the number and proportion of students enrolled, was of great consequence to the democratization of higher education in Canada. A change of this magnitude in the composition of the university population would have been impossible within that two-decade period had not very substantial federal subsidization been forthcoming. As a result of the introduction of per capita university grants, the proportion of the federal government's contribution to the

operating income of these institutions jumped from 4 per cent in 1950-51 to 15 per cent in 1951-52, and thereafter climbed progressively to 24 per cent by 1959-60.<sup>59</sup> During the same years, the proportion of university operating income from provincial sources shrank from 41 per cent to 32 per cent, and that from tuition fees, from 35 per cent to 28 per cent - a dramatic indication of the shifting structure of Canadian university financing as a direct result of federal involvement.<sup>60</sup> However, these statistics reveal only part of the story of financial change, for during these same eight years total operating costs of universities more than tripled, the amount contributed by provincial governments and via tuition fees slightly more than doubled, and the contribution of the federal government increased more than eighteenfold from \$2 million in 1950-51 to over \$36 million in the fiscal year 1959-60.<sup>61</sup> This latter amount had almost tripled again by 1966-67, the last year of per capita university grants, when federal expenditures for university operating expenses were expected to approach \$100 million.<sup>62</sup> In total, these grants, including the tax abatement to the Province of Quebec, were responsible for injecting \$455 million into Canadian higher education over the sixteen-year period, 1951-52 to 1966-67, they were available.<sup>63</sup>

The proportion of Ottawa's contribution to higher education did not diminish as a result of the new financial agreement inaugurated for 1967-68. According to estimates provided in the House of Commons, budgeted expenditures on post-secondary education operating expenses would exceed \$304 million for 1967-68 alone.<sup>64</sup> Because comparable

figures for 1966-67 indicate a total federal expenditure on higher education operating costs of some \$270 million (\$100 million for per capita university operating grants and \$170 million for technical and vocational training operating and capital), the "availability" of money provided to the provinces for post-secondary education unquestionably increased very significantly in 1967-68.<sup>65</sup>

Federal government assistance in providing for quantitative increases in university enrolment was not restricted to operating grants. Although the relative importance of Ottawa's contribution to university capital expenditures has never approached that resulting from involvement in operating expenses,<sup>66</sup> this participation has proved of considerable benefit in providing accommodation for ever-increasing numbers of students. In 1963-64, for example, approximately 10 per cent or \$8.6 million of total capital expenditure by the universities of some \$79.4 million, was paid by Ottawa.<sup>67</sup> Most significant in this regard has been assistance provided by the Building Fund of the Canada Council, first available in 1957. These grants are given on a fifty-fifty matching basis to certain institutions, agreed upon between the AUCC and the Canada Council, to assist with the construction of buildings to be used for teaching and research in the humanities, social sciences and arts. Considerable capital assistance also has been provided since 1960 in the form of Central Mortgage and Housing Corporation loans for the construction of student residences and facilities. In the period 1961 to 1964 inclusive, \$139

million or 29 per cent of all university capital expenditures<sup>68</sup> were loaned by the central government to provide accommodation for some 27,000 students.<sup>69</sup>

Qualitative Education. Obviously, it is impractical to be concerned quantitatively with post-secondary education without appropriate consideration for quality. In addition to providing for increasing numbers of students, federal assistance to university operating and capital expenses represented an attempt to make more adequate staff and facilities available to an ever larger number of competent students resident in more locales and representative of a wider range on the socio-economic scale. Federal subsidization of capital and operating costs of post-secondary education served to lessen both the local and individual impact of per unit expenditures for this essential service by providing for a broader distribution of the financial burden. As previously noted, the effect of per capita grants was to increase the federal, and lessen the provincial amount and proportion of operating expenditures borne by these two authorities. Without the assistance of the federal government in redistributing total financial resources through per capita grants, capital expenditures, and general equalization payments, the adequacy of higher education in the less fortunate regions of Canada would have been reduced severely during these two very critical post-war decades. Serious neglect of post-secondary education in those areas would have had significant adverse effects on the distribution and utilization of human resources,

and, thereby, upon the quality of national performance.

Federal assistance to higher education brought similar advantage to individual students. As previously noted, the proportion of university operating expenses contributed through tuition fees decreased from 35 per cent in 1950-51 to 30 per cent the following year, and to 28 per cent by 1959-60 as a direct result of federal grants.<sup>70</sup> Similarly, although university tuition fee income per full-time student increased 60 per cent from \$250 to \$410 during that same period, the proportion of operating costs per student provided via that tuition fee was less in 1959-60 than it was in 1950-51 - a condition which could not have obtained except for heavy federal subsidization.<sup>71</sup> In addition, as a result of Ottawa's capital assistance programs in support of student accommodation, many students, particularly those whose permanent residences were removed from the university centre and whose expenses, therefore, were higher, were able to secure accommodation on campus at rates considerably less than those prevailing on the open market.

There are other tangible evidences of the effects of federal aid to post-secondary education on the quality and distribution of student enrolment. Perhaps most important is that represented by the Canada Student Loan Plan which enables those with established need to borrow up to \$1,000 per academic year, and \$5,000 in total. These loans are interest-free and non-repayable by the student throughout the period of full-time study and for six months thereafter. In the first two years of the Plan's operation, some 98,000 students, who otherwise

might have been denied the opportunity of continuing their education, were granted assistance in the amount of some \$62 million.<sup>72</sup>

In addition, the federal government's grants for specific purposes to individuals and institutions have encouraged quality in education. Special operating grants are provided by the Medical Research Council to assist medical schools with staff salaries, and the External Aid Office subsidizes certain universities for special training programs and provides additional operating grants of \$500 for each Commonwealth student enrolled at a Canadian university.<sup>73</sup> The National Research Council annually makes an unrestricted grant to institutions in the amount of 7.5 per cent of the university's NRC grant for the previous year in order to help defray indirect costs associated with research programs.<sup>74</sup> Finally, the Canadian Service Colleges receive their total operating expenses from the central government - some \$13.6 million in 1967-68.<sup>75</sup>

Supplementary assistance to individual students is provided by the federal government via the Canada Council, National Research Council, and Medical Research Council, to encourage Canadian research and to foster the growth of competent instructional staff within the universities. Commencing in 1957, the Canada Council has granted scholarship and fellowship awards in the amount of some \$1.1 million to outstanding applicants to assist with graduate study and research at the masters, doctoral and post-doctoral levels.<sup>76</sup> As well as helping individual scholars, these awards have two broader purposes: to assist in providing desperately needed senior academicians in order that the

universities can maintain quality education in the face of the "crisis of numbers"; to encourage the growth of competent schools of graduate study and research on Canadian university campuses. In view of the alarming experienced and estimated deficiencies in available competent teaching staff, in recent years the Council has placed increasing emphasis on graduate awards at the doctoral and post-doctoral levels.<sup>77</sup> The Council also has attempted to cut the "brain drain" to the United States by restricting the number of Canada Council grants tenable at non-Canadian universities, and by keeping in touch with Canadians studying elsewhere and encouraging them to return home when their graduate work is completed.<sup>78</sup>

A Further Word. While the preceding discussion is not intended to be an exhaustive analysis of the roles and consequences of federal government involvement in post-secondary education in response to social considerations, it has served to establish the significance of that concern to educational policy, practice and priority over the course of the last twenty years. Many facets of the social realm are inextricably related to economic and political considerations, and consequently are pursued within the next two chapters in conjunction with these topics.

## V. REFERENCES

<sup>1</sup>John Dewey, "Democracy and Education in the World of Today,"

Philosophy of Education (Ames, Iowa: Littlefield, Adams and Company, 1956), p. 34. Originally published as Problems of Men, Philosophical Library, Inc., 1946.

<sup>2</sup>ibid.

<sup>3</sup>The term "public education" should not be confused with "public school education." While school attendance constitutes an important element of education, the latter is the total of all accumulated experience - an extremely important distinction to be borne in mind when analyzing the federal government's concern with education as opposed to schools. Obviously, the level or extent of "schooling" considered essential in terms of "public education" is very much a function of the times. Completion of common school, as discussed in an earlier Chapter of this study, constituted a significant achievement in the early decades of the nation's history, but this minimal standard of education would now tend to be viewed as an abrogation of individual, if not public responsibility.

<sup>4</sup>Zevedel Barbu, Democracy and Dictatorship: Their Psychology and Patterns of Life (New York: Grove Press, 1956), pp. 12-23.

<sup>5</sup>ibid., p. 13.

<sup>6</sup>ibid., p. 19.

<sup>7</sup>John Dewey, "Democracy and Educational Administration," op. cit., p. 61.

<sup>8</sup>John Kenneth Galbraith, The Affluent Society (New York: New American Library, 1958).

<sup>9</sup>ibid., p. 267.

<sup>10</sup>Canada, Royal Commission on National Development in the Arts, Letters and Sciences, Report of the Royal Commission . . ., Vincent Massey chairman (Ottawa: King's Printer, 1951), p. 6.

<sup>11</sup>ibid., p.7.

<sup>12</sup>ibid.

<sup>13</sup>ibid.

<sup>14</sup>ibid., p. 143.

<sup>15</sup>ibid.

<sup>16</sup>Ibid., p. 362.

<sup>17</sup>Supra, pp. 34; 59-60 respectively.

<sup>18</sup>Massey, op. cit., pp. 358-360.

<sup>19</sup>Ibid., p. 15.

<sup>20</sup>Ibid., p. 13.

<sup>21</sup>Ibid., p. 143.

<sup>22</sup>Ibid., pp. 358-359. The average expenditure per full time university student dropped from \$515 to \$433 between 1943 and 1948. In the same period, the cost of living rose 50 per cent. Massey, op. cit., p. 142.

<sup>23</sup>Ibid., p. 355.

<sup>24</sup>Ibid., p. 356.

<sup>25</sup>Supra, pp. 53-54.

<sup>26</sup>Canada, House of Commons Debates, June 19, 1951, p. 4278.

<sup>27</sup>Ibid.

<sup>28</sup>Quoted by Louis St. Laurent in "Address by the Prime Minister of Canada," Proceedings: National Conference of Canadian Universities and Colleges, 1956 (Toronto: NCCUC, 1956), p. 251. Note, however, that Mr. St. Laurent quoted only the initial part of Lord Atkin's decision. The full intent of this ruling was quite different. See infra, pp. 134-135 for additional comment on this point.

<sup>29</sup>Louis St. Laurent, "Address by the Rt. Hon. Louis St. Laurent, Prime Minister of Canada on the Occasion of His Receiving an Honorary Degree From the University of Sherbrooke," (Ottawa: Office of the Prime Minister, October 7, 1956), p. 8.

<sup>30</sup>St. Laurent, "Address by the Prime Minister," Proceedings, op. cit., p. 249.

<sup>31</sup>Ibid., p. 250.

<sup>32</sup>Ibid., p. 257.

<sup>33</sup>Ibid., p. 252. The institutions concerned, in order of their creation, consisted of the National Museum, Public Archives, National

Gallery, National Research Council, Historic Sites and Monuments Board, Canadian Broadcasting Corporation, National Film Board and National Library.

<sup>34</sup> Recommendations of this Royal Commission (The Fowler Report) were tabled in the House of Commons in 1957. The Report suggested a number of remedial steps be taken in order to encourage and maintain an adequate Canadian culture, and, thereby, strengthen national unity and identity. A number of the recommendations were subsequently reflected in national policy and procedure - for example, insistence upon minimal percentages of "Canadian content" in radio and television programming, and expansion of the C.B.C.'s French-speaking network.

<sup>35</sup> Supra., pp. 54-55.

<sup>36</sup> St. Laurent, "Address by the Prime Minister," Proceedings, op. cit., p. 256.

<sup>37</sup> John G. Diefenbaker, "Speech of the Prime Minister," (speech delivered at Winnipeg on February 12, 1958). Quoted by Peter C. Newman, Renegade in Power: the Diefenbaker Years (Toronto: McClelland and Stewart, 1963), p. 70.

<sup>38</sup> Quoted in Newman, op. cit., p. 237.

<sup>39</sup> Canada, Canadian Bill of Rights (Ottawa: Queen's Printer, August 10, 1960).

<sup>40</sup> Lester B. Pearson, "Address by the Prime Minister to the Federal-Provincial Conference, October 24, 1966." Quoted by G. C. Andrew, "The Politics and Economics of National Unity in Post-Secondary Education," (paper given at A National Conference on the Economics of Unity, Banff, Alberta, October 17, 1967), p. 2.

<sup>41</sup> ibid., p. 8.

<sup>42</sup> ibid.

<sup>43</sup> ibid.

<sup>44</sup> A plank in the Liberal platform during the 1963 election called for the creation of 10,000 scholarships of \$1,000 each. Although Canada Student Loans were introduced in the subsequent year, Mr. Pearson's intended scholarships, still alluded to at the time of the 1966 Conference, have not been introduced to date, nor has recent mention been made of these by the Trudeau Government.

<sup>45</sup>Pearson, op. cit., p. 9.

<sup>46</sup>Ibid., pp. 8-9.

<sup>47</sup>It is essential to note that many of the "economic" innovations in education were also designed to provide "equality of educational opportunity" and thereby were "democratic" in both intent and effect. This topic is discussed in more detail in subsequent chapters.

<sup>48</sup>Ewart H. Morgan, "Secondary Education," Canadian Education Today (Joseph Katz, editor; Toronto: McGraw-Hill, 1956), p. 120.

<sup>49</sup>Ibid.

<sup>50</sup>J. A. Corry, "President's Address," Proceedings: Annual Meeting of the Association of Universities and Colleges of Canada, 1965 (Ottawa: AUCC, 1965), p. 41.

<sup>51</sup>Ibid.

<sup>52</sup>Norman A. MacKenzie, "25 Years Ago," UBC Reports, Vol. 15 (No. 25, November 27, 1969), 2-3.

<sup>53</sup>Ibid.

<sup>54</sup>Canada, Dominion Bureau of Statistics, "Population," Canada Year Book 1961 (Ottawa: Queen's Printer, 1961), pp. 158 et. seqq.

<sup>55</sup>Association of Universities and Colleges of Canada, Commission on the Financing of Higher Education in Canada, Report of the Commission, . . ., Vincent W. Bladen, chairman. (Toronto: University of Toronto Press, 1965), p. 13.

<sup>56</sup>Ibid., pp. 14-18.

<sup>57</sup>Ibid., pp. 12-15. See also Edward F. Sheffield (comp.), Enrolment in Canadian Universities and Colleges to 1970-71: 1961 Projection. (Ottawa: Canadian Universities Foundation, 1962), pp. 7-13.

<sup>58</sup>Ibid.

<sup>59</sup>Canadian Universities Foundation, Sources of University Support (No. 2 of Financing Higher Education in Canada Series, comp. Edward F. Sheffield. (Ottawa: Canadian Universities Foundation, 1961), p. 8.

<sup>60</sup>Ibid.

<sup>61</sup>Ibid.

<sup>62</sup>Based upon estimates provided by G. G. E. Steele, "The Federal View of the Roles of the Federal Government, of Provincial Governments and of Industry in the Financing of Higher Education," (paper read at the Fourth Joint Meeting on Corporate Aid to Higher Education, Montebello, Quebec, February 26-28, 1967). See also Hon. Mitchell Sharp, House of Commons Debates, October 31, 1966, p. 9291. Much of the increased expenditure was accounted for by the increase in per capita grants to \$2.00 in 1962, and to \$5.00 in 1966.

<sup>63</sup>Steele, op. cit., p. 15.

<sup>64</sup>House of Commons Debates, op. cit., p. 9291. Estimates were based upon \$15 per capita rather than upon 50 per cent of post-secondary operating costs and therefore do not reflect the higher amount resulting in most cases where provinces adopted the per cent rather than the per capita formula.

<sup>65</sup>Ibid.

<sup>66</sup>Ottawa's contribution to capital expenses for higher education was considerably more pronounced in the technical-vocational training area. See Chapter VI for further information in this regard.

<sup>67</sup>Canada, Dominion Bureau of Statistics, Canadian Universities, Income and Expenditure, 1963-64. (Ottawa: Queen's Printer, 1965), p. 32.

<sup>68</sup>Bladen, op. cit., pp. 22-23.

<sup>69</sup>Steele, op. cit., p. 16.

<sup>70</sup>Supra, p. 87.

<sup>71</sup>Per student operating cost was \$1412 in 1959-60 compared with \$703 in 1950-51. Per student tuition therefore accounted for about 5/14 of per student operating costs in 1950-51, and 2/7 in 1959-60. See Sheffield, Sources of University Support, op. cit., p. 20.

<sup>72</sup>Steele, op. cit., pp. 16-17.

<sup>73</sup>Ibid., p. 16.

<sup>74</sup>Ibid.

<sup>75</sup>Canada, Department of the Secretary of State, Federal Expenditures on Post-Secondary Education (Report No. 2, Education Support Branch. Ottawa: Queen's Printer, 1969), p. 15.

<sup>76</sup>Canada Council Bulletin, Vol. 2 (No. 1, January, 1965), 2.

<sup>77</sup>The Bladen Report, op. cit., estimates annual increased staff requirements for Canadian universities and colleges as over 2,300 by 1970-71. See also H. J. Fraser, "The University and Business," Canadian Universities Today: a Symposium Presented to the Royal Society of Canada in 1960, George Stanby and Guy Sylvestre (eds.). (Toronto: University of Toronto Press, 1961), p. 92, in which he says:

Canadian performance in the educational field has quantitatively been considerably below that of other leading industrial nations. In recent years our deficiency of trained personnel has been filled by immigration, a source which is rapidly being depleted.

<sup>78</sup>Discontinuance of Canada Council scholarships at the masters level in order to provide more awards for doctoral candidates was announced in 1965. Phasing-out of lower-level awards began in 1963, initially by restricting them to those attending Canadian institutions. Canada Council Bulletin, op. cit.

## CHAPTER VI

ECONOMIC CONSIDERATIONS AND FEDERAL INVOLVEMENT  
IN POST-SECONDARY EDUCATION

## I. THE BROAD PERSPECTIVE

Regardless of what the future problem is, writes John Kenneth Galbraith, ". . . the basic demand on America [or Canada] will be on its resources of ability, intelligence and education. The test will be less the effectiveness of our material investment than of our investment in men."<sup>1</sup> This author's conclusions are widely echoed in today's academic and political circles as financial support for higher education, long interpreted as a matter for individual charity, increasingly is viewed as one of the most significant corporate considerations relative to economic and even national survival. In past decades, economists attempted to explain differences in the rate of economic growth among nations in terms of capital, raw materials, and number of workers, without any consideration for the quality of the labour force itself. New generation economists adopted quite a different posture.

An obvious indication of changed attitude in this regard is that of classifying expenditure for education as an investment, not as consumption nor as social welfare. Indeed, most economists now accept that the rate of increase in the Gross National Product is directly related to the volume of expenditures on schools, technical

Institutes, universities and colleges. Analyzing what it termed a ". . . growing realization of this country's [Great Britain's] economic dependence upon the education of its population . . ." the Robbins Report of the Committee on Higher Education, 1963, commented:

If in any country educational investment in general and investment in higher education in particular falls appreciably behind what is being undertaken elsewhere, then, in the long run, general earning power is liable to be affected far beyond anything that may have been forgone in the way of pecuniary return on investment in the individuals concerned . . . . If the conclusions we have reached as a result of our investigations of educational plans abroad are at all correct, the danger seriously threatens this country in the future."<sup>2</sup>

The late President J. F. Kennedy, when addressing Congress in 1963, was more specific concerning the anticipated returns on educational investment. "This nation is committed to greater advancement in economic growth," he stated, "and recent research has shown that one of the most beneficial of all such investments is education, accounting for some 40 percent of the nation's growth and productivity in recent years."<sup>3</sup>

Studies conducted in Canada and the United States during the past few years have concluded that both the social rate of return and the private rate of return on increased investment in higher education are comparable to the rates of return on business capital.<sup>4</sup> The social rates of return on a university education were estimated at between 8 and 11 per cent per annum in the United States, and within a comparable range in Canada. Private returns on investment on human capital were estimated as somewhat higher, in excess of 12 per cent

per annum in the United States and between 15 and 20 per cent per year in Canada.<sup>5</sup> Bertram attributed 30 per cent of the increase in earnings per man in Canada, 1911 to 1961, to better education, and suggested that improved education also contributed about one-quarter to increased productivity per employee over this same period.<sup>6</sup> Obviously, though, such statistics do not reveal the full benefits resulting from increased investment in education. If one accepts the thesis put forward in the preceding Chapter - that of the very high social benefits resulting from education, then a very substantial portion of the cost of additional education must be considered as consumption rather than as investment, and both public and private rates of return on increased educational expenditure would be much higher than those noted above.

In conclusion, increased investment on additional education serves to bolster the national reserves of expertise, technology, and knowledge required to reduce the per unit cost of producing goods and services. This increased expenditure on human capital through provision of more education represents the development of a renewable natural resource whose benefits are both cumulative and transferable. Individual and collective prosperity or a high standard of living and a rapid rate of economic growth can obtain so long as the rate of investment on education is sufficient to maintain that competitive position. Because increased investment on additional education results in a higher individual and social rate of return on that investment, it would seem probable that the portion of the cost of additional

education which may be considered as consumption increases proportionate to the amount of the increased investment made. Further, if one accepts the principle that the individual and collective social benefits resulting from additional education are the most important return, the higher the investment on additional education, the lower the true "cost" of that supplementary expenditure and the higher the portion of social concern. Of what consequence, then, were economic considerations in formulating educational policy and practice of the federal government during the past twenty years?

## II. ECONOMICS AND THE FEDERAL GOVERNMENT

During the two decades following the termination of World War II, Ottawa's economic policy underwent a general but thorough reversal from one of extreme central domination, resulting from emergency economic controls assumed in response to the dual crises of depression and war, to one characterized by renewed insistence upon provincial financial autonomy and responsibility. Initially, the federal government attempted to give full expression to its recently adopted Keynesian economic philosophy and commitment to increasing social welfare program by insisting upon a continuation of the fiscal policy which evolved during the six years of total commitment to war. Under that policy, the provinces had surrendered all claims to personal and corporation taxation, and to succession duties, in return for rentals or specified cash grants from Ottawa. In its 1945 White Paper on Employment and

Income, the federal government again proposed the imposition of exclusive central income taxation and succession duties in return for a federal grant of \$12 per capita of provincial population, modified annually in relation to the Gross National Product per Canadian.<sup>7</sup> The intent of this scheme, a combination of Rowell-Sirois Commission recommendations<sup>8</sup> and wartime tax rental agreements, was to give Ottawa the economic resources to implement fiscal policies conducive to full employment without offsetting provincial policies and priorities through an overuse of conditional grants.<sup>9</sup> In the 1947 fiscal agreement, only Quebec and Ontario, and between 1952 and 1957, Quebec alone of the provinces refused to surrender claim to these three types of direct taxation in return for a federal subsidy. Quebec and Ontario had re-introduced corporation income taxation and succession duties in 1947, while Quebec re-entered the field of personal income taxation in 1954. By 1960, the federal government's position had changed to one providing for joint occupancy of certain taxation areas, and by the middle of the decade acceptance of a number of "opting-out" provisions of earlier agreements already were, or soon would become mandatory. This changing fiscal policy was a manifestation of a gradual decentralization of Canadian government, particularly with reference to the World War II concept of an Ottawa-dominated federation.

A comparable change also occurred in the economic sphere during the period 1945 to 1965. The Canadian economy, which had enjoyed

prolonged and rapid economic growth extending from late 1939 through the period of post-war reconstruction and the subsequent Korean conflict, faced a slowing down in the latter part of the Fifties. For the first time in many years, Canada experienced interspersed recession, much higher unemployment, pressure on the dollar and, for many, recurring visions of the economic chaos and tragedy of the Thirties. A significant change in public outlook also was resulting from automation, with "technological unemployment" becoming a frequent expression of despair among the jobless. Youth was subjected to a constant barrage of advertising from many sources, specifying ever more education as the best insurance against becoming an unemployment statistic. Those without work and those holding vulnerable positions learned that a return to school often was the only guarantee against becoming classified as an "unemployable unemployed," while the dramatic launching of the first sputnik epitomized a new era in which technical and scientific expertise were equated with economic and national survival.

The federal government's interpretation of its role in higher education during this period was a reflection of overriding fiscal and economic policies of the times. Because the Canadian constitution assigned the central authority general responsibility for national economic well-being, it was in the area of technical and vocational training, where high correlation between education and employment was most obvious, that the influence of economic arguments on federal educational policy are most apparent.<sup>10</sup>

### III. ECONOMICS AND EDUCATION: 1913 TO 1960

As established in an earlier section of this study,<sup>11</sup> as far back as 1913 Ottawa had used economic arguments as justification for providing assistance to technical training in the provinces under terms of the Agricultural Instruction Act. Following World War I, additional aid was forthcoming to assist provinces in the expansion of technical school facilities in their respective jurisdictions, and during the Thirties that program was broadened to include various forms of youth training. However, it was not until the years of the Second War that Ottawa's involvement in technical and vocational education was to assume true signs of careful deliberation and continuing commitment. The Vocational Training Co-ordination Act, passed in 1942, provided for long-term federal-provincial involvement in programs affecting the construction and operation of vocational school facilities and courses. The resulting series of Acts, jointly constituting what was referred to as the "Canadian Vocational Training Programme," for many years was the primary manifestation of Ottawa's economic concern for higher education.

As an expression of its senior responsibility for national economic viability, in 1945 the King Government introduced the Vocational Schools Assistance Agreement whereby Ottawa, over the course of the next decade, undertook to provide \$30 million to vocational education in order to assist in post-war reconstruction and relocation.<sup>12</sup> Using

economic considerations as its justification, under provisions of the Canadian Vocational Training Co-ordination Act, one of the specific programs included within the broad, umbrella Agreement,<sup>13</sup> the federal government continued its scheme of financial assistance to full-time university students and nurses-in-training, providing a total of some \$1.3 million in bursaries and loans over the ten-year period, 1940-1949.<sup>14</sup> Of even greater consequence were those arguments of economic necessity which resulted in educational assistance for veterans. The initial capital outlay by Ottawa was returned many times over through creation of a reserve of technical experts and professionals whose contribution helped maintain a high rate of economic growth over the next ten years. In total, some 55,000 veterans received federal aid under this program, of whom 45,000 pursued university studies for one or more years.<sup>15</sup>

Although economic considerations continued to be a preoccupation of those favouring greatly expanded federal assistance to university education, it was not until the late Fifties that concern for the state of technical and vocational education again became of major national interest. After 1955, the economic downturn, with its associated problems of deficit budgeting, devaluation of the dollar, and, most important, a rate of unemployment which continued to rise until it reached a post-war peak of almost 12 per cent of the labour force by the late winter of 1961,<sup>16</sup> precipitated renewed federal involvement in this aspect of post-secondary education. Under terms of the Vocational

and Technical Training Agreement, 1957, over the next five years Ottawa agreed to provide \$40 million of federal assistance to the provinces to subsidize the constructing, equipping, and operating of vocational and technical schools, technical institutes, and training centres. The Agreement was a shared-cost venture, with the provincial authority supervising and operating all programs and the federal government reimbursing the provinces for 50 per cent of approved capital and operating costs.<sup>17</sup> Of the total amount voted by Parliament, \$25 million was reserved for capital expenditures on trade and technical institutes, to be allotted to the provinces on the basis of population in the fifteen to nineteen years of age group. The remaining \$15 million was to be distributed through annual allotments to the provinces to offset operating expenses of approved technical and vocational school facilities. For the fiscal year 1959-60 alone, total federal expenditures under this Agreement exceeded \$5 million.<sup>18</sup>

This was not the only financial involvement of the central government in technical and vocational education. Under the Special Vocational Training Projects Agreement of 1959, Ottawa provided some \$1.2 million of assistance for a variety of special training schemes not falling under the 1957 Agreement.<sup>19</sup> Capital and operating costs of most training programs again were shared equally by the federal and provincial authorities, with the most significant expenditures incurred in training unemployed persons requiring such training to equip them for employment, in subsidizing classes for employment in

the primary industries, in sponsoring the training of supervisors in industrial establishments, and in providing financial assistance to students by means of bursaries and loans. In addition, federal expenditures relative to the Apprenticeship Training Act, 1954, amounted to approximately \$1.8 million for the year ending March 31, 1960. Under this shared-cost program, in that year the two levels of government provided on-the-job and special class training for about 20,000 registered apprentices.<sup>20</sup>

#### IV. LEGISLATION OF 1960

In 1960 the federal government, in response to continued stagnation of the Canadian economy and in special recognition of the worsening unemployment picture, negotiated new and more generous agreements of assistance to higher education under the provisions of the Technical and Vocational Training Assistance Act. This legislation marked an important shift in the traditional position of the federal government, providing the first substantive evidence that Ottawa fully recognized the role of training in relation to national economic growth and stability. The Act represented the first major attempt to provide a co-ordinated approach to the broad spectrum of what later became known as "manpower training," and, more important, provided positive indication that Ottawa was prepared to make a significant financial commitment to the problem of improving the quality of Canada's labour force.

The general intent of the Act, as stated in the preamble, was ". . . to provide for the payment by Canada to the province of contributions in respect of the costs incurred by the province in undertaking programs of technical and vocational training and in providing training facilities."<sup>21</sup> This action was to be initiated in recognition that ". . . continued growth of the Canadian economy, and the welfare of all Canadians, is dependent on the effective development of the skills and knowledge of the labour force."<sup>22</sup> More especially, ". . . the rapidly-changing technology of industry and business is increasing the Canadian economy's requirements for trained manpower of all kinds . . ." and ". . . there is an urgent requirement for the development of training opportunities for workers now in the labour force as well as for youth who will be entering employment."<sup>23</sup>

A very significant feature of the legislation was the extensive involvement of the central government provided for under the definition of "training":

"Technical and vocational training" means any form of instruction, the purpose of which is to prepare a person for gainful employment in any primary or secondary industry or in any service occupation or to increase his skill or proficiency therein, and, without restricting the generality of the foregoing, includes instruction for that purpose in relation to any of the following industries or occupations: agriculture, forestry, fishing, mining, commerce, construction, manufacturing, transportation or communications, or generally, any primary or secondary industry or service occupation requiring an understanding of the principles of science or technology and the application thereof, except where such instruction is designed for university credit.<sup>24</sup>

The Technical and Vocational Training Assistance Act, in effect from April 1, 1961, to March 31, 1967, provided for varying amounts and types of federal expenditure according to the conditions set forth relative to each of the several "programs." The most important of these are discussed hereunder.

Program 1 included ". . . those courses given as an integral part of high school education, in which at least one-half of the school time is devoted to technical, commercial and other vocational subjects or courses designed to prepare students for entry into employment by developing occupational qualifications." Over the following six years, Ottawa contributed a total of \$15 million, or up to 50 per cent of provincial operating costs for such programs, with each province's allocation determined on the basis of the proportion of its population falling within the fifteen to nineteen years of age group.<sup>25</sup> An unusual feature of the Program was one recognizing that "training" could be an aspect of the learning process carried on within the regular school system. Previous schemes of federal aid to "training" had very carefully differentiated between those functions carried on within the regular high schools, a provincial sphere of concern, and those exercised in technical or vocational institutions following the completion or termination of regular or "formal" school education.

Program 3 provided pre-employment training, upgrading, or retraining for persons over school-leaving age who required

". . . such training to develop or increase occupational competence or skills . . ." while Program 6 granted comparable benefits to the disabled. Again, costs of both Programs were shared equally by the two governments.<sup>26</sup> Of much greater significance was Program 4, a training, retraining, and upgrading venture in co-operation with Industry, under which the federal authority reimbursed the province for 75 per cent of the costs incurred. The most important aspect of Program 4 was the inclusion of "basic training for skill development" in such subjects as mathematics, sciences and communications.<sup>27</sup> Over subsequent years, thousands of Canadians received federally subsidized grade ten or higher qualifications through completion of such "technical training" courses as English, science, and mathematics, designed to increase their level of general education and, thereby, to improve the prospects of their employment. Program 5 provided for the training or retraining of persons already unemployed in order to ". . . improve employment opportunities and increase trade or occupational competence."<sup>28</sup> Herein, the federal government undertook to provide 75 per cent of approved costs for the Program and, as of February, 1964, 90 per cent of approved provincial training allowances paid to unemployed persons engaged in training or retraining under this Program.<sup>29</sup>

Equally fascinating as were Programs 1 and 4 in their provisions for "training" at the high school level, was Program 7, intended ". . . to provide training for occupationally competent persons in

the art or science of teaching, supervising, or in the administration of technical or vocational training programs at all levels whether in industry, in vocational schools, or in institutes."<sup>30</sup> The significance of this Program is reflected in the very large number of teachers of vocational, technical, and industrial subjects in Canadian schools who undertook "non-university credit" programs resulting in teacher certification within their respective provinces - and, in many cases, advanced standing towards qualification for a university degree.<sup>31</sup>

Without question, Ottawa's involvement in training under provisions of the 1960 Technical and Vocational Training Agreement had great impact upon the course of post-secondary education during the Sixties. Something of the importance of that involvement is evidenced in the amount of the central government's expenditures on technical and vocational training operating and capital costs in the last fiscal year of the Agreement - an estimated \$170.3 million.<sup>32</sup> In terms of capital investment alone, in the five-year period 1961-66, some \$1.2 billion worth of assistance to approximately 940 schools provided an additional 375,000 student places.<sup>33</sup> In total, under the Agreement and the subsequent "phase-out clause," the federal government provided each province with capital grants equal to \$800 per capita of its 1961 population between fifteen and nineteen years of age.<sup>34</sup> Many additional millions of dollars in assistance were forthcoming via other shared-cost programs incorporated in the Agreement, including those amounts available for the training of the

unemployed and underemployed, the apprentice, the technical, vocational, and industrial teacher, and the student enrolled in a technical or vocational high school or post-secondary school program.

Of perhaps even greater consequence were the less direct benefits resulting from the Agreement, for not only did they promote an efficient reallocation of human resources, but in their sheer variety and flexibility provided some degree of both hope and sustenance to many of the least privileged and most vulnerable, economically, of Canadians - the unemployed, the underemployed, the potential and actual school drop-out. The long term economic and social returns realizable as a result of the initial capital investment are extremely difficult to estimate, particularly in that some two-thirds of the total federal expenditure under these Programs was applied to youth training, or the education of students who were still in regular school attendance.<sup>35</sup> Furthermore, the facilities and programs developed through the assistance and stimulation of the central government during these crucial years, and the experiences gained by both the federal and provincial governments, provided the foundation for further innovation during the second half of the Sixties.

#### V. LEGISLATION OF 1967

In addressing the Federal-Provincial Conference, October 24, 1966, Prime Minister Pearson reaffirmed the role of economics in

formulating Ottawa's approach to post-secondary educational assistance in the years ahead. He stressed that while the federal government clearly acknowledged that ". . . education is, under our constitution, a matter of provincial jurisdiction . . ." it is also ". . . a matter of profound importance to the economic and social growth of the country as a whole."<sup>36</sup> "Apart altogether from the general interest in fostering equality of opportunity for Canadians wherever they may live or wherever they may be brought up, the federal government has specific and particular responsibilities to which higher education is relevant," he continued.<sup>37</sup> Chief among these is Ottawa's ". . . primary responsibility for employment and economic activity generally in the country."<sup>38</sup> The Prime Minister then outlined a new program of financial support to post-secondary education for the remainder of the decade. In response to its broad concern for higher education, and its particular responsibility for employment and national economic policy, Ottawa proposed to undertake measures to assist the provincial governments in meeting the challenge of rapidly increasing costs in post-secondary education. Parliament was most anxious that fiscal contributions be made in a manner not prejudicial to the prerogatives and priorities of the provincial governments, however, and therefore would not be negotiating new conditional and shared-cost agreements in this field.<sup>39</sup> It also was desirable that the level of federal assistance be in direct relation to the rising cost of education in each province rather than tied to arbitrary population statistics

which were incapable of taking into consideration justified cost variations among provinces.

The Federal-Provincial Fiscal Arrangements Act, 1967. The full implications of the federal government's changed posture relative to higher education were evidenced in the new legislation of the following year. Under the Fiscal Arrangements Act, in lieu of the previous \$5.00 per capita grant to universities and colleges and the former system of capital and operating grants to provincial governments to subsidize the construction and operation of technical and vocational schools, Ottawa undertook to contribute an adjustment payment to the province calculated as ". . . the greater of an amount . . . equal to fifty percent of the operating expenditures for post-secondary education in the province in the fiscal year, or the product obtained by multiplying \$15 by the population of the province for the 1967 calendar year."<sup>40</sup> This payment would be effected by the transfer to the province of four personal income tax points and one corporation income tax point to be augmented by an unconditional program equalization payment which would bring the total compensation up to 50 per cent of the operating costs of post-secondary educational institutions in each province.<sup>41</sup> While the fiscal transfer would be calculated in relation to operating costs in determining amount, it would constitute the total federal contribution to both operating and capital expenditure needs of the educational bodies in the province.

Provinces now enjoyed complete say as to whether the money received would be used for educational purposes within their respective jurisdictions, and the level and type of education on which it would be spent.

The Adult Occupational Training Act. In the course of the same Federal-Provincial Conference of 1966, the Prime Minister clearly delineated the central government's position in respect to training. "The federal government believes that the training and retraining of adults for participation in the labour force are well within the scope of federal jurisdiction," he noted.<sup>42</sup> "They are manifestations of the federal government's responsibility for national economic development, and an integral part of its program to ensure maximum participation in production, to reduce unemployment, to increase the productivity and earnings of Canadian workers, and to maintain and improve the competitive position of Canada in relation to other countries. "In short," concluded Mr. Pearson, "the federal government believes that it has a constitutional and necessary role in the training and development of our adult labour force for economic growth and full employment."<sup>43</sup>

Hereafter, under provisions of the Adult Occupational Training Act, Ottawa assumed full responsibility for underwriting the cost of adult training. Whenever possible, the federal government "buys" these services from the provincial or local authorities concerned, but private schools and industry are used where public facilities

offering the required training are not available.<sup>44</sup> Not only does Ottawa pay the full cost of such training and retraining courses, but also will provide the adult with an income replacement allowance of between \$35 and \$90 a week while he is undertaking such training.<sup>45</sup> Furthermore, in order to ensure availability of adequate training facilities in each province, the federal government will pay the province an amount, over and above operating costs, equal to the depreciation and interest charges on the capital facilities used for adult training. The federal government thereby subsidizes these capital costs as the facilities are used or, where additional positions or buildings are required, will make loans to provide for their construction and include interest charges on the loans so made as part of the training costs borne by the central government.<sup>46</sup>

The 1967 Federal-Provincial Fiscal Arrangements Act, and the Adult Occupational Training Act of the same year, jointly represented a mature attempt to resolve the most serious problems of adequate financial provision for post-secondary education without violation of basic constitutional considerations. In order to better appreciate the full significance of this development, however, it is necessary to provide a further word concerning the difficulties associated with federal financial contributions to post-secondary education during the period 1950 to 1967.

## VI. ECONOMICS AND CRITICISM OF EDUCATIONAL ASSISTANCE

The years 1950 to 1967 were crucial ones indeed to the course of post-secondary education in Canada. That aid forthcoming from Parliament to assist the provincial authorities and their respective institutions in striving to cope with the dual crises of qualitative and quantitative education was expressed in one of two types of fiscal programs - per capita grants, and conditional grants or shared-cost agreements. Limited assistance also was provided for part of this period in the form of adjustments in income taxation, and through direct student assistance, but neither of these methods of federal involvement precipitated anything approaching the impact nor the controversy generated by the two broader types of direct federal grants in support of post-secondary education in the provinces.

The Criticism of Inadequate Assistance. The most persistent criticism of federal assistance to higher education was that it was hopelessly inadequate for the essential services to be provided, particularly in relation to the responsibilities of the universities. Although per capita grants to the universities, introduced in 1951-52, granted limited temporary relief in the matter of attempting to meet soaring university operating costs, by the mid-Fifties the amount of government assistance forthcoming was quite insufficient to enable these institutions to cope with what the Canadian Universities Foundation had styled "the growing crisis of numbers." Reasons for

the rapid rise in university enrolment included the high birth rate during the early Forties, the increased proportion of students who had graduated from high school and now sought university admission, and the much greater percentage of students and families in a better position to finance a university education. Of equal consequence was the growing fear of unemployment, especially as the end of the decade approached, with the resultant continuous pressure from many sources imploring students to "stay in school."

Within the first three years of the inception of per capita grants, university enrolment increased approximately 24 per cent; between 1952-53 and 1965-66, the number of registrants at these institutions tripled.<sup>47</sup> Nor was this accelerated pace in increasing enrolment to lessen, for within the subsequent ten years the number of students attending Canadian universities was expected to again increase three fold over the 1965-66 figures.<sup>48</sup>

University operating expenses more than kept pace with skyrocketing registration rates, tripling from \$48 million in 1950-51 to \$150 million in 1959-60,<sup>49</sup> to \$202 million in 1964-65 and exploding to an estimated \$647 million and \$1.2 billion by 1970-71 and 1975-76 respectively.<sup>50</sup> Nor could the universities anticipate early redress of their financial problems from provincial sources, since most of these governments were hard-pressed to meet the 40 per cent of operating and 60 per cent of total capital costs they already were providing.<sup>51</sup>

Capital expenditures for mushrooming new universities, long-neglected construction programs for older institutions, and more expensive facilities and equipment to keep pace with rapid technological development, were similarly inflating this portion of costs essential for post-secondary education. One study estimated, for example, that the 1962-63 capital expenditure of \$133 million would have to almost triple to \$312 million by 1970-71 if universities were to be in a position to provide education in a physical atmosphere even comparable to those of times inadequate facilities available a mere eight years earlier.<sup>52</sup> Finally, the average university expenditure per full-time student enrolled increased from \$700 in 1950-51 to over \$1,400 ten years later, and was projected to almost double again to \$2,700 by 1970-71.<sup>53</sup> An indication of the problem of per capita grants in relation to increasing average expenditures per university student is reflected in the following data. In 1963-64 the average grant per eligible student in Canada was \$271.25. One year later the average grant had reduced to \$241.04, and in 1965-66, it dropped to \$210.41.<sup>54</sup> Relative to the total costs of higher education, per capita university grants were indeed inadequate.

The Criticism of Inequitable Assistance. A second major criticism of federal financial assistance provided in the 1950 to 1967 period was one based upon arguments of inequity. Per capita grants, for example, were paid on the basis of total provincial population rather than in accordance with registration of full-time

students in post-secondary education. Consequently, those provinces with the smallest proportion of their youth in universities were "favoured," while those with unusually large percentages of their populations undertaking post-secondary education were "penalized." In 1964-65, as a case in point, 11.6 per cent of the provincial population (eighteen to twenty-four years of age group) of British Columbia was enrolled in full-time university studies compared with 8.4 per cent in Ontario, 8.2 per cent in the Atlantic provinces and 9.2 per cent for Canada as a whole.<sup>55</sup> A similar problem was reflected in the great disparities existing among regions and institutions relative both to numbers of "outside" students enrolled and to types of programs offered. Data indicates that in 1963-64, 25 per cent of the total university enrolment in the Atlantic provinces was from outside that region as compared with an "external" registration rate of 11 per cent for British Columbia, 17 per cent for Ontario, 9 per cent for the Prairies and 8 per cent for Quebec.<sup>56</sup> Because per capita grants were based on total provincial population and not on university enrolment, a province such as Nova Scotia which accepted a high proportion of registrants from other regions received no compensatory assistance from Ottawa for those additional expenses, while a province which had a relatively large amount of its student population registered elsewhere nonetheless received per capita grants which included those students. Similarly, a province or certain institutions with a high proportion of students registered in more

expensive professional schools and graduate studies received no additional operating grant from Ottawa to compensate for much higher per student costs.<sup>57</sup>

The extent of the inequalities existing in per capita grants is partially captured in the following data.<sup>58</sup> In 1966 the federal grant per eligible student in Nova Scotia was \$163.96 compared with \$245.16 for Ontario and a Canadian average of \$210.41. Nor was this financial discrimination in terms of regional factors which could be offset by a general equalization grant. Witness Newfoundland's grant of \$314.39 per eligible student in that same year. Any argument that grants were in some way proportionate to the cost of providing higher education in the provinces is similarly invalid. Compare British Columbia's receipts of \$165.30 per eligible student with those of Alberta, \$203.19, and Ontario, \$245.16. The federal government had in one sense put forward a very potent argument in favour of severely restricting university enrolment, especially in terms of graduates and students from outside the province. Perhaps more unfortunate was the impression created by the grants which, in the public eye, seemed to give preferred treatment to those provinces which already had far greater financial resources available for education. Dr. A. E. Kerr, then President of Dalhousie University, expressed this point of view and reflected the discontent of many institutions as well as that of the NCCUC when he referred to the Ottawa formula as providing grants ". . . the most inequitable to be

found anywhere in the British Commonwealth."<sup>59</sup>

Criticisms of Student Assistance. Programs of direct or special financial assistance to students and institutions were often similarly criticized as inadequate and inequitable. Research grants provided by Ottawa, for example, did not make provision for commensurate additional operating costs incurred. Many contended that far too little was available in the form of non-repayable student aid. Particularly was this claim made in terms of assistance for graduate studies where costs are greatest, yet the amount of aid provided, especially in the arts, humanities and social sciences, comparatively small.<sup>60</sup> Although the idea is a popular one among students, realistic economic considerations make it most unlikely that the federal government's recently proposed program of 10,000 scholarships, each in the amount of \$1,000, will become a reality.<sup>61</sup>

A considerably different picture pertains in the case of repayable student aid. Under the Canada Student Loans Plan, some 364,000 certificates of eligibility amounting to \$220.7 million were issued during the four years 1964-68.<sup>62</sup> In 1968 alone, loans to a total of \$59.8 million were authorized for some 97,000 students.<sup>63</sup> An unfortunate possibility is that loans increasingly will replace forms of non-repayable student assistance, and thereby militate against university attendance by students from low-income families less able to provide other assistance which would limit the amount of debt incurred through loans, and by those resident in economically

depressed areas where summer employment as well as other non-repayable assistance is least available.

Criticisms of Conditional Grants and Shared-Cost Agreements.

Federal assistance forthcoming through conditional grants and shared-cost agreements has been criticized for being as inequitable in its reallocation of federal resources as were per capita university grants. The problems of conditional and shared-cost agreements as methods of financial aid are reflected, for example, in the Technical and Vocational Training Act, 1960. Under the shared-cost provisions of this legislation, the federal government reimbursed the provincial authority for a portion of costs incurred in administering an approved program. The first difficulty was, of course, that no money was provided unless the province agreed to alter its particular priorities in order to qualify for the federal funds available. The cumulative pressure to take advantage of a fifty-cent or twenty-five cent dollar was extremely great! It is not unreasonable to assume that in some jurisdictions more urgent educational, and perhaps even non-educational undertakings, were displaced by provincial expenditures on less crucial technical-vocational training programs so as to obtain the benefits of Ottawa's conditional grants. Federal priorities in education do not necessarily reflect provincial, and particularly, local priorities. A second problem of this type of financial aid was that more affluent provinces were in a much better position to expend a greater amount of money and, thereby, to obtain the majority

of federal assistance. In 1965-66, for example, the federal expenditure per unemployed person trained under the Act was \$177 in Ontario, \$35 in the Atlantic provinces, and \$25 in Quebec.<sup>64</sup> Provinces with the highest rates of unemployment and, as a result, the greatest need for subsidization, were least able to take advantage of shared-cost assistance.

A similar problem of inequity would appear to be developing relative to federal student aid. With loans constituting the only significant source of direct student assistance provided by Ottawa, a disproportionately high incidence of debt is being incurred by students representing those income groups, provinces and regions where average income is lowest, unemployment most persistent, and non-repayable assistance least available. The 1960 revision of the Income Tax Act has been of limited value in promoting equity, but, as recommended by the Bladen Report, would be of far greater consequence if ". . . the present income tax relief to parents of students attending universities [were] revised to provide more adequate relief for lower income groups,"<sup>65</sup> and ". . . the present limits on gifts to universities that may be deducted from income and corporation taxes [ were ] revised upwards."<sup>66</sup>

In addition to being criticized as inadequate and inequitable, over the last twenty years a third major charge frequently was levelled against federal financial assistance to post-secondary education, whether in the form of per capita grants, conditional

grants, or shared-cost agreements. This assistance was bitterly attacked on the basis that it was ill-conceived, if not illegal, under provisions of the British North America Act. This criticism is one involving political-judicial rather than economic considerations, however, and therefore forms the substance of the next chapter.

#### VII. REFERENCES

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<sup>3</sup>Quoted by Association of Universities and Colleges of Canada, Commission on Financing Higher Education in Canada, Report of the Commission . . ., Vincent W. Bladen chairman. (Toronto: University of Toronto Press, 1965), p. 5.

<sup>4</sup>Gordon W. Bertram, The Contribution of Education to Economic Growth: Staff Study No. 12 of the Economic Council of Canada (Ottawa: Queen's Printer, 1966), pp. 63-64.

<sup>5</sup>Ibid.

<sup>6</sup>Ibid., p. 62.

<sup>7</sup>W. A. Mackintosh, "The White Paper on Employment and Income in its 1945 Setting," Canadian Economic Policy Since the War (Ottawa: Carleton University Press, 1965), p. 12.

<sup>8</sup>Supra, pp. 39-41.

<sup>9</sup>Mackintosh, op. cit., p. 12.

<sup>10</sup>Clause 2A, Section 91, British North America Act, 1940, assigned the federal government responsibility for "Unemployment Insurance."

<sup>11</sup>Supra, pp. 26-29

<sup>12</sup>Louis St. Laurent, "Address by the Prime Minister of Canada," Proceedings: National Conference of Canadian Universities and Colleges, 1956 (Toronto: NCCUC, 1956), p. 253.

<sup>13</sup>Sunra, p. 33. The initial version of the 1942 Vocational Training Co-ordination Act had been introduced in 1939. Both subsequently were updated and reactivated to form part of the 1945 Agreement.

<sup>14</sup>Canada, Royal Commission on National Development in the Arts, Letters and Sciences, Report of the Royal Commission . . ., Vincent Massey chairman (Ottawa: King's Printer, 1951), p. 151.

<sup>15</sup>ibid., pp. 153-154. Because of increased average earning power resulting from the additional education received, it is equally true that the initial total capital outlay by Ottawa has been recovered several times over as a consequence of the graduated income tax.

<sup>16</sup>Peter Regenstreif, The Diefenbaker Interlude: Parties and Voting in Canada (Toronto: Longmans, Green and Company, 1965), p. 50.

<sup>17</sup>Canada, Dominion Bureau of Statistics, "Education and Research," Canada Year Book 1961 (Ottawa: Queen's Printer, 1961), p. 763. The British Columbia Institute of Technology, Burnaby, for example, was partially constructed and equipped under terms of this Agreement.

<sup>18</sup>ibid.

<sup>19</sup>ibid.

<sup>20</sup>ibid., p. 762.

<sup>21</sup>Technical and Vocational Training Agreement Between the Government of Canada and the Government of the Province of British Columbia, July 11, 1961, (Ottawa: Minister of Labour), p. 1.

<sup>22</sup>ibid.

<sup>23</sup>ibid.

<sup>24</sup>ibid., p. 2.

<sup>25</sup>ibid., pp. 3-4.

<sup>26</sup>ibid., pp. 4-5.

<sup>27</sup>Ibid., p. 5.

<sup>28</sup>Ibid.

<sup>29</sup>Ibid., and Technical and Vocational Training Amended Agreement, June 25, 1964, (Ottawa: Minister of Labour), p. 1.

<sup>30</sup>Technical and Vocational Training Agreement, op. cit., p. 6.

<sup>31</sup>For example, those in British Columbia who completed the fourteen-month Emergency Teacher Training Programme for Industrial Arts at the Burnaby Vocational School ultimately received two years transfer credit towards a Bachelor of Education degree at either the University of British Columbia or the University of Victoria. Information obtained from Office of the Registrar, Department of Education, Victoria, B. C.

<sup>32</sup>Canada, House of Commons Debates, October 31, 1966, p. 9291.

<sup>33</sup>Garnet T. Page, "Canada's Manpower Training and Education: Federal Policy and Programs," Canadian Education and Research Digest, VII (December, 1967), 285.

<sup>34</sup>House of Commons Debates, op. cit., p. 9290.

<sup>35</sup>Tom Kent, "Intergovernmental Responsibility for Manpower Training," (paper given at the Centennial Conference of the Institute of Public Administration of Canada, Hamilton, McMaster University, September 7, 1967), p. 12.

<sup>36</sup>Lester B. Pearson, "Address by the Prime Minister to the Federal-Provincial Conference, October 24, 1966." Quoted by G. C. Andrew, "The politics and Economics of National Unity In Post-Secondary Education," (paper given at A National Conference on the Economics of Unity, Banff, October 17, 1967), p. 2.

<sup>37</sup>Ibid.

<sup>38</sup>Ibid.

<sup>39</sup>House of Commons Debates, op. cit., p. 9289.

<sup>40</sup>Statutes of Canada, 14-15-16 Elizabeth II, c. 89.

<sup>41</sup>Ibid.

<sup>42</sup>Pearson, op. cit., cited by Andrew, op. cit., p. 5; and

"Radio and Television Statement by the Prime Minister on the Opening of the Federal Provincial Conference, October 24, 1966," (Ottawa, Office of the Prime Minister, October 24, 1966), p. 1.

<sup>43</sup>ibid.

<sup>44</sup>Kent, op. cit., pp. 18-20.

<sup>45</sup>ibid., p. 20.

<sup>46</sup>ibid. See also pp. 177 et. seqq. of Chapter VIII.

<sup>47</sup>Canadian Universities Foundation, Enrolment in Canadian Universities and Colleges to 1970-71: 1961 Projection. Comp. Edward F. Sheffield. (Ottawa: Canadian Universities Foundation, 1962), pp. 6-7.

<sup>48</sup>Based upon data provided in Bladen, op. cit., pp. 14-18.

<sup>49</sup>Canadian Universities Foundation, Sources of University Support (No. 2 of Financing Higher Education In Canada Series, comp. Edward F. Sheffield. (Ottawa: Canadian Universities Foundation, 1961), p. 8.

<sup>50</sup>Bladen, op. cit., p. 36.

<sup>51</sup>Figures based upon Bladen, op. cit., pp. 30-31. Comparable statistics for Ottawa were 19 per cent of operating costs and 7.7 per cent of capital costs. From 1964-67, university expenses increased 103.8 per cent - operating expenses by 99.8 per cent and capital expenses by 111.8 per cent. The percentage of the Gross National Product devoted to combined expenses of the universities during the period 1960-61 to 1966-67 increased from 0.72 per cent to 1.53 per cent. While the Gross National Product increased 60.2 per cent in these six years, operating and capital expenses of universities increased by 240.2 per cent. Information based upon data provided by the Dominion Bureau of Statistics, Education Division, and cited in "Some Facts and Figures About Higher Education," Canadian University and College, IV (No. 8, August, 1969), 40.

<sup>52</sup>Bladen, op. cit., p. 36.

<sup>53</sup>J. B. Macdonald in Higher Education for British Columbia and a Plan for the Future (Vancouver: University of British Columbia Press, 1962), p. 16, predicts a per pupil cost in British Columbia of \$3,000 a year by 1970.

<sup>54</sup>Canada, Dominion Bureau of Statistics, "Education and Research," Canada Year Book 1967 (Ottawa: Queen's Printer, 1967), p. 362.

<sup>55</sup>Bladen, op. cit., p. 13.

<sup>56</sup>Ibid., p. 12.

<sup>57</sup>Bladen, op. cit., p. 68 et. seqq., identified expenses per graduate student, a very mobile group, as up to six times those of first-year undergraduates. He recommended a weighted formula be used to determine annual operating grants to universities, with the weights assigned ranging from one for first and second year students to five for doctoral candidates. Ontario recently adopted a modified version of Bladen's recommendations concerning weightings in allocating revenue to post-secondary institutions.

<sup>58</sup>Canada Year Book 1967, op. cit., p. 362.

<sup>59</sup>A. E. Kerr, President's Report, 1954 (Dalhousie University Press, 1954). Quoted by Willson Woodside, The University Question: Who Should Go? Who Should Pay? (Toronto: Ryerson Press, 1958), p. 155.

<sup>60</sup>Bladen, op. cit., p. 60, notes that the average personal debt incurred for a doctorate is from \$10,000 to \$15,000. The average assisted undergraduate student goes some \$4,000 into debt while completing his degree.

<sup>61</sup>Supra, p. 81.

<sup>62</sup>E. J. Benson, Minister of Finance, as quoted in Canadian University and College, IV (No. 8, August, 1969), 40.

<sup>63</sup>Ibid.

<sup>64</sup>Kent, op. cit., p. 12.

<sup>65</sup>Bladen, op. cit., p. 69.

<sup>66</sup>Ibid.

CHAPTER VII  
POLITICAL CONSIDERATIONS AND FEDERAL INVOLVEMENT  
IN POST-SECONDARY EDUCATION

The most persistent criticism of federal government financial assistance to post-secondary education in Canada long has been that argued on a constitutional basis, opposing intrusion by Ottawa in what is interpreted as exclusively a provincial responsibility under provisions of the British North America Act. Proponents of assistance by the central government, on the other hand, counter that Ottawa's involvement is intra vires both the word and spirit of the written constitution.

1. SECTION 93 OF THE BRITISH NORTH AMERICA ACT

The most significant statement concerning governmental jurisdiction in education is that comprising Section 93 of the written constitution. Since 1867, it has been this Section of the Act which has provided the constitutional justification for opposing federal involvement in Canadian education. Providing it respects the educational rights and privileges which any religious minority had by law at the time of union or secured subsequently via provincial legislation, [ ". . . in and for each Province the Legislature may exclusively make laws in relation to Education . . ." ] There is little doubt that in terms of the letter and spirit of the original agreement, "Education,"

considered in its 1867 context, was designed to be exclusively a provincial responsibility. If perpetuating and giving expression to the society of which it is a part is accepted as a primary function of education, small wonder that fundamental differences in religion, language, culture, and tradition would militate against control over education moving beyond the local level. Although Macdonald expressed concern that ". . . education has been withdrawn, unwisely I always thought, from the control and supervision of the central government,"<sup>2</sup> he was sufficiently astute to realize that once the proponents of union had rejected a unitary system of government in favour of a federation, a denial of provincial control over education would have destroyed the concept of provincial autonomy within one of the most crucial areas, and thereby jeopardized plans for the new nation. Because Quebec's political boundaries approach congruency with those of the French-Canadian language, religion, and culture, that Province's stand against federal involvement in education has always been the most vociferous and determined. (Nevertheless, it would be a serious oversight to forget the strong support Quebec's position relative to Ottawa's encroachment on education has received from many other provinces, especially since the commencement of the current decade.)

During the past one hundred years, rigorous opponents of all federal involvement in education have interpreted Section 93 such that the provinces are assigned unequivocal and complete jurisdiction in all phases and for all levels of education. Those favouring a stronger

federal role in this vital public area, however, contend that such a posture is inconsistent with both the terminology used in this portion of the Act, and with the general intent of the original agreement. The use of "may," note these centralists, denotes neither legal finality nor unequivocal moral responsibility, but rather choice. Had the Fathers of Confederation intended the provinces have unquestionable and exclusive responsibility for education, that determination would have been reflected in the use of "shall" rather than "may" in the wording of that portion of Section 93. The use of the conditional form of the verb, according to this legalistic argument, was designed to enable either federal-provincial or inter-provincial approaches to education under this Section of the Act.

The provincial rightists counter that had such an interpretation been intended, education would have been placed in Section 95 as a concurrent power or, if the federal power was not intended to be supreme in case of conflict, then enumerated in Sections 91 and 92 as a shared power of both levels of government. In any event, the use of "may" in Section 93 is consistent with the preamble to Section 92 whereby each provincial legislature ". . . may exclusively make Laws"<sup>3</sup> in relation to enumerated powers listed therein. Furthermore, argue the advocates of an exclusive provincial role in education, the preamble to Section 91 specifically proscribes federal legislation ". . . coming within the Classes of Subjects by this Act assigned exclusively to the Legislatures of the Provinces . . . ." <sup>4</sup> Use of ". . . the

Legislature may exclusively make Laws . . ." in Section 93 as well as in Section 92 therefore makes this proscription as binding for education as it is for enumerated powers appearing in Section 92.

A second major argument justifying broader federal involvement in education than that normally ascribed to Section 93 is the claim that voting money for federal financial assistance to education is not legislating and, therefore, is not *ultra vires* the constitution. There can be no doubt that Clause 3, Section 91 of the Act, provides the federal government with unlimited financial power to raise revenue through any means of taxation for any purpose. Lord Atkin, in the Privy Council's decision of 1937, reaffirmed this position when he noted that the contention:

That the Dominion may impose taxation for the purpose of creating a fund for special purposes, and may apply that fund for making contributions in the public interest to individuals, corporations or public authorities, could not as a general proposition be denied.<sup>5</sup>

However, while legislation imposing taxation for any purpose is legal, federal legislation disposing of that revenue may be quite a different matter. In the same Privy Council decision, Lord Atkin wrote:

But assuming that the Dominion has collected by means of taxation a fund, it by no means follows that any legislation which disposes of it is necessarily within Dominion competence. It may still be legislation affecting the classes of subjects enumerated in S. 92, and, if so, would be *ultra vires* [italics not in the original]. In other words, Dominion legislation, even though it deals with Dominion property, may yet be so framed as to . . . encroach upon the classes of subjects which are reserved to Provincial competence . . . in such cases the legislation will be invalid. To hold otherwise would afford the Dominion easy passage into the Provincial domain.<sup>6</sup>

A more cogent argument favouring federal involvement in education is that the ". . . In and for each Province"<sup>7</sup> phrase of Section 93 denies a particular province exclusive legislative jurisdiction over any aspects of education which are not clearly intra-provincial. Obviously, with steadily increasing population mobility, and innumerable social and economic projects, programs, and problems which transcend provincial borders, the significance of a less restrictive interpretation of this clause increases proportionately. [Although the purists contend that only the electorate of a province can hold that authority responsible for its educational policy, in an era when national welfare is directly related to educational welfare, neither the federal government nor other provincial governments can be expected to remain complacent indefinitely where inadequate or ill-conceived educational planning or financial assistance in one province threatens the general well-being of the larger unit.] A poorly educated citizen is a potential liability to all. The case of the universities is particularly relative in this regard, since these institutions service and are serviced by a community which extends far beyond provincial boundaries. Efficient use of human and material resources demands there should be a suitable division of areas and types of specialization among the universities in order that a "national" service may be provided to keep Canada in the forefront of academic and technical development.

Finally, opponents of an interpretation of Section 93 which assigns the provinces unrestricted authority over, and responsibility for education contend that the problem resides in the meaning of the word "education." A century ago, education was still considered very much a luxury in most parts of British North America. While free and compulsory "schooling" at the primary level was reasonably common, secondary, and particularly higher education, were reserved for a wealthy elite little concerned with the immediate problems of earning a living. Even primary schooling, with its curricula of ciphering, spelling, recitation, history and the classics, was readily identifiable as "education." Education was not high on the list of financial and social priorities of governments,<sup>8</sup> and certainly had little to do with the occupational competence of most of the population in an overwhelmingly rural and agrarian society wherein youth learned the important essentials of homemaking and of earning a living by working at the sides of their parents. Little "post-common school" or secondary school was either public or free, while the half-dozen existing universities and colleges were all private rather than public institutions, operating under royal charter or other non-provincial authority.<sup>9</sup> In general, the widely-accepted concept of state-supported institutions of higher learning was long in the future,<sup>10</sup> while research, adult education, and occupational training and retraining were not significant considerations until well on into the twentieth century when an increasingly urban society stemming

from industrialization and technology forced attention to these matters. In an era when education normally was inextricably associated with the local community or parish, and teaching performed by an itinerant teacher, responsible for determining her own objectives, curricula and texts in relation to her unique "educational" philosophy, even if education had not been so specified in the Act, it was one of those local matters which came within the responsibilities assigned to the provinces or their progeny, the municipalities.

## II. SECTIONS 91 AND 92 OF THE BRITISH NORTH AMERICA ACT

Although no mention of education is made in either Section 91 or 92 of the British North America Act, reference to these is necessary in order to orient properly the problem of federal involvement in post-secondary education in relation to the spirit of the 1867 agreement. The overriding consideration during the formulation of the Act, was, of course, that the provincial governments were intended to be inferior in status to the central government. That the federal-provincial relationship was to be one of superordinate-subordinates rather than one of equal constitutional status and privileges for all the component parts, is evidenced, for example, by provisions of the Act which make the formal head of the province a federal appointee, safeguard the position of the Lieutenant-Governor against provincial interference, empower the Lieutenant-Governor to reserve any provincial measure for the assent of the Governor-General-in-Council, and entitle the federal government to declare invalid any act within a

year of its having been passed by the provincial legislature. On occasion, advocates of increased federal authority have interpreted the intent of these provisions as that of assigning Ottawa the role of both watchdog and benefactor relative to enumerated provincial powers. These centralists would contend, for example, that should a province cease to exercise fully its responsibility in education, then the federal government, having appraised the situation and reached a verdict concerning the inadequacies of the local performance, should deploy its superior reserves of manpower and resources to rescue and rehabilitate the errant provincial government. The confederation agreement is vulnerable indeed if its success depends upon an understanding which ascribes the federal government the quasi-judicial responsibility of interpreting the constitution, appraising performance, and undertaking remedial action in those areas supposedly assigned exclusively to the subordinate governments! Obviously, while a single political unit would be impossible if the federal and provincial governments were identical in stature, the inferior position of the provincial governments was not intended to be misconstrued as justification for federal encroachment on those areas allocated to the subordinate authorities. In any event, the position of the provinces subsequently proved to be less subordinate than originally intended, since Clause 16 of Section 92 was interpreted by the Privy Council as the residual powers clause of the Act. The provinces were to base much of their defence of education as a provincial

responsibility on the contention that federal involvement infringed upon "property and civil rights in the Provinces," an argument of tremendous consequence, since most post-secondary education initially was closely associated with the churches, and any real or imagined challenge to local control of education was easily construed as a threat either to freedom of religion or to property held by the church.

The two levels of government were not intended to be equal in status; nor were they designed to be co-ordinate in the significance of powers and responsibilities granted each. Section 91 clearly assigned all matters of crucial importance, including external affairs, national debt, and economic integration and development, to the central government. It also provided the federal government with the broad, general residual power ". . . to make laws for the Peace, Order and good Government of Canada" in all matters not assigned exclusively to the provinces.<sup>11</sup> Equally important, the Act provided the federal government with unlimited powers of raising revenue to support actual and anticipated expenditures involved in exercising these senior responsibilities, and restricted the provinces to the then insignificant field of direct taxation as the sole means of supporting functions whose costs were not expected to increase.

Under Section 92, consistent with their lesser stature, provincial governments were given responsibility for ". . . all Matters of a merely local or private Nature in the Provinces."<sup>12</sup> Of the enumerated powers allocated to the provinces, education in

Section 93, and increasingly, municipal government and welfare, both in Section 92, although the latter not exclusively a provincial responsibility, subsequently became the most demanding financially. The spiralling cost of these services was to prove a most potent argument favouring intensified federal involvement in these areas. Even in the wealthy provinces, in accepting federal aid for education, many politicians were less concerned about possible infringement of a provincial prerogative than they were about the effect, on their own careers, of increased provincial taxation for purposes of education. Such proponents of an enlarged federal role were prone to argue that the precedent for Ottawa's involvement in general higher education lay in her early assistance to agricultural training, and subsidized education for veterans. Their critics reply that the central government's initial financial aid to education in the areas specified does not constitute entitlement for federal assistance to the broad field of higher education in that agriculture is a concurrent responsibility under the constitution, while training of the militia or armed service personnel is clearly delegated to Ottawa under Section 91. In any event, maintain the advocates of an exclusive provincial control of education, the resolution of the problem of insufficient provincial revenue for support of higher education can be found in a more equitable allocation of financial resources between the two levels of government. Because the aggregate wealth of the nation is the same as the total wealth of its constituent parts, whether or not it is subsidized by Parliament, a constant expenditure for

education will not be any more or less demanding upon the collective Canadian taxpayers.

Unable to justify federal assistance to higher education as a means of providing a more economical service, proponents of Ottawa's Involvement support that aid as a means of equalizing educational opportunity among diverse areas and groups. Ensuring the availability of adequate funds for education in each province is a much more complex undertaking than that of enlarging the room for provincial taxation, note these centralists. Because of severe disparities in the economies of the several provinces, some are incapable of sustaining quality education without external subsidization. Opposition to federal financial assistance to education therefore decreases proportionate to increase in provincial need, with the least objection on constitutional grounds being voiced by those jurisdictions least able financially to assist themselves. It is worth recalling that the practice of providing federal aid to the provinces in order to further economic equality was a basic premise of the 1867 agreement, manifested in the form of annual grants, payments on debt allowances, and federal per capita and special grants. These constitutional provisions for equalization established a convenient precedent for subsequent years when education became identified as part of a broader, national economic problem. Unfortunately, though, attempts to equalize educational opportunity through the use of federal per capita grants and conditional grants in the realm of higher education have tended to increase rather than reduce differences existing among the provinces

in ability to finance education.<sup>13</sup> Nor can it be established that these forms of federal financial assistance to education were an integral part of Ottawa's Keynesian economic philosophy. The years when most aid was forthcoming have normally been those when inflation was most serious - times when the federal government should have been reducing rather than increasing expenditure, according to the anti-cyclical theory.

A further significant justification for federal involvement in education has been that argued according to the "peace, order and good government" clause of the constitution. In order to give adequate expression to its senior responsibility for the general welfare of all Canadians, Ottawa must be intimately associated with those essentials which transcend individual, provincial, and regional boundaries to constitute the common good. Education, in its broadest context, is one such vital concern. Regardless of constitutional provisions, "the nation," if it is to survive, must be something greater than the sum of its constituent parts.

In summary, then, the intent of the 1867 agreement certainly was to make education, as it then was defined, a provincial responsibility. To have granted to the provinces sole control over anything as critical to national economic development and political survival as is contemporary education, however, was just as definitely contrary to both the spirit and the substance of the confederation bargain. The drafters of the constitution were not so impractical as to assume

an expenditure of the dimension of that allocated to contemporary education could be financed by provincial jurisdictions in a federation where, as Galt expressed it, ". . . the power of taxation has been confided in the Canadian Legislature."<sup>14</sup> Even if the position is adopted that changing conditions demand a flexible interpretation of Section 93 and pertinent portions of Sections 91 and 92, in order to honour the basic intent of the Act and maintain education as exclusively a provincial responsibility, there still exists the fundamental problem of providing for expenditures of the required magnitude within the confines of the financial provisions of the settlement.

### III. FEDERAL GRANTS TO EDUCATION AND THE CONSTITUTION

In their reaction to the dual crises of the Great Depression and World War II, during the subsequent two decades most provinces found some semblance of security in the growing economic, fiscal, and political centralization of authority, and were prepared to risk an expanded federal role in some fields, including education, in return for apparent vibrant leadership, ingenuity, and expertise. The most significant manifestation of that changed posture, in terms of higher education, was the introduction of per capita university operating grants in 1951. It was Quebec's reaction to those same grants which provided the first evidence of resurgent provincial concern for post-secondary education in particular, and the inviolable nature of provincial constitutional rights in general. Initially, Quebec's

attitude towards per capita university grants received little understanding or sympathy beyond her borders. Nevertheless, it was that same stand which, fifteen years later, was to result in a dramatic reappraisal and redefinition, not only of federal responsibility for post-secondary education, but also of the entire confederation agreement.

Per capita grants to the universities, claimed Premier Duplessis of Quebec, were ". . . an attempt to trespass by the side door on provincial autonomy."<sup>15</sup> He and his supporters argued that the federal government was ultra vires the constitution when it raised taxes and sought to use the revenue realized in support of an area specifically assigned to the provinces. Rather than violate the constitutional rights of the provinces, Ottawa, by vacating more of the taxation field in their favour, should leave these governments with the resources necessary to carry out their own obligations. Although all provinces accepted per capita grants in 1951-52, in 1952-53 through 1955-56 the universities of Quebec were constrained by that government from accepting the proffered funds, and they reverted to the federal government's Consolidated Revenue Fund. Whenever necessary, the Union Nationale Government was not adverse to threatening curtailment of provincial university grants should one of these institutions be too critical of Quebec City's refusal of the Ottawa offer.<sup>16</sup> The Duplessis Government found ample support for its stand in the Tremblay Report of 1956, Quebec's answer to both the Rowell-Sirois and Massey Commissions, which reproved the federal government for its violation of true

federalism through its entrenchment upon provincial economic, social, and cultural prerogatives.<sup>17</sup>

As a result of Quebec's stand, in 1956 Mr. St. Laurent declared that regardless of the great need for increased federal aid to the universities, such a policy was not possible ". . . until we have found a way for the institutions of our province [Quebec] to accept their share without having to fear consequences prejudicial to the autonomy of the provinces."<sup>18</sup> In an attempt to find an acceptable resolution of the impasse, in 1956-57 an agreement was reached whereby Ottawa, rather than continue to provide these funds direct to the appropriate institutions, would pay grants to the NCCUC (and later to its successor, the AUCC), to be distributed by that organization to eligible institutions upon request, or to be held in trust for those universities failing to claim their allocation.<sup>19</sup> The Quebec government, still not prepared to accept federal assistance to education, denied its universities the right to collect their grants. These allocations continued to accumulate in the AUCC fund until the spring of 1960, when a new agreement negotiated effective 1960-61 prompted the recently elected Lesage Government to approve withdrawal of the grant-entitlement for deposit in a newly-created provincial fund for support of university construction.<sup>20</sup>

Under this new proposal, the federal government agreed to withdraw from the corporate income taxation field to the extent of one additional percentage point within any province which undertook

the entire burden of financing its own universities. A supplementary amount, added to or subtracted from the provincial equalization payment, would be used to make the total realized by the province from this additional one per cent corporation tax equal to the amount of the university grant payable to the province had the per capita formula been applied.<sup>21</sup> In announcing the new formula, Prime Minister Diefenbaker commented:

There has been a deep desire to devise an equitable plan that would make it possible for universities in all the provinces to benefit. I am confident that this new plan will achieve that objective. Thereby it will strengthen our national unity. It takes fully into account the jurisdiction and responsibilities of the provincial legislatures in the field of university education, while at the same time giving effect to the desire of Parliament and the Canadian people to see the universities of Canada assisted in their important work.<sup>22</sup>

Initially, it appeared that contracting-out provisions of the new agreement had resolved long-standing federal-provincial differences over university per capita operating grants. By utilizing either of the alternative methods of financing offered, each province could now benefit from federal subsidization without acknowledging any diminished constitutional responsibility for education within its boundaries. Quebec alone decided to "contract out" of per capita grants in favour of increased provincial corporation taxation, and the new agreement thereby was destined to a brief period of validity. During most of a decade, that Province alone had withstood all political, economic, and financial inducements to compromise on what it viewed as a fundamental constitutional principle, the exclusive responsibility of the

province for education. The new agreement was a success to the extent that it finally enabled Quebec, without violating a very legitimate interpretation of the constitution, to join the other nine provinces in benefiting from increased financial assistance for post-secondary education. The agreement was a failure in that it circumvented rather than resolved the basic constitutional dilemma once again producing an alignment which saw Quebec the exception to an arrangement which included all other provinces. An effective, long-term solution to the problem of adequate financial provision for higher education was less a matter of establishing the "correctness" of a certain constitutional interpretation than it was one of securing a mutually acceptable agreement which would enable all provinces to participate on a common basis. Anything less foreshadowed growing dissension within, and possible ultimate disaster for, confederation.

#### IV. SHARED-COST AGREEMENTS AND THE CONSTITUTIONAL QUESTION

A constitutional problem comparable to that existing relative to per capita university grants was occasioned by federal-provincial shared-cost agreements in the field of technical-vocational education. As early as 1944, provincial objection to federal government involvement in this aspect of post-secondary education was evidenced in the refusal by Quebec and Prince Edward Island to enter into the Apprenticeship Training Agreement. Under this legislation, Ottawa, and the province concerned, shared equally the operating costs of

conducting special training classes for apprentices.<sup>23</sup> In post-war years, however, all provinces, including Quebec, signed shared-cost agreements relating to special vocational training projects inaugurated under provisions of the Vocational Schools Assistance Agreement, and its successor, the Vocational and Technical Training Agreement. Noting Quebec's objection to per capita university grants during the Fifties, Prime Minister St. Laurent reminded the Province of its involvement in those shared-cost programs:

It is a known fact that for several years, although it has no jurisdiction nor direct responsibility in the field of education, the Dominion Government has had agreements with the Provincial Governments under which it votes rather large sums annually to help in the vocational training of youth. The amount which appears in the estimates of the Department of Labour for the current year and which will be distributed to the provinces under those agreements is about four and a half million dollars. The Province of Quebec receives a large share of that grant.<sup>24</sup>

The Prime Minister also might have recalled that again neither Quebec nor Prince Edward Island had signed the Apprenticeship Training Agreement when it was re-negotiated in 1954 for a further ten-year period,<sup>25</sup> and as recently as April, 1957, Quebec had refused to be a party to the Vocational and Technical Training Agreement, another shared-cost undertaking.<sup>26</sup> Obviously, a new basis for federal assistance to post-secondary education was required if all provinces were to exercise the option of accepting available aid without prejudicing their constitutional positions.

## V. INDICATIONS OF CHANGE

Quebec's failure to take full advantage of that very significant development in federal assistance to technical and vocational training, the Technical and Vocational Training Act, 1961,<sup>27</sup> reflected a continuing impasse in the matter of federal assistance to higher education through shared-cost agreements. This problem was particularly critical in that Quebec refused participation in shared-cost construction of vocational schools. Because the effectiveness of the entire Act was contingent upon the availability of appropriate training facilities, and since Quebec's incidence of unemployment was one of the highest in Canada,<sup>28</sup> an early resolution of this jurisdictional dispute was crucial to the economic, as well as to the political viability of the nation.

The early Sixties brought a changed federal posture relative to shared-cost programs and conditional grants, manifested in a willingness on the part of Ottawa to permit provinces to "contract out" of these agreements in favour of additional tax room at the provincial level.<sup>29</sup> A province taking advantage of this proposal was required to guarantee continuation of the program for the duration of the period specified in the original conditional agreement. Commencing in 1964, Ottawa agreed, upon the request of Quebec, to cease involvement in technical and vocational training in that Province, and abate an additional one percentage point of personal

Income taxation to provide the necessary revenue for continuation of the program by Quebec until March 31, 1967.<sup>30</sup> As previously noted, Quebec already had contracted out of a wholly federal program, per capita university grants, in favour of an abatement to the Province of one additional percentage point of corporation income tax. When Youth Allowances were introduced by Ottawa in 1964 in order to induce those sixteen and seventeen years of age to remain in school,<sup>31</sup> Quebec, already providing school allowances, was granted an additional abatement of 3 per cent of personal income tax in lieu of these direct federal grants.<sup>32</sup>

The approach used in resolving the university per capita dilemma also established a precedent to be followed in 1964 when Quebec contracted out of the Canada Student Loans Plan, a wholly federal program which guaranteed interest-free bank loans to full-time university students.<sup>33</sup> In this instance, rather than utilize tax abatement to the Province in providing revenue for Quebec to operate its own student aid scheme, the federal government agreed to an annual compensatory payment. The amount of revenue made available to Quebec was based upon average per capita costs of the program to the federal government, calculated on the proportion of the population sixteen to twenty-four years of age in those provinces participating in the Canada Student Loans Plan. This mean expenditure per student was then applied to the same age group in the Province of Quebec.<sup>34</sup>

All these modifications, providing methods of financing federal involvement in education and training other than via per capita and

conditional grants, were anticipatory of the Federal-Provincial Fiscal Arrangements Act, 1967. The past fifteen years had clearly established that continuing direct federal financial aid to "education" could not do other than foment that division and disunity threatening the demise of the confederation bargain!

#### VI. POLITICAL CONSIDERATIONS AND THE FISCAL ARRANGEMENTS ACT, 1967

The year 1966 represents a highlight in the chronicle of federal involvement in post-secondary education in Canada. The philosophy reflected in the Federal-Provincial Conference that October also may well be acknowledged as a significant milestone in evolving Canadian federalism. While subsequent years will see adaptations and modifications of these procedures and details in order to meet new circumstances, it is unlikely that the fundamental political philosophy evidenced therein will vary appreciably for some considerable time.

The most obvious indication of the changing climate was that Ottawa was prepared to make a major policy statement concerning the role of the federal government relative to the most controversial of all constitutional issues, education. When involvement in the domain of post-secondary education had occurred in earlier periods, the federal approach normally had been both sporadic and unco-ordinated, with Ottawa's role an expression of political or economic expediency rather than one reflecting well-formulated policy. This pragmatic posture in matters affecting education had necessitated that the senior

government be apologetic, yet paternalistic in its orientation, acknowledging unfortunate circumvention of constitutional niceties in some instances, but justifying such procedures on the basis of good intention, better comprehension, or superior competence. At the other extreme, where provincial governments reasserted legitimate authority in certain areas partially assumed by Ottawa in an era of centralization, on occasion the senior government, retreating from encroachment upon some phases of provincial jurisdiction, over-reacted by neglecting to reaffirm strongly its responsibility in areas of legitimate federal concern. The new agreement, in contrast, was premised upon mature recognition of the respective competencies and responsibilities of the two authorities. "Education is, under our constitution a matter of provincial jurisdiction," announced Prime Minister Pearson to the Conference delegates. "The federal government does not dispute this or wish to do so in any way."<sup>35</sup>

Manifestation of that principle is found in the new federal financial aid Agreement effecting discontinuance of per capita operating grants to the universities and of conditional operating and capital grants to technical-vocational education. The long-held contention that these federal grants interfered with provincial initiative, responsibility, and priority no longer brought discordant reaction from Ottawa. Federal acceptance of the constitutional responsibility of the provinces for all post-secondary education was a meaningless gesture, however, unless the central government took appropriate steps to ensure that the general distribution of revenue

was such as to permit the provinces to assume financial responsibility for this essential service. Therefore, in recognition of the increased fiscal needs of the provinces in providing for adequate higher education, Ottawa increased their available revenue by transferring to the provincial governments additional income tax benefits. The provincial government, as the authority responsible for education, also must determine its relative expenditures for that service, and must be answerable to its electorate for all decisions affecting allocation of available revenue in that regard. The government with the constitutional jurisdiction over education must be accepted as competent to exercise that responsibility, with the provincial constituency rather than any federal authority as the final court of appeal on the question of inappropriate or inadequate provision for education.

While control of education clearly was in provincial hands, disavowal of federal concern for education would be renunciation of legal and moral propriety and an abrogation of constitutional responsibility, argued the central government. Education, and particularly higher education, ". . . is obviously a matter of profound importance to the economic and social growth of the country as a whole," commented the Prime Minister.<sup>36</sup> One of the federal government's primary roles, then, is that of fostering equality of educational opportunity for all Canadians regardless of the province or region in which they reside. In order to ensure some element of equal educational opportunity in the several jurisdictions, the new tax transfer

agreement was to be augmented by unconditional program equalization payments providing total compensation in the amount of 50 per cent of the operating costs of all post-secondary education in each province. While Ottawa would not attempt to influence educational policy or programs within the provinces, nor would it even favour certain levels or programs of post-secondary education, the formula encouraged aggregate expenditure on higher education commensurate with national requirements. In this way, there was some assurance that Ottawa's senior responsibility for sound national economic and social development was not likely to be sacrificed through inadequate support for education at the local level. Furthermore, in making the amount of federal assistance forthcoming to higher education a function of provincial expenditures on this service, provision was made for higher proportionate expenditures on education by more affluent provinces which should be encouraged to exceed the national mean performance. Provinces in a less favourable position could elect the alternative unconditional equalization formula providing for federal compensation at the rate of \$15 per capita. Since this amount was calculated to approximate 50 per cent of average post-secondary operating expenditures throughout Canada, the less wealthy provinces were assured of minimal acceptable financing for higher education within their jurisdictions.

As a further part of its responsibility for equalization of educational opportunity, the federal government stoutly reaffirmed its

determination to continue to make available financial assistance, in the form of scholarships, bursaries and loans, to capable students throughout the nation. This function, maintained the Prime Minister, is intra vires both the spirit and the word of the constitution, and offers no threat to provincial policies or priorities affecting education.<sup>37</sup> While Ottawa disclaimed any right to assume a direct role in the schools or in the programs of these institutions, the central government acknowledged a legal and moral obligation to remain intimately involved with the general well-being of the students individually. Direct assistance to deserving students is the process of exercising the federal government's responsibility for general national social and economic advancement, and in no way violates the sanctity of the province's claim to educational priorities, policies and programs, maintained Ottawa.

A further noteworthy feature of the 1967 agreement was its differentiation between education, a matter of provincial responsibility, and training, one of legitimate federal concern. Previous attempts to identify one of these learning processes from the other had floundered in the morass of confusion accompanying definition of governmental responsibility according to type of school or institution attended. The new Adult Occupational Training Act<sup>38</sup> concerned itself with individuals rather than with schools or programs, identifying the training or retraining of an adult to improve his employability as a requisite expression of federal concern for manpower resources

and general economic development. "The federal government believes that the training and retraining of adults for participation in the labour force are well within the scope of federal jurisdiction," stated the Prime Minister.<sup>39</sup> These processes are evidences of Ottawa's responsibility for national economic development subsequent to formal education, and therefore not education in the constitutional sense. The central government, he maintained, ". . . has a constitutional and necessary role in the training and development of our adult labour force for economic growth and full employment." To this end, former federal-provincial shared-cost undertakings, often disclaimed as interfering with vital provincial priorities and programs, were replaced by new procedures whereby Ottawa evidenced its primary responsibility for the training and retraining of adults by undertaking to purchase positions or services from local or provincial authorities, with payment determined by prorating operating and capital costs. The senior government volunteered to provide loans for capital costs incurred by provincial governments in establishing and equipping required facilities of their own, with both principal and interest charges to be offset at the local level by federal purchase of training vacancies for adults. Furthermore, Ottawa agreed to underwrite all costs incurred through income replacement payments to persons selected for adult training, and for transportation and associated expenses involved in their training programs.<sup>40</sup> Ottawa contended there could be no doubt as to the central government's responsibility for these

aspects of training "accommodation," since amendment of the British North America Act had made unemployment insurance a specified power of Parliament under Section 91.<sup>41</sup>

Finally, in announcing the new federal position relative to post-secondary education, Ottawa asserted a continuing and senior responsibility for several associated areas in the realm of education, especially culture and research. While the provinces too were acknowledged to have a major role to play in these matters, national fulfillment demanded a concern and involvement exceeding that represented by the sum of provincial commitment. Here then, maintained the federal authority, are essential areas of consideration wherein the Canadian nation in education, while not coterminous with the federal function in education, is much greater than is the total provincial experience or contribution. Because these national objectives in education embrace both federal and provincial areas of competency, their realization is possible only through continuing consultation and co-operation between the two levels of government in order to achieve essential co-ordination of effort. Ottawa, noted Mr. Pearson in his address to the Federal-Provincial Conference, would expand its long-established role of direct financial assistance to the arts, humanities and social sciences in pursuit of accelerated cultural development, and anticipate a parallel response from provincial governments in recognition that ". . . culture as such should be of interest to every level of government and monopoly of none."<sup>42</sup>

And in no area was the federal responsibility in Canadian cultural development more pronounced or more urgent than in the fostering of strengthened Canadian unity through improved communications among ten provinces, five regions, two basic language groups and numerous ethnic entities. Acceptance of a definition which equated culture with education, and restricted the latter to an exclusively provincial responsibility, similarly reduced the concept of Canadian cultural duality to a hollow provincialism, thereby destroying this fundamental premise of the original confederation agreement.

In the same manner, the federal government refused to accept the proposition that provincial responsibility for education precluded Ottawa's involvement in research. Failure on the part of Parliament to exercise a vital role in encouraging and supporting this essential function would be an abrogation of its senior responsibility for the economic and social growth of the Canadian nation. Such a policy could not do otherwise than severely alter the rate and direction of national development, with adverse reflections upon the Canadian position among the nations of the world, Ottawa maintained.

In commenting upon the significance of the new federal position in relation to post-secondary education, one distinguished educator and political scientist voiced his concern that the federal government has made a wide-open commitment which might, in time, become so inordinately expensive that Ottawa would be forced to seriously curtail its support of other educational programs, including aid to

graduate study and research, student aid, and special research grants.<sup>43</sup> Others have suggested that while the central authority has expressed support for education as a matter of national importance, there is no way that federal concern for post-secondary education can be reflected in those provinces which choose the \$15 per capita grant as opposed to the more common 50 per cent of total operating expenditures finance formula. One noteworthy critic has stated:

The effort to end "opting-out" by one province has resulted in the federal government opting half out, and giving each of the provinces the opportunity to opt for a solution beyond the federal government's power to influence.<sup>44</sup>

Perhaps, though, any philosophy implying "Ottawa knows best" or the continuing necessity of the federal government's heavy influence in determining spending habits and priorities of the provinces is an anachronism, a carry-over from the psychology of an era of depression and war when our provincial insecurities and immaturities made national paternalism very attractive. Is it realistic to pretend that make-shift involvement in education by a multiplicity of federal departments and agencies is a more mature approach to education than that represented in the sum total of experience and expertise of ten provincial departments of education and their many agencies, organizations and institutions? Nor is it correct to assume that Ottawa has forsaken higher education! That the central authority certainly is not involved in an unconditional withdrawal from this vital area is borne out in its allocation, in

the 1967-68 fiscal year, of some \$467 million to a multitude of educational programs and projects.<sup>45</sup> Nevertheless, there appears to be a growing realization on the part of the federal government that central involvement or influence is better achieved via inducement and co-operation than by force and unilateral action, through indirect financial incentive rather than by shared-cost and conditional grants. Whether or not this trend is anticipatory of a permanent change in policy or merely reflective of the periodic shifting balance between greater centralization and decentralization is largely a matter for conjecture at this time. However, a number of the more obvious implications of what would appear to be considerably more than a short-term reversal in position and, thereby, in policy, are pursued in the next Chapter of this study.

#### VII. REFERENCES

<sup>1</sup>The British North America Act, 1867, 30 & 31 Vict., Sec. 93.

<sup>2</sup>Sir John A. Macdonald in a letter to Egerton Ryerson, 1872, quoted by Robert Stanbury, "The Federal Role in Education," Queen's Quarterly, LXXIV (Autumn, 1967), 364.

<sup>3</sup>British North America Act, op. cit., Sec. 92 preamble.

<sup>4</sup>Ibid., Sec. 91, preamble.

<sup>5</sup>1937 A.C. 367, cited by Pierre Elliott Trudeau, "Federal Grants to Universities," Federalism and the French Canadians (Toronto: Macmillan, 1968), p. 85.

<sup>6</sup>Ibid., p. 86.

<sup>7</sup>British North America Act, op. cit., Sec. 93, preamble.

<sup>8</sup>In 1871, education was a minor budgetary item accounting for some 4.2 per cent of British Columbia's expenditures. The estimated expenditure on education for the fiscal year 1968-69, on the other hand, was 32 per cent. British Columbia, Premier and Minister of Finance, Budget Speech February 9, 1968 (Victoria: Queen's Printer, February, 1968), pp. 28; 35.

<sup>9</sup>J. A. Corry, "Address Delivered at Banquet Proceedings," Proceedings: Annual Meeting of the Association of Universities and Colleges of Canada, 1966 (Ottawa: AUCC, 1966), p. 141. This same point is also made by Frank MacKinnon, "Government and Education," Canadian Education Today, Joseph Katz, editor (Toronto: McGraw-Hill, 1956), pp. 213-214.

<sup>10</sup>The University of British Columbia, for example, was not chartered until 1908 and did not become a reality until 1915 - more than forty years after the province had entered Confederation.

<sup>11</sup>British North America Act, op. cit., Sec. 91, preamble.

<sup>12</sup>Ibid., Sec. 92, cl. 16.

<sup>13</sup>Supra, pp. 120-123.

<sup>14</sup>Alexander T. Galt, "Speech on the Proposed Union of the British North American Provinces," (speech delivered at Sherbrooke on November 23, 1864), p. 11. Quoted in Donald V. Smiley (ed.), The Rowell-Sirois Report: An Abridgement of Book I of the Royal Commission on Dominion-Provincial Relations (No. 5 of The Carleton Library Series. Toronto: McClelland and Stewart, 1963), p. 51.

<sup>15</sup>Premier Duplessis in a speech quoted by Willson Woodside, The University Question: Who Should Go? Who Should Pay? (Toronto: Ryerson Press, 1958), p. 157.

<sup>16</sup>Herbert F. Quinn, The Union Nationale: a Study in Quebec Nationalism (Toronto: University of Toronto Press, 1963), p. 166.

<sup>17</sup>An excellent summary of significant Tremblay Report recommendations appears in F. R. Scott, "French-Canada and Canadian Federalism," Evolving Canadian Federalism, A. R. M. Lower, F. R. Scott et. al. (Publication No. 9 of Duke University Commonwealth-Studies Center Series, Durham, N.C.: Duke University Press, 1958), pp. 67-74.

<sup>18</sup>Louis St. Laurent, "Address by the Rt. Hon. Louis St. Laurent,

Prime Minister of Canada on the occasion of his receiving an honorary degree from the University of Sherbrooke," (Ottawa: Office of the Prime Minister, October 7, 1956), p. 6.

<sup>19</sup>"The New University Grants Proposal," University Affairs, 1 (December, 1959), 1.

<sup>20</sup>J. Stefan Dupre, "Contracting Out: A Funny Thing Happened on the Way to the Centennial," Paul Fox (ed.), Politics: Canada (second edition; Toronto: McGraw Hill, 1966), pp. 169-173.

<sup>21</sup>Ibid.

<sup>22</sup>John G. Diefenbaker, quoted in "The New University Grants Proposal," University Affairs, 1 (December, 1959), 1.

<sup>23</sup>Canada, Dominion Bureau of Statistics, "Research and Education," Canada Year Book 1959 (Ottawa: Queen's Printer, 1959), p. 759.

<sup>24</sup>St. Laurent, op. cit., p. 5.

<sup>25</sup>Canada, Dominion Bureau of Statistics, "Research and Education," Canada Year Book 1961 (Ottawa: Queen's Printer, 1961), p. 763. Unlike Quebec, however, it is doubtful that Prince Edward Island's failure to enter into the Apprenticeship Training Agreement in both 1944 and 1954 was because of objections on constitutional grounds.

<sup>26</sup>Ibid.

<sup>27</sup>Supra, pp. 108-113. This legislation, passed in 1960, became effective the following year.

<sup>28</sup>Peter Regenstreif, The Diefenbaker Interlude: Parties and Voting in Canada (Toronto: Longmans, Green and Company, 1965), pp. 114-115.

<sup>29</sup>See Dupre, op. cit., pp. 168-176.

<sup>30</sup>Ibid., pp. 174-175.

<sup>31</sup>Supra, pp. 61-62.

<sup>32</sup>Dupre, op. cit., p. 172. See also Canadian Tax Foundation, "Federal Grants, Programmes and Fiscal Arrangements," Politics: Canada, op. cit., pp. 157-162.

<sup>33</sup>Supra, p. 60.

<sup>34</sup>Dupre, op cit., p. 172 and Canadian Tax Foundation, op. cit., p. 158.

<sup>35</sup>Lester B. Pearson, "Address by the Prime Minister to the Federal-Provincial Conference, October 24, 1966." Quoted by G. C. Andrew, "The Politics and Economics of National Unity in Post-Secondary Education," (paper given at A National Conference on the Economics of National Unity, Banff, Alberta, October 17, 1967), p. 2.

<sup>36</sup>Ibid.

<sup>37</sup>Ibid., p. 9.

<sup>38</sup>Supra, pp. 116-117.

<sup>39</sup>Pearson quoted by Andrew, op. cit., p. 6.

<sup>40</sup>Tom Kent, "Intergovernmental Responsibility for Manpower Training," (paper given at the Centennial Conference of the Institute of Public Administration of Canada, Hamilton, McMaster University, September 7, 1967), pp. 16-25.

<sup>41</sup>British North America Act, 1940, 3-4 Geo. VI, c. 36 (U.K.).

<sup>42</sup>Pearson quoted by Andrew, op. cit., p. 8.

<sup>43</sup>J. A. Corry, "What will be the Effect of Decentralization of Governmental Authority and New Taxation Policies on Achievement of National Goals in Education?" (paper given at A National Conference on the Economics of Unity, Banff, Alberta, October 17, 1967), p. 14.

<sup>44</sup>Andrew, op. cit., p. 13.

<sup>45</sup>Mitchell Sharp, Minister of Finance, In House of Commons Debates, March 3, 1967, p. 13719.

## CHAPTER VIII

## SUMMARY AND CONCLUDING COMMENTS

## I. PATTERNS OF FEDERAL INVOLVEMENT

Investigation of the relationship existing between the federal government and post-secondary education in Canada establishes that both the nature and extent of involvement by the central authority has varied considerably over the course of the past one hundred years. Nevertheless, it is possible to identify very distinct patterns in that involvement which, understandably, are manifestations of the greater political, economic, and social considerations extant during the respective eras of Canadian history.

Period of Centralization. The thirty-year period extending from Confederation to approximately 1896 was characterized by very little evidence of direct federal interest in matters of education. Fundamental to this original position was the nature of the confederation agreement, 1867, which assigned to the central government, the supreme political agent, all matters of major national concern, including foreign affairs, defence, and other considerations essential to Canadian economic, fiscal, and political viability. The provinces, on the other hand, were restricted to matters of predominantly local interest or significance. Inherent in the confederation agreement was the recognition of Canadian cultural duality, with the province

being identified as the authority with paramount control over such matters as education in and for the province. This period was an era of overwhelming federal domination, with the central government's policies, devoted to economic and political nationalism, finding no significant opposition from young, inexperienced provincial legislatures. Control of post-secondary education in this rural, agrarian society, tended to be held in private, primarily church hands. Higher education had little relevance to the matter of earning a living, and thereby generating almost no federal, and very limited general provincial interest.

The federal government, assigned a constitutional role in protecting the educational rights held by any denominational minorities at the time a province entered the union, failed to exercise that power in a very effectual manner. Although provision was made for the educational rights of the French-speaking, Roman Catholic population when the terms of admission of Manitoba were agreed to in 1870, Ottawa refused to become involved in the New Brunswick educational controversy the following year, contending that the educational rights of the minority which were violated by the new non-sectarian Common Schools Act were, in the pre-Confederation era, held by reason of tradition and not by law. Similarly, when minority educational rights were infringed upon by Manitoba some twenty years later, the newly elected Laurier administration refused to invoke Section 93 of the British North America Act, arguing that the subordinate government

exclusively was responsible for education in and for that province.

In 1917, the Ontario government's "Resolution 17," which denied the French-speaking minority the right to common schools instruction in that tongue, was upheld as intra vires the jurisdiction of the provincial government. Section 93 of the British North America Act guaranteed protection of the educational rights of denominational, not linguistic minorities. The significant consideration in each of these cases was that the federal government never attempted to utilize the constitutional provision for federal concern for education as justification for its becoming involved in what it readily accepted as a matter of provincial jurisdiction.

Period of Decentralization. The second period, that encompassing the years of the late nineteenth century to the latter 1920's, was one of increasing provincial ascendancy. Throughout the previous period, the Supreme Court and the Judicial Committee of the Privy Council had strengthened the role of the federal government through a liberal interpretation of the "peace, order and good government" clause of Section 91. During this second era, however, the power of the central authority severely was attenuated through acceptance, by these same judicial bodies, of the "property and civil rights" clause of Section 92 as the general residual powers provision of the written constitution. Significantly, though, this new constitutional interpretation was not in conflict with primary economic, political, and social considerations of that period. The Liberal administration which dominated most of

these years was strongly committed to the principle of provincial rights. In place of the former concept of a quasi-colonial relationship with a superordinate federal, and several subordinate provincial governments, Ottawa, and a number of provinces headed by a succession of extremely astute and powerful political leaders, accepted one premised upon the complete authority and sovereignty of each government within its respective areas of competence.

Provinces sought and were granted more generous fiscal arrangements which permitted them to finance an ever-increasing demand for expanded provincial services. Particularly was this so as several decades of mass immigration, and industrialization and urbanization caused by war and relocation, produced a period of rapid economic expansion and social change. Provinces found themselves committing ever larger expenditures to municipal needs, roads, education, and initial programs in health and welfare.

The federal government's position throughout this period of increasing decentralization was basically that of continuing to renounce responsibility for post-secondary education. Nevertheless, the era saw introduction of a number of procedures and programs in education which were to serve as the pattern for major federal involvement in a subsequent age. The Report of a Royal Commission in 1913 recommended "technical training" as an area compatible with federal interest and financial assistance, and legislation passed in that year, and more significantly, six years later, inaugurated the first

programs of federal aid to post-secondary education. Important though this 1919 statute was in the resulting development of technical and vocational schools in the provinces, its greatest significance lay in the precedent established - namely, the use of conditional grants as a device for federal subsidization of post-secondary education. A further noteworthy step in this period was the early determination of Ottawa's right to be concerned with research, manifested in the founding, in 1916, of what became the National Research Council. The financing of the Council's work through grants-in-aid also underwrote the contention of the Dominion that it maintained the right to provide federal assistance direct to individuals and to institutions, including universities.

That innovation with the greatest impact on the progress of post-secondary education in Canada, however, was the introduction of the direct federal tax on income during World War I. When the economic bubble of the first three decades of the twentieth century burst, without a major reallocation of the sources of revenue, including income taxation, the provincial governments were not in a position to maintain adequate expenditures for costly constitutional responsibilities, particularly municipal government, health and welfare services, and education.

Period of Transition and Federal Resurgence. The third period of federal involvement in post-secondary education, that encompassing the years 1930 to 1945, was characterized by two crises

of international proportion - depression and war. The 1930's saw a virtual collapse of the national economy, especially that of the provinces whose dependence upon property taxes, liquor sales, motor vehicle licences, and gasoline taxes for most of their revenue made their economies extremely vulnerable in an era of depression. Nor was a solution to the financial distress of the provinces readily at hand, since federal legislative attempts to redress their financial dilemma of inadequate fiscal resources for responsibilities borne were declared ultra vires the central government by the Privy Council. The plight of education reached an all-time low, with the diminishing resources available to the provinces assigned to welfare and other services considered more crucial in a period of deprivation.

The other major tragedy, the Second World War, provided the federal government with the necessary justification for evolving new economic, fiscal, social, and political policies to accommodate both types of crises. Pointing to the recent recommendations of the Rowell-Sirois Royal Commission as its vindication, the federal government embraced Keynesian economic theory with its emphasis upon a strong, viable central government empowered and willing to maintain appropriate aggregate expenditure on consumer goods, exports, and on private and public investment. Such a policy involved anti-cyclical budgeting, an undertaking made possible through war-time surrender by the provinces to Ottawa of both personal and corporation income tax, and of succession duties, in return for federal subsidies based

upon provincial fiscal needs. A very substantial part of this federal largesse would be apportioned in the form of Ottawa's expanded responsibility for social services, especially unemployment insurance, old age pensions, and family allowances, assumed in response to the fear psychosis generated by the Depression. The federal government's realization of its new role of economic and political dominance was further facilitated by conditions of war which brought emergency centralization of these functions, and by a new sense of national identity and pride in being Canadian. A greatly enlarged and very competent federal bureaucracy, with a vested interest in preserving its newly realized power, also discouraged post-war decentralization.

Federal involvement in education during the war years was reflected in many ways, including major subsidization of vital research and facilities, of education and training of armed service personnel and, indirectly, of provincial educational programs through tax rental agreements. In response both to the educational desolation of the Thirties and to a critical demand for skilled manpower in the war years, the central government, now the constitutional authority responsible for unemployment, negotiated with the provinces a series of shared-cost programs. These agreements were designed to stimulate technical and vocational training in Canada, thereby reflecting a greatly expanded federal role in this phase of post-secondary education. A parallel development of great consequence to the new federal position in regard to education was its assumption of major

responsibility for Canadian cultural and social development. This expanded federal role in the area of broad, general education was evidenced, for example, in Ottawa's establishment and subsidization of such agencies as the Canadian Broadcasting Corporation and the National Film Board.

Most significant of all educational undertakings during this period, though, was federal involvement in the education of thousands of war veterans through payment of grants or allowances to both personnel and the institutions they attended. This assistance established a precedent for the next two decades, during which direct federal aid to universities, colleges, and technical and vocational schools became commonplace.

Period of Rampant Federalism. The period of rampant federalism, that extending from approximately 1945 to about 1960, was characterized by extreme domination, by the central government, of the economic, social, and political structure of Canadian society. Understandably, then, it was during this period that the extent and nature of federal involvement in post-secondary education realized its greatest manifestation.

A resurgent war economy was rapidly converted to one of peacetime reconstruction and growth, stimulated by a seemingly insatiable domestic and world demand for goods and services. Rather than face the prospects of an anticipated recession, the federal treasury found itself the recipient of increasing amounts of revenue generated

primarily through burgeoning income, corporation, succession, and customs and excise taxation. The central government's problem was not one of inadequate fiscal resources but rather that of appropriately distributing the inordinately large reserves on hand - a difficulty readily overcome in that Ottawa's assumption of major responsibility for economic and social services, as well as for the control of most sources of revenue, enabled distribution of fiscal resources relative to the economic, social, and political objectives of the central government.

The merit of Keynesian economic theory, in the eyes of a powerful Liberal bureaucracy, was that it permitted major economic centralization and control without seriously infringing upon principles of private ownership of the means of production and distribution. Economic centralization therefore could be justified as fundamental to regional equalization and economic egalitarianism. These concepts found their social counterpart in popular identification with a resurgent Canadian nationalism, sought through a powerful central authority committed to ideals of national identity and unity, and to principles of political and social equality.

In the political sphere, the exercising of an overwhelmingly superior central power, long denied by constitutional interpretation but now realized through monopolization of the sources of revenue, was assumed to be an inviolable principle of the Canadian federal system. Federal-provincial relations were determined through political

and bureaucratic manoeuvring, with the central authority, having at its disposal the largest, most experienced and more competent civil service, negotiating from a stronger position. Criticism against Ottawa's utilizing its control of revenue supply as justification for infringing upon the constitutional prerogatives of the provinces was largely ineffectual, and largely non-existent outside Quebec. Important in this regard was the "credibility gap" resulting in that Quebec became the only major opponent of the new federal posture. Over these years, certain policies and procedures of the Union Nationale Government of that Province were at variance with many political, social, and economic ideals popularized in other parts of Canada. Alienation of Quebec from the mainstream of Canadian thought and experience was to demand a very high price in the next decade.

Federal domination during this period found expression in many programs and policies relating to post-secondary education. In the economic sphere, there was available considerable research and data which established the close correlation existing between the amount of education, the productivity of the labour force, and the general rate of growth of the national economy. Consequently, it was essential Ottawa ensure an aggregate expenditure on education appropriate to national economic requirements. This philosophy found expression in a complexity of shared-cost and conditional grants programs, dedicated to establishment of adequate technical and

vocational training facilities and courses in the nation, and to support of those persons, particularly the unemployed and the under-employed, undertaking such training in order to improve their employability.

Similarly, Ottawa used arguments premised upon economic considerations to justify major programs of direct financial assistance to the universities in the form of per capita grants, research grants and student aid. Such assistance, contended the federal government, was critical in facilitating the education of ever larger numbers of competent professional and technical personnel essential to the continued growth of the Canadian economy.

Arguments of social concern were similarly potent in prompting federal involvement in post-secondary education during this era. Because education is perhaps the greatest instrument of social mobility, extensive federal assistance to higher education was argued as necessary in order to promote equality of educational opportunity. Aid was forthcoming at three levels: that encouraging adequate general expenditure on post-secondary education, evidenced, for example, in university per capita grants; that designed to reduce regional inequalities in educational opportunity, manifested, for example, in general equalization payments; that intended to minimize individual inequalities in educational opportunities, reflected, for example in a variety of federal government grants, fellowships and scholarships to deserving students, and in the Canada Student Loans Plan.

Matters of political concern were similarly evident in federal aid to post-secondary education. Canada's cultural manifesto, the Massey Report, declared extensive federal support of the universities as prerequisite to the development and sustenance not only of a unique, national culture, but also of Canadian identity and, ultimately, to continuing national sovereignty. That concern was expressed in the form of per capita university grants, and in the creation of the Canada Council as an agent for disseminating federal aid in support of Canadianism. Most important, however, was the nature and method of federal distribution of aid to post-secondary education. Provinces became increasingly resentful of federal occupancy of the major sources of revenue when fiscal reallocation by that agency was in the form of agreements and arrangements which reflected federal rather than provincial objectives, priorities, and policies, in such a controversial area as was post-secondary education.

Period of Transition and Change. A new period of transition in the federal position relative to assistance to post-secondary education was precipitated in the Sixties by very significant economic, social, and political changes on the Canadian scene. Economic recession, high unemployment, inflation, pressure on the dollar, and scarcity of low-interest capital combined to produce a less buoyant national economy. In the political sphere, a sequence of less dynamic federal administrations in a period of resurgent provincial competence and expertise brought increasing demands for reappraisal of the

federal-provincial division of powers. Most significant in this regard was the reawakening of Quebec which, under a new administration, commenced a revolutionary transformation of the Province through implementation of substantive programs of economic, social, and political reform. Heavier commitment by that and other provinces to social and economic policies argued as intra vires the provincial concern, brought ever more vociferous demands for a redistribution of revenue which better reflected the constitutional responsibilities of the two levels of government. In response, particularly to the demands of Quebec, Ottawa, in an attempt to maintain a viable federation, surrendered a progressively larger share of direct taxation revenue to those provinces which elected not to participate in shared-cost and conditional grant agreements. Initially, Quebec tended to be the only province anxious to "opt out" of such fiscal arrangements. It soon became imperative that some means be found to standardize the methods of distributing revenue in order to prevent further jeopardizing the confederation bargain through policies which resulted in Ottawa and most of the English-speaking provinces aligned against the French-speaking Province of Quebec. The significance of that new policy, from an educational point of view, best reflected in the Federal-Provincial Fiscal Arrangements Act, 1966, and in the Adult Occupational Act of the same year, is summarized in the next three subdivisions of this Chapter.

## II. FEDERAL INVOLVEMENT: INTRA-PROVINCIAL CONSIDERATIONS

All too frequently in the years prior to 1967, justified federal interest in educational well-being was jeopardized by short-sighted administrative policies which misinterpreted "concern for" with "control over" education. An era of extreme political, economic, and social centralization encouraged a political philosophy more akin to a unitary than a federal system of government, with consequent tinges of paternalism reflected in Ottawa's discussions and negotiations with provincial governments. Little attempt was made by the central authority to fully determine provincial priorities, programs, and policies prior to prescribing a solution commensurate with federal, but not necessarily provincial educational objectives. One such solution, per capita grants, completely by-passed the provincial governments and, thereby, removed from that authority any means of influencing intra-provincial allocation of these available funds. Such provincial involvement was essential in terms of efficient realization of educational goals "in and for the province."

Often, conditional grants and shared-cost agreements similarly violated the spirit if not the word of the constitution. Provinces readily succumbed to the promise of a dollar's value for a twenty-five or fifty-cent investment in a particular educational undertaking, whether or not that project best reflected legitimate provincial objectives. Here again, there was reluctance on the part of Ottawa

to recognize that the central government was not in the best position to determine appropriate provincial and local goals in education, and that resulting expenditures therefore might be at the expense of both quality and quantity of total education within that area.

For their part, most provinces, facing ever higher expenditures for an increasing variety of government services, were inclined to accept the proffered funds as alternative rather than as additional sources of revenue for education. Ottawa's commitment to expenditures on education encouraged the provinces to hold that authority responsible for inadequate financial provision for education, whether or not such blame was justified. Again, it is probable that to a significant extent qualitative and quantitative education was the prime loser in the resulting debate which permitted each level of government to hold the other at fault. Too frequently, the electorate was unable to determine which authority was answerable for the adequacy, and the appropriateness of educational provisions.

It is important to bear in mind, however, that to a very considerable extent Ottawa moved into an unoccupied area when it assumed major responsibility for university financing in the post-war period. The provinces normally contend that they gladly would have fulfilled their constitutional obligations for higher education had the central government not been monopolizing the sources of revenue. It is doubtful, though, that higher education would have fared as well financially during this very crucial period if it had not been for

federal initiative and incentive, both direct and indirect. Nevertheless, a political philosophy which justifies infringement of constitutional provisions on the basis of the failure of the other governmental jurisdiction to fully occupy, or appropriately execute, its legal responsibilities in one or other of its spheres of competence cannot help but promote discord and disunity. Ottawa may have been entitled to provide some assistance to post-secondary education on the basis of its senior responsibility for national economic and social well-being. It most certainly was not justified in that encroachment upon provincial prerogative which resulted when such assistance was argued on the basis of superior competence!

A noteworthy feature of the new political philosophy is an increasing willingness, on the part of Ottawa, to recognize the provinces as competent and responsible as well as legitimate agents within their own spheres of educational jurisdiction. Federal educational objectives are no longer presumed coterminous with those of the provinces, and it is these subordinate levels of government which must determine appropriate educational policies, priorities, and programs "in and for the province." Evidence that the provinces are recognized as mature, responsible, authorities is manifested in provisions of the 1967 legislation which provide for unconditional transfers of revenue, from the federal to the respective provincial government, in the amount of 50 per cent of total provincial expenditures incurred for post-secondary education operating expenses.

Furthermore, if the province prefers, Ottawa will forgo even that degree of central supervision over education, making available to the province a flat \$15 per capita grant, an amount estimated as 50 per cent of the mean national operating expenditure for post-secondary education. Regardless of the finance formula selected by the province, that authority remains exclusively responsible for determining the amount of support, if any, to be granted each type or program of higher education operative within its jurisdiction. Here indeed is indication that the provincial government is accepted as the legal, as well as the most competent judge of legitimate regional and local requirements and objectives in education. In addition, a basic tenet of democratic government is acknowledged in that there no longer can be any confusion on the part of the electorate as to which level of government is answerable for the disposition of those amounts of revenue made available for expenditure on education. For if the provincial authority is presumed a responsible agent in determining educational allocations, so too must it be responsible to its constituency for the adequacies of those decisions made.

Although the federal government is assigned the senior role relative to adult training and manpower utilization, in this field too the province is identified as the authority most sensitive to immediate and local requirements. Ottawa's current policy is that of working in co-operation with, rather than in competition with the provincial governments, buying, on an individual basis, those training

services and programs available locally which complement Ottawa's requirements. There can be no doubt that it is the province which determines those facilities, programs and procedures best able to satisfy local requirements, although provision is made for sufficient federal assistance to ensure that the local authority is able to carry out its legal commitments in this area.

In summary, then, at the intra-provincial level, the predominant effect of the new educational policy has been one of evolving and reinforcing a more mature appreciation of that basic division of powers or responsibilities critical to the functioning of any federal system of government. Provision has been made for the provincial government to have at its disposal the portion of total revenue estimated as essential for the subordinate authority to exercise its constitutional obligations to post-secondary education. Ottawa, for its part, has recognized a basic principle of federalism - that it has no right to interfere with the administration of the provincial government in those areas of education not within its own jurisdiction.

Similarly, the provincial government has been forced to assume the political consequences of its utilization of those funds made available for higher education, with its electorate, and not any federal authority, judging the adequacy of its performance. In the social sense, the new policy, with its emphasis upon provincial responsibility, should produce, in the provincial constituency, less of a feeling of alienation from post-secondary institutions than

has existed in the past. The probability of provincial educational policy responding to local initiative and requirements is much greater when higher educational institutions are clearly identified as creatures of the more immediate regional and provincial environment. Nor need this response be at the expense of broader economic and social goals. These institutions, cosmopolitan in student body and academic leadership, interests, and orientation, cannot help but reflect objectives and concerns which transcend local boundaries. The extent to which they become restrictive and "provincial" will be a reflection of the degree to which they have rejected their responsibility to the more immediate environment, proceeding without reference to, rather than with regard for local requirements, strengths, and deficiencies, and thereby have forfeited their power to influence and direct general provincial educational policy. Community support of higher education can exist only where higher education complements rather than contradicts the community. A number of provinces, including British Columbia, Alberta, Manitoba, Ontario, New Brunswick, and Nova Scotia, have formally recognized the unique role of the universities and colleges in this regard, establishing agencies intermediate between government and these institutions to consider university and provincial requirements for co-ordinated higher educational services, and to make recommendations to government to this end.<sup>1</sup> Although not all of these agencies have identical responsibilities in their respective provinces, each has been instrumental

In fostering provincial, and to a limited degree, regional systems of education dedicated to more effective planning in order to better meet provincial needs for post-secondary education and research without inefficient utilization of total university resources.

There is good reason to assume that exclusive provincial responsibility for intra-provincial post-secondary education will result in greater sensitivity to and comprehension of the issues extant at that level. However, only the actions of the provincial authority, as determined by its electorate, can establish whether or not the particular policies evolved will be in the best interests of both qualitative and quantitative education in and for that province.

### III. FEDERAL INVOLVEMENT: INTER-PROVINCIAL CONSIDERATIONS

Donald V. Smiley, noted Canadian political scientist, in a recent publication has considered in some depth the nature of the confederation agreement entered into in 1867.<sup>2</sup> One of the fundamental tenets of that settlement, he contended, was the federal government's acceptance of responsibility for inter-regional and inter-provincial economic equalization by minimizing those disparities brought into being through Ottawa assuming central control of the economy. Federal financial assistance to post-secondary education, whether in the form of per capita grants, conditional grants, or shared-cost agreements, has been a reflection of the central government's general economic policy designed to promote a more equitable distribution of aggregate

available fiscal resources necessary in meeting increasingly heavy expenditures for education. In the quarter-century of extreme economic, political, and administrative centralization precipitated by the Great Depression and World War II, Ottawa, with overwhelming fiscal resources at its disposal, disregarded basic division of powers specified in the constitution and via subsequent judicial interpretation, to provide revenue for a myriad of services, including education, which were provincial responsibilities. Ottawa argued that its programs of assistance to post-secondary education, whether in the form of per capita, conditional, or shared-cost agreements, were intra vires both the word and intent of the constitution, since the central government was exercising its senior responsibility for provincial and regional equalization in particular and for national economic well-being in general. With the notable exception of Quebec, the provinces were quite prepared to overlook possible infringement of constitutional provisions resulting from their accepting the federal government's subsidization of a wide range of educational programs and policies.

It is difficult to accept the university per capita grants scheme, for example, as an appropriate method of achieving inter-provincial equalization. Equalization grants are intended as a means of redistributing additional revenue from the more affluent to the less privileged provinces or regions in order to minimize differences in the economic potential of each to respond to essential

responsibilities and provide required services. However, these grants were not restricted to the poorer provinces but provided to all ten, with the amount of revenue available to each calculated on a basis which bore no relation to the province's ability to provide for university education, nor, in fact, to provincial expenditure upon that service. In that the proportion of the population undertaking university education varied considerably from province to province, and because per capita grants were in no way relative to the actual costs of providing any or all university programs within each of the ten provinces, these grants were a significant factor in increasing inter-provincial economic inequalities. Furthermore, they were "conditional" in the sense they were reserved for university operating expenses, and thereby disregarded provincial educational priorities which may have specified utilization of those funds for another program, type, or level of education.

Nor were conditional grants and shared-cost agreements an effective means of promoting inter-provincial equalization. Such methods of federal assistance were contingent upon the province agreeing to educational policies, priorities and procedures which reflected federal, but not necessarily provincial or national objectives. Furthermore, they were economically dysfunctional, since they permitted the more affluent provinces to take full advantage of available federal funds, while economically depressed provinces, those most in need of additional revenue to finance necessary education and

thereby stimulate economic growth, were unable to make provincial expenditures commensurate with those required to fully utilize their portion of federal funds. Distribution of centrally-collected revenue via such fiscal policies tended to accentuate rather than reduce inter-provincial inequalities.

Essential to the intent of the new federal position in regard to post-secondary education is that of promoting equal opportunity for education without enforcing equal education. This policy is reflected in two major provisions of the 1967 legislation. First, inter-provincial economic inequalities are recognized as basic problems of the Canadian experiment which are much broader than is the problem of performance in education. Resolution of these inequalities must be attempted through general fiscal policy which does not reflect adversely on provincial initiative and priorities within education. More specifically, for most provinces the amount of revenue transferred to the subordinate authority is relative to that provincial government's expenditures for all phases of operating expenses for higher education. It is thereby recognized that the cost of providing a constant educational service will vary considerably from one province to another. It is neither desirable nor defensible to restrict the educational development of the more affluent provinces by tying their performance to the national mean. These provinces should be encouraged to develop a superior educational policy, servicing programs and priorities which far exceed possible performance in less

wealthy provinces but are nonetheless essential in fostering greater provincial, inter-provincial and national economic, social and cultural growth. At the same time, provision is made for a minimum acceptable level of educational performance by all provinces. The less affluent will have qualified for non-educational equalization and special grants, part of which will have been expended for higher education. These provinces then may elect either the normal fiscal transfer arrangement of 50 per cent of post-secondary operating expenses or, if it is to their advantage, accept an unconditional grant based upon the \$15 per capita, an amount approximately equal to 50 per cent of post-secondary operating expenditures averaged throughout Canada.

On January 1, 1966, Ottawa created the Department of Manpower and Immigration with the intent of concentrating within one agency responsibility for determining, co-ordinating, facilitating and implementing all programs and policies relative to the more efficient utilization of Canadian manpower.<sup>3</sup> The federal government's new program of adult training, announced later that year, is an integral expression of that new policy, and in a number of its features is designed to reduce inter-regional and inter-provincial economic imbalance. The poorer provinces tend to be those with the highest incidence of unemployment. These unemployed, in turn, normally are the least employable, since their general level of education usually falls considerably short of that demanded of applicants who can qualify

for new job vacancies. Economically depressed areas, unable to take full advantage of earlier shared-cost agreements for construction of vocational school facilities and provision of requisite programs, since 1966 have been able to benefit from arrangements which make it possible for the province to borrow the necessary capital for building construction and equipment from Ottawa, and amortize that loan with the funds the federal government pays for the use of the facilities in training adults. Obviously, the number of training positions bought by the central government will be proportionately greater in economically depressed areas with the highest number of unemployed - and, thereby, with the greatest need for adult training and retraining. In addition, the federal government bears the full cost of training allowances paid to trainees who have adult economic responsibilities.

Complementary programs of considerable advantage to the less wealthy provinces include those whereby the federal government pays all direct costs resulting from an employer undertaking provision of training programs of a general transferable nature, and of programs designed to prevent unemployment which otherwise would result from technological change in that industry.<sup>4</sup> Two other Manpower schemes are worthy of mention as evidence of federal policy in this area of higher education. The Mobility Assistance Program, through transportation and resettlement allowances, facilitates the movement of unemployed workers from depressed areas to jobs elsewhere, while the Area Industrial Development Program provides substantial federal grants to

new industries which establish in an area specially designated as one of low income and high unemployment.<sup>5</sup> While neither of these programs is intended to provide "educational assistance" in the narrow sense, both are indicative of the central government's general intent to reduce inter-regional and inter-provincial inequalities through programs which involve either classroom or on-the-job training designed to increase the employability of workers in depressed areas.

Of more direct consequence to inter-provincial training and education is the extensive research program of the Department of Manpower and Immigration which has been structured to permit sound vocational guidance and counselling and long-term projections of labour force requirements in order that the policy of that Department can adequately reflect manpower needs of a changing economy and society. Notable research projects to date include: Career Decisions of Canadian Youth, a compilation of basic data inter-relating career decisions of Canadian secondary school students according to educational plans, occupational goals and the availability of counselling and guidance facilities;<sup>6</sup> a study of professional manpower resources in Canada relative to their geographical, occupational and industrial distributions; a study of geographic mobility among university graduates; and publication of a Canadian Classification and Dictionary of Occupations, designed for use in manpower research as well as in vocational guidance and counselling.<sup>7</sup>

Brief mention must be made of one further facet of inter-

provincial educational development which owes much of its impetus to federal involvement in higher education. Recently there has come into being a large number of inter-provincial educational committees, organizations, and associations designed to give expression to that concern and interest which is coterminous with neither the provincial nor the federal point of view when each is considered independently. Some of these groups complement federal or federal-provincial procedures and agreements, others contradict or contravene such arrangements. Significantly, though, all are important vehicles of co-ordination and communication, reflecting an essential part of what might be termed the composite inter-provincial, and the national points of view in education. The need for inter-provincial planning of higher education requirements and objectives is manifested regionally, for example, in the Association of Atlantic Universities, involving the institutions of the Maritime provinces, and the Interprovincial Committee for University Realization, serving the same function for the Prairie provinces. Frequent earlier reference has been made to the National Council of Canadian Universities and Colleges and to its successor, the Association of Universities and Colleges of Canada, established to give a national voice to higher education in Canada. The AUCC has assumed a role of major importance in formulating and facilitating national policy in higher education, functioning as an agency of significant research and policy determination relative to enrolment, staffing, programs, admissions and, of course, capital and

operating expenses. For a time it also served as the non-political organization responsible for the distribution, to institutions, of federal per capita grants. The associate members of AUCC, including the Association of Canadian Medical Colleges, the Canadian Association of Graduate Schools, and the Canadian Association of College and University Libraries, are similar evidences of inter-provincial co-operation in the pursuit of both provincial and federal objectives and, thereby, of the national interest in post-secondary education.

The Canadian Education Association serves as another vital instrument of inter-provincial co-operation in education, undertaking research, exchanging information and, in general, fostering policies designed to promote more efficient and effective realization of common objectives in education. A further noteworthy development was the establishment, in 1967, of the Council of Ministers of Education to supersede the Standing Committee of Ministers of Education formed by the Canadian Education Association six years earlier.<sup>8</sup> The purpose of the Council is ". . . to enable the Ministers of Education to carry out their responsibilities both for inter-provincial co-operation and for co-ordination of education as a national policy"<sup>9</sup> through creation of a carefully-staffed permanent secretariat financed by the provinces on a per capita basis. The Council is intended to provide a continuing vehicle for the greatest possible communication and co-operation among provincial governments and the federal government in areas of mutual interest and concern which, to date, have included educational planning

and development, educational radio and television, teacher exchange, and general interchange of research information.<sup>10</sup>

In summary, at the inter-provincial level, the major effects of the new federal educational policy have been two. In the economic sphere, significant advances have been made in realizing a minimal amount of inter-provincial equality of opportunity for post-secondary education without confusing that desirable objective with a stultifying commitment to equal education. In the socio-political realm, inter-provincial communication and co-operation in pursuit of common educational goals has resulted in a commensurate increase in the general effectiveness and efficiency with which some of the many facets of education are researched and analyzed, and changes implemented. Perhaps most important, the interchange of information, ideas and personnel among provinces is very beneficial in inculcating those attitudes of tolerance, flexibility, compromise, and conciliation crucial not only to realization of improved quality and quantity of post-secondary education, but also to the effective functioning of the confederation agreement.

#### IV. FEDERAL INVOLVEMENT: NATIONAL CONSIDERATIONS

The significance, nationally, of federal government involvement in post-secondary education finds expression at two levels. The first is a manifestation of those intra-provincial, inter-provincial, regional, and central viewpoints, policies, procedures, and objectives

which, when taken together, constitute the internal or domestic national state of being in Canadian education. The extra-Canada manifestation of these same concerns represents the Canadian state in external or international educational considerations.

The Canadian experiment represented the first attempt to create a single political unit by combining the parliamentary and federal systems of government. The former contributed the concept of responsible government or the sanctity of opposition or minority opinion as vital to the democratic process. Equally essential, federalism provided for the exercise of sovereignty among various levels of government, none with complete powers over the citizenry and each, therefore, militating against absolutism by the other through the exercise of countervailing power. The federal government was assigned jurisdiction over those concerns vital to the entire Canadian society, including foreign affairs, general economic stability, foreign trade, navigation, money and banking, and other similar areas essential to the functioning of a single political unit. In contrast, the provinces were granted control over matters considered of a purely local and private nature, and those concerned with ethnic differences - property and civil rights, marriage, the administration of justice, municipal affairs, and, of course, education. The fundamental dilemma concerning Canadian education, then, is what national role, if any, does the federal government have in an area specified in the constitution as a matter of provincial jurisdiction? Conversely,

how can the federal government exercise its constitutional responsibility for general national economic, social, and political stability without encroaching upon education, a provincial prerogative, and thereby violating a basic tenet of the Canadian federal system?

This apparent dichotomy is the result of fallacious reasoning which accepts the "national" and the "federal government" functions or points of view as coterminous concepts. Unlike a unitary system of government wherein all powers are held and exercised by a single political unit which represents the "national" point of view, in a federal system the exercise of sovereignty is divided among the constituent parts. The "national" point of view therefore is a reflection of those policies, procedures, practices, and orientations engendered by all governments competent within that jurisdiction. More specifically, in Canadian education it is the provinces, those authorities legally competent for that function within their respective borders, which are the essence of what may be termed national education.

The primary role of the federal government is one of ensuring realization of national education, a factor crucial to its responsibility for general economic, social, and political well-being, by encouraging and facilitating optimum education within the provinces, both individually and collectively. The central government must not exceed its area of competence by superimposing, either by agreement or by enticement, its priorities, policies, or procedures at the expense of provincial and, thereby, national objectives in education.

Ottawa's function is two-fold. First, as the authority with the major sources of revenue at its disposal, it must ensure that the provinces have available the requisite fiscal resources to permit adequate expenditures on education. Availability of appropriate funds requires that the central government, whenever necessary, be empowered to reallocate certain revenue to the less affluent provinces as well as be prepared to increase the general proportion of total fiscal reserves available to the provinces. Secondly, the federal government must encourage the provinces to expend the available funds not only on education, but in such a manner as to promote the best possible utilization of material and human resources. Both of these objectives are capable of being realized within the confines of current federal government policy as manifested in the legislation of 1967. As previously explained,<sup>11</sup> the Fiscal Arrangements Act guarantees availability of aggregate fiscal resources for education commensurate with established provincial expenditures in this area. In addition, the Act provides encouragement and incentive for above national mean performance by the affluent provinces, while at the same time ensuring that the less wealthy have sufficient funds to permit fulfilling their constitutional obligations to education. Significantly, the federal government is able to give expression to its very legitimate concern for national education without exercising control over that jurisdiction.

In addition to those noted above, the central government has

specific roles in national education which cannot be met by the provinces, either individually or collectively. Ottawa has a major responsibility in facilitating and co-ordinating study, research, and implementation in those areas of economic and social development which are of extra-provincial or national concern, and incapable of systematic treatment without the involvement of the central government. Most obvious in this regard is the matter of efficient utilization of manpower resources,<sup>12</sup> but other examples readily at hand include pollution control, utilization of fresh water resources, the economic, political, social, and fiscal problems stemming from urbanization, and the development of the Canadian North. Paramount among the federal government's responsibilities to general national education, however, is that of fostering a Canadian identity or nationalism which transcends the confines of any province or region. Canada's future as a single political unit will be jeopardized to the extent that provincial educational systems become closed systems, insensitive to the needs, sympathies, and experiences of others. Ottawa has a major responsibility in ensuring that interchange of persons and ideas essential to a continuing educational dialogue. Recent years have witnessed an increasing willingness to conduct discussions, negotiations, and deliberations at the highest official levels and, more particularly, at the intermediate levels, via the aegis of a multitude of standing committees, agencies, and organizations which are "national" in their representation. Perhaps most beneficial has been the communication

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and understanding resulting from support of less officious undertakings such as the Young Voyageurs Program and the Inter-provincial exchange of French-speaking teachers. These programs, initiated in 1967, involve the interchange of students and teachers between Quebec and other provinces.

Equally vital in this regard is the central government's responsibility for the cultural duality of the Canadian nation. Ottawa must actively promote policies of education designed to ensure that both official languages and cultures find expression and sanction at the national and, increasingly, at the provincial level. Alienation and disunity cannot dissipate so long as either group is able to identify with one or more provinces, but not fully with the greater nation. Reason for initial encouragement may be found in recent progress towards functional bilingualism in the federal civil service, the armed services, the Canadian Broadcasting Corporation and, in certain instances, in aspects of some provincial educational systems. However, the federal government will be required to call upon its full reserves of expertise over a protracted period of time if it is to "educate" its citizenry to accept those norms of national linguistic and cultural duality requisite to the continuing functioning of Canada as a single political unit.

Finally, the federal government, as the authority responsible for relations with other nations, must evidence a major responsibility for the educational well-being of those who reside outside Canada's

borders. Nations have been slow to appreciate fully the significance of education as a vehicle for promoting international co-operation and understanding and, particularly in terms of under-developed or "emerging" nations, as the most effective instrument of international assistance. Where educational assistance is made a major part of external aid policy, the social returns to the benefactor often are as great as are those realized by the beneficiary. Increasingly, the federal government has become aware of its responsibility in this regard, expending some \$130 million in 1967-68 on educational exchanges, scholarships, textbooks, and lecture programs involving the interchange of students, academicians, and educational information with European countries.<sup>13</sup> Much more significant was Canada's participation in international development and assistance to emerging nations, especially other Commonwealth and French speaking countries. Capital, technical, and professional assistance were forthcoming to the English- and French-speaking nations of South-East Asia, Africa, and the Caribbean, through the aegis of the Colombo Plan, the Special Commonwealth Africa Aid Program, the Independent French Speaking African States Assistance Program, and the Commonwealth Caribbean Assistance Program. Advisors, teachers, equipment and funds were provided to help establish or bolster the rate of growth of new higher educational institutions in these developing countries, assist in the design and planning of their educational systems, and stimulate the development of research capabilities in these regions. In addition,

the federal government provided significant assistance to students from developing countries to enable them to undertake technical or professional training unavailable or difficult to obtain in their native land. These students receive a living allowance and necessary educational expenses from the central government during their period of training at a post-secondary institution in Canada. In the event that an appropriate training program is not already available, and providing there is indication of reasonable demand, the federal government will subsidize a specific college or university in Canada to develop the necessary special group program. During the fiscal year 1967-68, an estimated \$8.2 million was expended by Ottawa on awards and general assistance to promising students from developing countries who were studying in Canada, while a further \$1.8 million was allocated to permit professors, teachers and technical experts to assist in the educational development of new nations overseas.<sup>14</sup>

#### V. OBSERVATIONS

The intention of this presentation was not to provide a treatise on the philosophical implications of federal involvement in post-secondary education, nor to make definitive judgments on the merits or disadvantages of such concern. Rather, the object was to present an overview of some aspects of the shifting nature and degree of federal involvement in higher education, as reflected in financial assistance, and of the changing rationale accompanying these fluctuations. For regardless of what the provincial-rights purists maintain,

federal involvement has had a long and varied history, often not fully appreciated even by those who advocate a senior responsibility for the central government.

While the extent and intensity of its concern will continue to rise and fall in accompaniment to the ebb and flow of Ottawa's greater or lesser strength in the federation-bargain at any particular time, a complete withdrawal, by the central authority, from involvement in Canadian post-secondary education would be contrary to the interest of an inviolate nation. On the other hand, any unilateral action to increase greatly the federal government's influence on education cannot be entertained without endangering the very basis of confederation. Presumably, support for Ottawa's continuing concern for higher education will rest upon those arguments which in past years have been put forward to justify such involvement.

Probably the most important common contention is that the federal government has both the legal and moral responsibility to use its power and influence to strengthen national unity and foster the development of a greater Canadianism. Whether this objective is sought through support of a specific program which lessens the stifling effects of provincialism by encouraging student exchange, or indirectly via the co-ordination of a multiplicity of broad educational and cultural programs, in no other area is there comparable opportunity for positively influencing the evolution of Canada and Canadians.

In 1867, when the federal government assumed responsibility for

the debts of the constituent members and of the important means of maintaining financial viability, it also undertook to strive for inter-regional economic equalization. Any reference to equality of opportunity, whether intended in the context of economic or democratic egalitarianism, is meaningless without constructive methods of reducing one of the greatest perpetrators of disparity - unequal educational opportunity. Only through some program which permits appropriate reallocation of revenue can sufficient financial support be forthcoming to enable the less fortunate regions of Canada to provide an adequate standard of education, and the least privileged citizens to take advantage of educational opportunities.

Economically, no contemporary nation can afford to rely on laissez-faire assistance to education. The cost and quality of goods produced and services rendered is closely correlated with the level and appropriateness of education of the populace. No other single factor is more important in defining Canada's future standard of living, nor in determining whether the nation will continue to survive economically. Provincial particularism must be subordinated to national responsibility within the broad economic-education frame of reference. Failure by the federal government to be involved in post-secondary education generally, and in very expensive but essential specialized education, particularly research, would be courting economic disaster.

A nation which would be great must stand for something beyond the sum total of her individuals and of her provinces. No society

can enrich the mixture of its foundation without strengthening and beautifying the structure; no community can educate its populace without contributing to the cultural advancement and understanding of the province and nation of which it is a part. Conversely, no nation can afford to leave to chance and local whim the nature and degree of its social investment. Here again, in maximizing social return, the federal government is inextricably involved in dominion-wide educational standards.

Finally, the Canadian government is abrogating its responsibility to the international community and to mankind in general if it is not involved in furthering ideals of peace, co-operation, and progress in their broadest sense. Most of the world's nations are much younger than Canada's mere one hundred years; many do not pre-date World War II. Yet in spite of Canada being one of the "older" nations in terms of education and associated culture, far too little has been done in making available to underdeveloped nations Canada's most valuable natural resource - well educated and highly skilled Canadians who can assist them in peaceful nation-building. Neither the provinces, nor Ottawa, nor Canadians can afford to be complacent or content so long as Canada remains an importer rather than an exporter of educators and education.

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<sup>1</sup>For an overview of recent developments in the western provinces in this regard, see W. Swift, "University-Provincial Government

Relationships," Proceedings: Annual Meeting of the Association of Universities and Colleges of Canada: 1966 (Ottawa: AUCC, 1966), pp. 129-133. Examples of these agencies are the Advisory Board in British Columbia, and the Universities Commission in Alberta.

<sup>2</sup>Donald V. Smiley, The Canadian Political Nationality (Toronto: Methuen, 1967).

<sup>3</sup>Garnet T. Page, "Canada's Manpower Training and Education: Federal Policy and Programs," Canadian Education and Research Digest, VII (December, 1967), 284.

<sup>4</sup>Ibid., pp. 286-287.

<sup>5</sup>Ibid., pp. 288-289.

<sup>6</sup>Department of Manpower and Immigration, Career Decisions of Canadian Youth: a Compilation of Basic Data (Vol. I. of "Careers Decisions Project. Ottawa: Queen's Printer, 1967- ).

<sup>7</sup>Gage, op. cit., p. 292. These publications are made available to all educational counselling and guidance services, including those of secondary schools, thereby improving the quality of services to students through provision of current Canadian information.

<sup>8</sup>Ralph Mitchener, "Education," Canadian Annual Review for 1967 (Toronto: University of Toronto Press, 1968), p. 367.

<sup>9</sup>"Press Release of June 20, 1967," quoted in Mitchener, op. cit., p. 368.

<sup>10</sup>Mitchener, loc. cit.

<sup>11</sup>Supra, pp. 179 et. seqq.

<sup>12</sup>Supra, pp. 186 et. seqq.

<sup>13</sup>Department of the Secretary of State, Federal Expenditures on Post Secondary Education (Report No. 2, Education Support Branch. Ottawa: Queen's Printer, 1969), p. 33.

<sup>14</sup>Ibid., pp. 6; 33.

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